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SOUTHEND-ON-SEA CITY COUNCIL

Policy and Resources Scrutiny Committee

Date: Wednesday, 15th March, 2023

Time: 6.30 pm

Place: Committee Room 1 - Civic Suite

Contact: S. Tautz (Principal Democratic Services Officer)

Email: committeesection@southend.gov.uk

AGENDA

- 1 Chair's Introduction & Apologies for Absence**
- 2 Declarations of Interest**
- 3 Questions from Members of the Public**
- 4 Minutes of the Meeting held on 2 February 2023 (Pages 3 - 10)**
- **** ITEMS CALLED-IN/REFERRED DIRECT BY CABINET - 21 FEBRUARY 2023**
- 5 LGA Corporate Peer Challenge and Action Plan (Pages 11 - 46)**

Minute No. 715 (Cabinet Book 1, Agenda Item No. 5 refers)
Called-in by Councillors Cowdrey, Cox, Davidson and Woodley
- 6 Treasury Management Report - Quarter Three 2022/23 (Pages 47 - 68)**

Minute No. 716 (Cabinet Book 1, Agenda Item No. 7 refers)
Called-in by Councillors Cowdrey and Woodley
- 7 Housing and Pipeline Update (Pages 69 - 80)**

Minute No. 721 (Cabinet Book 2, Agenda Item No. 11 refers)
Called-in by Councillors Cowdrey, Cox, Davidson and Woodley
- 8 SO46 Report (Pages 81 - 82)**

Minute No. 725 (Cabinet Book 2, Agenda Item No. 15 refers)
Called-in by Councillors Cox and Davidson
- 9 Minutes of the meeting of the Senior Managers Pay Panel held 17 January 2023 (Pages 83 - 84)**

Minute No. 726 (Cabinet Agenda Item No. 16 refers, report circulated separately)
Called-in by Councillors Cox and Davidson

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

None

****** ITEMS FOR PRE-CABINET SCRUTINY**

None

****** OTHER SCRUTINY MATTERS**

10 In-Depth Scrutiny Project 2022/23 - 'Developing Strong Governance & Strengthening Joint Working between all Councillors and Officers'

To receive an update on the progress of the in-depth scrutiny project for 2022/23.

Chair & Members:

Cllr D Garston (Chair), Cllr D Nelson (Vice-Chair), Cllr M Borton, Cllr D Cowan, Cllr T Cowdrey, Cllr H Boyd, Cllr T Cox, Cllr M Davidson, Cllr F Evans, Cllr K Evans, Cllr A Jones, Cllr A Line, Cllr R McMullan, Cllr M Sadza, Cllr I Shead, Cllr C Walker and Cllr P Wexham

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SOUTHEND-ON-SEA CITY COUNCIL

Meeting of Policy and Resources Scrutiny Committee

Date: Thursday, 2nd February, 2023

Place: Council Chamber - Civic Suite

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Present: Councillor D Garston (Chair)
Councillors D Nelson (Vice-Chair), M Borton, D Cowan, T Cowdrey, T Cox, J Courtenay*, M Davidson, A Jones, A Line, R McMullan, J Moyies*, M Sadza, I Shead, C Walker and P Wexham

*Substitute in accordance with Council Procedure Rule 31.

In Attendance: T Breckels, J Chesterton, J Burr, T Dafter, S Ford, G Gilbert, G Halksworth, E Helm, S Meah-Sims, L Minnis, G Perry-Ambrose, A Richards and S Tautz

Start/End Time: 6.30 pm - 11.45 pm

665 Apologies for Absence

Apologies for absence were received from Councillor H Boyd (Substitute: Councillor J Courtenay) and Councillor F Evans (Substitute: Councillor J Moyies).

666 Declarations of Interest

The following interests were declared at the meeting:

(a) Councillors S George, L Burton, P Collins, I Gilbert, K Mitchell, C Mulroney, M Terry and S Wakefield (Cabinet Members) - Interest in the called-in items, attended pursuant to the dispensation agreed at Council on 19 July 2012, under S.33 of the Localism Act 2011.

(b) Councillors S George, L Burton, P Collins, I Gilbert, K Mitchell, C Mulroney, M Terry and S Wakefield (Cabinet Members) - Interest in the referred items, attended pursuant to the dispensation agreed at Council on 19 July 2012, under S.33 of the Localism Act 2011.

(c) Councillor D Nelson (Vice-Chair) - Minute 671 (Draft Prioritising Resources to Deliver Better Outcomes - 2023/24 to 2027/28) - Wife is employed by the National Health Service and family owns businesses in Southend-on-Sea.

(d) Councillor M Borton - Minute 671 (Draft Prioritising Resources to Deliver Better Outcomes - 2023/24 to 2027/28) - Governor of Milton Hall School.

(e) Councillor M Borton - Minute 672 (Draft Housing Revenue Account Budget 2023/24 and Rent Setting) - Member of the Board of Directors of South Essex Homes.

(f) Councillor M Davidson - Minute 671 (Draft Prioritising Resources to Deliver Better Outcomes - 2023/24 to 2027/28) and Minute 672 (Draft Housing Revenue Account Budget 2023/24 and Rent Setting) - Member of the Board of Directors of South Essex Homes.

(g) Councillor M Sadza - Minute 671 (Draft Prioritising Resources to Deliver Better Outcomes - 2023/24 to 2027/28) - Member of the ACORN renters union.

(h) Councillor I Shead - Minute 671 (Draft Prioritising Resources to Deliver Better Outcomes - 2023/24 to 2027/28) - Local allotment holder.

(i) Councillor P Wexham - Minute 671 (Draft Prioritising Resources to Deliver Better Outcomes - 2023/24 to 2027/28) and Minute 672 (Draft Housing Revenue Account Budget 2023/24 and Rent Setting) - Member of the Board of Directors of South Essex Homes.

(j) Councillor K Mitchell (Cabinet Member) - Minute 671 (Draft Prioritising Resources to Deliver Better Outcomes - 2023/24 to 2027/28) - Member of the Board of Southend Association of Voluntary Services (SAVS).

(k) Councillor C Mulroney (Cabinet Member) - Minute 671 (Draft Prioritising Resources to Deliver Better Outcomes - 2023/24 to 2027/28) - Member of Leigh-on-Sea Town Council.

(l) Councillor M Terry (Cabinet Member) - Minute 670 (Car Cruise PSPO) - Resident of area covered by the proposed PSPO.

(m) Councillor S Wakefield (Cabinet Member) - Minute 671 (Draft Prioritising Resources to Deliver Better Outcomes - 2023/24 to 2027/28) - Owner of a local business in Southend-on-Sea; Sub-contractor for the Council.

(n) Councillor K Evans - Minute 671 (Draft Prioritising Resources to Deliver Better Outcomes - 2023/24 to 2027/28) - Member of Leigh-on-Sea Town Council; Family member is Operations Manager at the Trust Links mental health charity; Member of the Southend NetPark wellbeing project is known to the councillor.

(o) A Richards (Officer) - Minute 671 (Draft Prioritising Resources to Deliver Better Outcomes - 2023/24 to 2027/28) – Member of the Board of Porters Place Southend-on-Sea LLP.

667 Questions from Members of the Public

The Committee noted the response of the Cabinet Member for Corporate Matters and Performance Delivery to a question presented by Mr David Webb.

668 Minutes of the Special Meeting held on 15 November 2022

Resolved:

That the minutes of the special meeting of the Committee held on 15 November 2022 be confirmed as a correct record and signed.

669 Minutes of the Meeting held on 1 December 2022

Resolved:

That the minutes of the meeting of the Committee held on 1 December 2022 be confirmed as a correct record and signed.

670 Car Cruise PSPO

The Committee considered Minute 623 of the meeting of the Cabinet held on 12 January 2023, which had been called-in for scrutiny, together with a report of the Executive Director (Neighbourhoods and Environment) highlighting that the existing car cruise injunction would expire on 12 April 2023 and seeking consideration as to whether the Council should apply to extend the injunction or commence statutory consultation on changing the injunction to a Public Spaces Protection Order (PSPO).

At the request of councillors, the Cabinet Member for Public Protection confirmed that he would be willing to circulate the draft PSPO to all members of the Committee to enable them to make comment on the draft PSPO and to hold a meeting of the Public Protection Working Party as soon as possible to consider any feedback received, to inform the consultation on the PSPO.

Resolved:

That the following decisions of the Cabinet be noted:

“1. That consultation be undertaken into the possibility of the Council implementing a Public Spaces Protection Order under Sections 60 & 61 of the Anti-Social Behaviour, Crime and Policing Act 2014 in respect of the area and activities detailed in Appendix 2 to the submitted report.

2. That the proposed consultation process commences as soon as practically possible.

3. That authority be delegated to the Executive Director (Neighbourhoods and Environment) and Director of Public Protection to:

- a) Finalise the draft PSPO to form part of the Consultation.
- b) Agree the final form of the Consultation.
- c) Explore and report back to Cabinet following the consultation additional resource requirements to effectively enforce the PSPO.”

Note: This is an Executive Function
Cabinet Member: Councillor M Terry

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

The Committee considered Minute 613 of the meeting of the Cabinet held on 12 February 2023, which had been referred directly to the Committee for scrutiny, together with a report of the Executive Director (Finance and Resources) presenting the draft General Fund Revenue Budget and capital investment priorities for 2023/24.

The Leader of the Council confirmed that the Cabinet would consider the views of the Committee in respect of the following matters, in proposing the Council's General Fund Revenue Budget for 2023/24 for adoption by the Council at its meeting to be held on 23 February 2023:

- (a) The dimming of street lights between the hours of 10.00pm and 6.00am (SOC-17).
- (b) The application of Council Tax Empty Property Relief for South Essex Homes (IGC-13).
- (c) The application of the convenience/transaction fee for the 'Mobon' car parking application (IGC-19).
- (d) The removal of free parking for councillors and whether this proposal would also apply to Honorary Aldermen of Southend-on-Sea (IGC-08).
- (e) The application of 'free' first hour parking at the Jones Memorial, Big Gunners, Little Gunners and Rayleigh Road car parks (IGC-12).
- (f) The increase in free parking at Chalkwell Park, Priory Park, Belfairs Park and Southchurch Park from two to three hours (IGC-17).
- (g) The reduction of councillor support arrangements (SOC-14), the move away from printed agenda etc. and the removal of the member courier service (SOC-06).
- (h) The reduction of the Corporate Training (Learning and Development) Budget (SOC-05).
- (i) The provision of funding for the Southend 'NetPark'.
- (j) The reduction of the grass-cutting programme in non-residential areas (SOC-15).

The relevant Cabinet Members undertook to provide written responses to questions raised by members of the Committee with regard to:

(a) In relation to proposed Cost Avoidance and Overspend Reduction Initiative SOC-17 (Street Light Dimming), the process undertaken in 2017 to authorise the reduction in the light output operation of street lights, where they were currently already being dimmed between the hours of 10.00pm and 6.00am.

(b) The arrangements in respect of proposed Budget Savings and Income Generation Initiative IGC-06 (Parking Charging Times and Associated Enforcement) for ensuring that income generated from extended charging hours for pay and display parking in Zone 1(a) would be ring-fenced for the delivery of the Council's transport strategies and objectives, and the level of additional income likely to be raised from the extended charging hours.

(c) In relation to proposed Cost Avoidance and Overspend Reduction Initiative IGC-19 (Income Generation Capability), whether the card transaction fee for car parking payments made via the 'Mobon' pay by phone application, would also apply to the use of the 'Southend Pass.'

(d) The location of the operation of the proposed mobile food market van offering low-price food items to residents in deprived areas, the eligibility criteria for the use of the food van and arrangements for monitoring its success in the tackling of health inequalities and improving health and wellbeing outcomes for local people.

(e) In relation to proposed Budget Savings and Income Generation Initiative IGC-08 (Remove Free Parking for Elected Members), whether the removal of the existing free of charge parking permit for councillors would also apply to Honorary Aldermen of Southend-on-Sea.

During consideration of the matter the hour of 10.00pm having been reached the Committee, in accordance with Standing Order 44.2, agreed to proceed with the remaining business on the agenda.

Resolved:

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

"1. That it be noted that a detailed Medium Term Financial Strategy for 2023/24 – 2027/28 will be available for consideration in February 2023 and that the draft Medium Term Financial Forecast and estimated Earmarked Reserves Balances up to 2027/28 (Annexes 1 and 2 to Appendix 1 to the submitted report), be endorsed.

2. That the draft Section 151 Officer's statement on the robustness of the proposed budget, the adequacy of the Council's reserves and the Council's Reserves Strategy (Appendix 2 to the report), be noted.

3. That the appropriation of the sums to earmarked reserves totalling £0.706M (Appendix 3 to the report), be endorsed.

4. That the appropriation of the sums from earmarked reserves totalling £1.953M (Appendix 3 to the report), be endorsed.

5. That the use of £1M from the General Fund balances to support the core 2023/24 revenue budget which will be replenished over the life of the Medium Term Financial Plan (Annex 1 to Appendix 1 to the report), be endorsed.

6. That a General Fund Budget Requirement for 2023/24 of £143.875M and Council Tax Requirement of £97.499M (Appendix 4 to the report) and any required commencement of consultation, statutory or otherwise, be endorsed.
7. That it be noted that the 2023/24 revenue budget has been prepared on the basis of using £2M from accumulated Collection Fund surpluses to support the core budget and to allow for a smoothing of the budget gap.
8. That a Council Tax increase of 4.99% for the Southend-on-Sea element of the Council Tax for 2023/24, being 2.99% for general use and 2.00% for Adult Social Care, be endorsed.
9. That it be noted that the position of the Council's preceptors is to be determined:
 - Essex Police – no indication of Council Tax position
 - Essex Fire & Rescue Services – no indication of Council Tax position
 - Leigh-on-Sea Town Council – proposed Band D precept decrease of 0.71%
10. That no Special Expenses be charged other than Leigh-on-Sea Town Council precept for 2023/24, be endorsed.
11. That the proposed General Fund revenue budget investment of £23.448M (Appendix 5 to the report), be endorsed.
12. That the proposed General Fund revenue budget savings and income generation initiatives for 2023/24 of £9.140M (Appendix 6a to the report), be approved.
13. That the proposed General Fund revenue cost avoidance and overspend reduction initiatives for 2023/24 of £1.628M (Appendix 6b to the report), be endorsed.
14. That the approach proposed for the development and implementation of a new transformation blueprint for the Council (Section 12) and to confirm the use of £1.5m from existing earmarked reserves over the next three years to support this programme of activity, be endorsed.
15. That the implementation of the new Adult Social Care Charging Policy from 1 April 2023 (Appendix 7 to the report), be endorsed.
16. That the proposed range of fees and charges for 2023/24 (Appendix 8 to the report), be endorsed.
17. That the Dedicated Schools Grant budget and its relevant distribution as recommended by the Education Board (Appendix 9 to the report), be endorsed.
18. That the Capital Investment Strategy for 2023/24 to 2027/28 (Appendix 10 to the report) and the Capital Investment Policy (Annex 1 to Appendix 10 to the report), be endorsed.
19. That the following be endorsed:
 - (i) new schemes and additions to the Capital Investment Programme for the period 2023/24 to 2027/28 totalling £16.1M (£3.6M for the General Fund and £12.5M for the Housing Revenue Account) (Appendix 11 to the report)
 - (ii) new schemes subject to viable business cases totalling £5.6M for the General Fund (Appendix 11 to the report).

20. That the proposed changes to the current Capital Investment Programme that were considered for approval as part of the Resourcing Better Outcomes – Financial Performance Report – Period 8 earlier on this agenda (Appendix 12 to the report), be noted.

21. That the proposed Capital Investment Programme for 2023/24 to 2027/28 of £116.0M to be delivered by the Council and £53.1M to be delivered by Subsidiary Companies, Partners and Joint Ventures (Appendix 13 to the report) of which £57.8M is supported by external funding, be endorsed.

22. That the Minimum Revenue Provision (MRP) Policy for 2023/24 (Appendix 14 to the report) and the prudential indicators (Appendix 15 to the report), be endorsed.

23. That the operational boundary and authorised limits for borrowing for 2023/24 which are set at £390M and £400M respectively (Appendix 15 to the report), be endorsed.”

2. That the following recommendations be considered by the Cabinet:

(a) That in relation to proposed Cost Avoidance and Overspend Reduction Initiative SOC-17 (Street Light Dimming), all street lights be returned to full light output operation where they are currently already being dimmed between the hours of 10.00pm and 6.00am, and that appropriate budget provision be made to facilitate the return of such street lights to full operation.

(b) That in relation to proposed Budget Savings and Income Generation Initiative IGC-13 (Council Tax Empty Property Relief), properties managed by South Essex Homes (SEH) be exempted from the provision of a 100% discount for newly empty properties for two weeks to cover the period in-between tenants and that the discount period for properties managed by SEH remain at one month.

Note: This is an Executive Function, save that approval of the final budget following Cabinet on 14 February 2023 is a Council Function
Cabinet Member: Councillors S George and P Collins

672 Draft Housing Revenue Account Budget 2023/24 and Rent Setting

The Committee considered Minute 614 of the meeting of the Cabinet held on 12 January 2023, which had been referred directly to the Committee for scrutiny, together with a joint report of the Executive Director (Finance and Resources) and the Executive Director (Growth and Housing) setting out the Housing Revenue Account budget and rent setting for 2023/24.

The Cabinet Member for Economic Recovery, Regeneration and Housing undertook to provide a written response to a question raised by a member of the Committee with regard to the number of high-risk residential buildings (any building over eighteen meters or six storeys in height) within Southend-on-Sea and to request that South Essex Homes provide a briefing for all councillors in relation to current arrangements for compliance with the Building Safety Bill published in July 2020 and the Fire Safety Act 2021.

Resolved:

That the following decisions of the Cabinet be noted:

“1. That an average rent increase of 7% on all tenancies, be endorsed.

2. That an average rent increase of 7% on shared ownership properties, be endorsed.

3. That an increase of 10.1% for garage rents to £13.98 per week for tenants and £16.77 for non-tenants (being £13.98 plus VAT), a rise consistent with the standard approach taken across the Council's fees and charges (all variants on a standard garage will receive a proportionate increase), be endorsed.

4. That the South Essex Homes core management fee at £7,192,000 for 2023/24, be endorsed.

5. That the South Essex Homes proposals for average increases of 44.29% in service charges to reflect the estimated costs incurred for 2023/24, be endorsed.

6. That the South Essex Homes proposals for an average 104% increase in heating charges for sheltered housing tenants and for hostel tenants to reflect the estimated costs incurred for 2023/24, be endorsed.

7. That the following appropriations be endorsed:

- £60,000 to the Repairs Contract Pensions Reserve.
- £4,047,000 to the Capital Investment Reserve.
- £6,549,000 from the Capital Investment Reserve.

8. That, subject to resolutions 1 to 7 above, the HRA budget for 2023/24, as set out in Appendix 1 to the submitted report, be endorsed.

9. That the value of the Council's capital allowance from 2023/24 be declared as £49,512,000, as determined in accordance with regulation 16 of the Local Authorities (Capital Finance and Accounting) (England) Regulations."

Note: This is an Executive Function, save that approval of the final budget following Cabinet on 14 February 2023 is a Council Function
Cabinet Member: Councillor I Gilbert

673 Minutes of the Corporate Matters and Performance Delivery Working Party held Wednesday, 7 December 2022 - Item (b) Notice of Motion - Webcasting of Public Meetings

The Committee considered Minute 630 of the meeting of the Cabinet held on 12 January 2023, which had been called-in for scrutiny, together with the recommendations arising from the meeting of the Corporate Matters and Performance Delivery Working Party held on 7 December 2022, concerning a Notice of Motion in respect of the webcasting of public meetings that had been referred to the Working Party by the Council.

It was noted that the call-in of Minute 630 of the meeting of the Cabinet did not concern any other business arising from the meeting of the Corporate Matters and Performance Delivery Working Party on 7 December 2022.

Resolved:

That the matter (Webcasting of Public Meetings) be referred back to the Cabinet for reconsideration as the Committee was concerned that it appeared that the infrastructure installed in the Jubilee Room (Committee Room 1) at the Civic Centre was not currently providing an acceptable webcasting facility, particularly in terms of external audio volume, and that it was considered that a review of the success of the use of the Jubilee Room for recent meetings should be undertaken.

Note: This is an Executive Function
Cabinet Member: Councillor P Collins

674 Association of South Essex Local Authorities - Joint Committee

The Committee received the draft minutes of the meeting of the Joint Committee of the Association of South Essex Local Authorities (ASELA), held on 15 December 2022.

Resolved:

That the draft minutes of the meeting of the Joint Committee of the Association of South Essex Local Authorities held on 15 December 2022, be noted.

Note: This is a Scrutiny function

675 In-Depth Scrutiny Project 2022/23 - 'Developing Strong Governance & Strengthening Joint Working between all Councillors and Officers'

The Committee received an update on progress with regard to the in-depth scrutiny project for 2022/23.

Resolved:

That the report be noted.

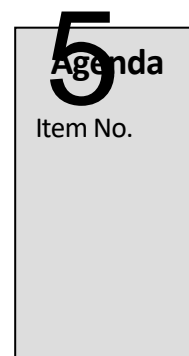
Note: This is a Scrutiny function

Chair: _____

Southend-on-Sea City Council

**Report of Chief Executive
To
Cabinet
On
21 February 2023**

Report prepared by: Sarah Brown, Policy Manager



**LGA Corporate Peer Challenge (Oct 2022) Report and draft Action Plan
Policy and Resources Scrutiny Committee
Cabinet Member: Councillor Stephen George
Part 1**

1. Purpose of Report and desired outcome/s

- 1.1 This paper reports the findings and recommendations of the Local Government Association (LGA) Corporate Peer Challenge (CPC), which took place from 11 – 14 October 2022. Southend-on-Sea City Council invited the LGA to conduct the Challenge, in order to provide an external assessment of its progress, and recommendations for further improvement. The LGA’s assessment and recommendations are set out in the LGA Corporate Peer Challenge Feedback Report (Annex A) and are summarised below.
- 1.2 Cabinet is asked to note the report and the recommendations made by the Peers, and to agree to the recommendations. Cabinet is further asked to consider and agree the Council’s draft response which is set out in the Action Plan (Appendix 1)

2. Recommendations

- 2.1 To note the Peer’s findings and accept the nine recommendations
- 2.2 To note and agree the steps to address the LGA’s recommendations as outlined in the Action Plan

3. Background

- 3.1 The LGA offers all local authorities the opportunity to participate in a Corporate Peer Challenge (CPC) every 4 years or so as part of its sector-led improvement programme.
- 3.2 The Council’s CPC took place in October 2022 and was conducted by a team of elected members and senior officers from other local authorities, together with LGA advisors.

- 3.3 The CPC considered questions from 5 core components: -
- a) **Local priorities and outcomes:** Are priorities clear and informed by the local context? Is the council delivering effectively on its priorities and achieving improved outcomes for all its communities?
 - b) **Organisational and place leadership:** Does the council provide effective local leadership? Are there good relationships with partner organisations and local communities?
 - c) **Governance and Culture:** Are there clear and robust governance arrangements? Does the current framework allow for the most effective decisions to be made? Is there a culture of respect, challenge, and scrutiny?
 - d) **Financial planning and management:** Does the council have a clear understanding of its current financial position? Does the council have a strategy and a clear plan to address its financial challenges?
 - e) **Capacity for improvement:** Is the organisation able to support delivery of local priorities? Does the council have the capacity to improve?
- 3.4 Peer challenges are not inspections but are improvement focussed and tailored to meet individual Councils' needs. They are designed to complement and add value to a Council's own performance and improvement. The process is not designed to provide an in-depth or technical assessment of plans and proposals. The peer team use their experience and knowledge of local government to reflect on the information presented to them by the people they met, things they saw and material they read.
- 3.5 Preparation for the Challenge included reviewing a range of documents in order to ensure the peers were familiar with the Council and the challenges it is facing. The team then spent 4 days at the Civic Centre, during which they:
- Gathered information and views from more than 51 meetings, in addition to further research and reading.
 - Spoke to more than 160 people including a range of council staff together with councillors and external stakeholders.
 - Observed four council meetings (two in person and two on-line)

4. Corporate Peer Challenge Findings

- 4.1 The LGA's report and findings can be read in full at Annex A. In summary, the Peers found that the Council has huge potential and that there are many positive attributes and assets both within the Council and city, including the strong community ethos, ambitious regeneration projects and sound financial management.
- 4.2 However, Peers found that the approach to leadership, governance and decision making is impacting the council's capacity to progress. As a result, nine recommendations were made, many of which relate to the theme of governance and decision making. The recommendations are:
- 4.3 **Constitutional Review** - Complete and implement your constitutional review as a matter of urgency.

- 4.4 **Organisational commitment to behaviour change** - Underpin your constitutional changes with a clear organisational and visible commitment to behaviour change. It will be important to ensure that the councillor development and leadership development programmes are aligned with the council's agreed values and behaviours, supporting a more effective councillor / officer working relationship.
- 4.5 **Election Cycle** - Implement the proposed boundary review and, as part of this, consider changing the election cycle to whole council elections every 4 years.
- 4.6 **Partnerships** - Re-engage partners across public, private and voluntary sectors on Southend 2050. Establish how the Council will work in partnership to deliver shared outcomes for the city.
- 4.7 **Prioritisation** - Ensure agreed priorities are aligned to resources and capacity. Provide more clarity on the link between strategic priorities and delivery.
- 4.8 **Communication** - Communicate and engage with all councillors, officers and residents on agreed priorities to help build a shared understanding. Be clear about the difficult decisions required to deliver a balanced medium term financial position.
- 4.9 **Modernise your council operating model, systems and processes** - This will help support the required pace of change and transformation. In addition to modernising governance and decision-making processes (as outlined above), the Council needs to ensure business needs are driving the operating model and that the Council has the capacity to deliver this. This includes work to implement the new data strategy and Corporate Data systems (including HR systems)
- 4.10 **Develop a consistent plan to address inequalities and disparities across the city and its neighbourhoods** - The Council should challenge itself as to whether the thematic nature of the Corporate Plan and Southend 2050 will address the entrenched inequalities and deprivation within some of Southend-on-Sea's localities and neighbourhoods.
- 4.11 **Strengthen your voice and influence for the benefit of the City and South Essex in the wider regional agenda** - It will be important for the Council to ensure it continues to exercise sufficient voice and influence on ASELA in relation to the devolution agenda.

5. Response and Action Plan

- 5.1 The Peers commented that the Council was very self-aware and the challenges that were set out within the pre-prepared Position Statement were reflective of the conversations, material, and meetings they observed whilst on site. It is therefore recommended that Cabinet note and accept the LGA's findings and nine recommendations outlined above.
- 5.2 Cabinet is asked to note and agree the Action Plan (Appendix 1) which is the Council's response to the Peer's recommendations. The Plan will be published

and outlines how the Council will implement the learning and seek opportunities for improvement. A lead sponsor, and Cabinet lead has been identified for each of the recommendations.

6. Reasons for Recommendation (this section should only be included in Cabinet and Cabinet Committee reports).

6.1 The LGAs Corporate Peer Challenge process independently validated the challenges that the Council faces. The recommendations provide the Council with an improvement focussed and tailored response to its needs. The recommendations further complement and add value to a Council's own performance and improvement plans. Therefore, it is recommended that Cabinet agree to these recommendations and the Action Plan.

6. Corporate Implications

The action plan will require staff resource to implement, where many of the recommendations are focused within the Strategic, Change and Governance directorate. Consideration will need to be given to the capacity of this directorate and the ability to support delivery.

6.1 Contribution to the Southend 2050 ambition, outcomes and road map and Transforming Together

The recommendations and Action Plan support the Council's ability to improve its capacity to deliver its priorities as set out in Southend 2050 and the Corporate Plan. In addition, specific recommends and actions compliment the transformation of the organisation to deliver services more effectively.

6.2 Finance and value for money implications

As mentioned above, the action plan will require staff and councillor capacity to implement however, these actions aim to deliver a more efficient way of working.

6.3 Legal Implications

Changing the constitution and election cycle has several legal implications. Work to understand and plan for the legal steps will need to be undertaken alongside the Monitoring Officer.

6.4 Equalities and diversity Implications

EDI is a priority for the Council and the recommendations above will help the Council to better and more effectively prioritise its work. The recommendation to re-engage partners and improve working relationships will bring important inclusion benefits. For each area of work, an equality analysis will need to be carried out to consider the impact on those from the protected characteristics groups.

6.5 Other corporate implications: [Note - Include those relevant from: People (key HR implications); Property; Empowerment, Co-design/production & Consultation; Risk; Community Safety; Green City/Environment/Climate Change; Data Protection; ICT; Health; Health & Safety; Commissioning/Procurement].

Principles of co-design will be important in delivering several aspects of the Action Plan. Such an approach will support greater accountability in the delivery and success of the projects.

There will be people implications through the review and enhancement of the learning and development offer to both councillors and members. The refreshed offer will improve working relationships and support the Council's values and behaviours. Likewise, the work to review the Constitution will support better working relationships between councillors and officers.

Annex A – LGA Corporate Peer Challenge (Oct 2022) Report, – Findings & Recommendations for Southend-on-Sea City Council

Appendix 1 – Southend-on-Sea City Council Action Plan for the LGA CPC (October 2022)

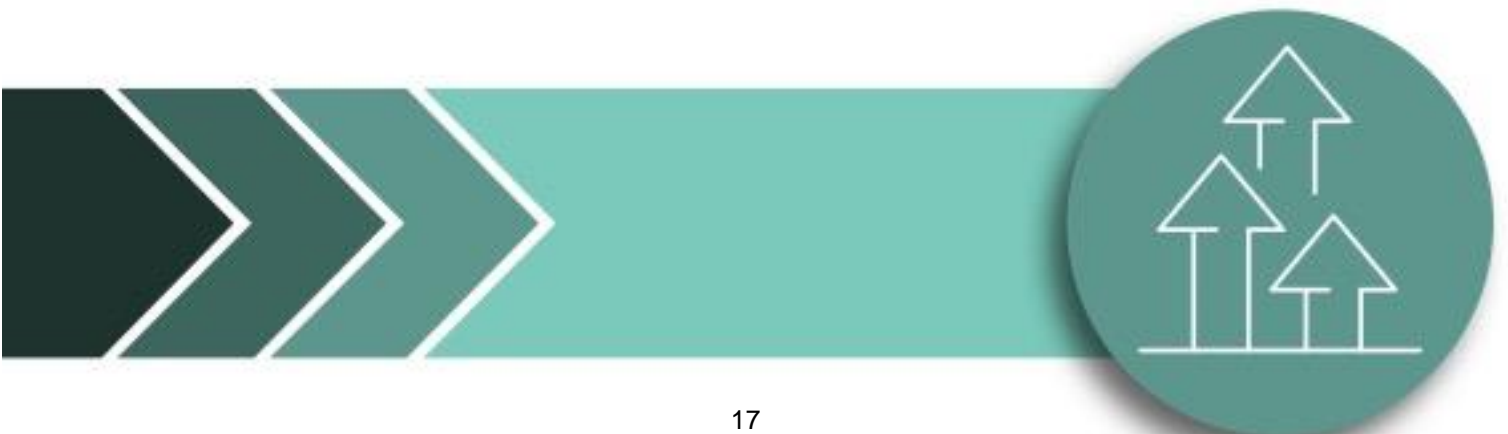
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LGA Corporate Peer Challenge

Southend-on-Sea City Council

11 – 14 October 2022

Feedback report





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5. Next steps	22

1. Executive summary

Southend-on-Sea City has huge potential. The award of city status in March 2022 is bringing partners and residents together around a vision to guide the future development and direction of the city. There is a strong community ethos and pride amongst all those who met with the peer team. This strong community spirit saw diverse communities come together and support each other during the pandemic and in the aftermath of the tragic death of Sir David Amess MP.

The council is also leading on some major regeneration projects designed to bring prosperity and job opportunities to the city including the Better Queensway Development, Seaway Leisure Project, Victoria Shopping Centre and the Airport Business Park.

However, the approach to leadership, governance and decision making is stifling the council's capacity to progress as a city. Processes have developed over time which mean decisions are often debated on multiple occasions and this is slowing down the pace of decision making. This includes a high number of 'call-ins' to the Overview & Scrutiny function. Considerable energy is, therefore, being expended on the associated business support processes required around these meetings and this places additional pressures on both officers and councillors. This is also impacting on working relationships and trust between councillors and officers. A number of those who met with the peer team, including internal and external stakeholders, described the political decision making at Southend-on-Sea City Council as 'clunky', sometimes 'toxic' and often 'caustic and divisive'. This needs to be addressed.

Early in 2021 the council commenced a review of the constitution, and the Centre for Governance and Scrutiny (CfGS) were engaged to support this work. The council should complete and implement this review as a matter of urgency. As outlined by the CfGS, structural change alone will not improve the member and officer relationships and behaviours that are required. Constitutional change needs to be underpinned by an organisational commitment to behaviour change. It will be important to ensure that the councillor development and leadership development programmes are aligned with the council's agreed values and behaviours, supporting a more effective councillor / officer working relationship.

The recent appointment of a new, permanent chief executive in October 2022 has the potential to be a key turning point for the council as Southend-on-Sea transitions to a city of national and international standing. It presents an opportunity for the political leadership and managerial leadership to come together to address the council's governance and decision-making challenges, modernise council wide systems and processes in support of transformation and build positive culture change.

The council's electoral system involves election of one third of councillors every year for 3 years (with no elections in the 4th year). The council's position statement has highlighted challenges that this electoral cycle can present, particularly in the context a recent history of 'no overall control' (with a coalition administration in place). The peer team heard from a number of officers, councillors and external stakeholders about this challenge and how this is impacting on longer term strategic decision making and direction. It is the view of the peer team that the council should consider changing this election timetable as part of a proposed Boundary Review which is due to be implemented in May 2026.

Southend 2050, developed jointly with partners and residents, sets out the city's ambitions for the place around six key themes, along with a five year 'roadmap' of key projects to support delivery. A new council Corporate Plan (2022 to 2026) has also been agreed which seeks to articulate the council's priorities for the next 4 years in support of Southend 2050.

The council recognises there is still more work to do to communicate and engage, more clearly, on the council's priorities and the city's 2050 ambitions. The council should re-engage stakeholders on the Southend 2050 vision and council priorities. The council needs to be clear on the role of partnerships and collaboration in delivering the ambitions for Southend-on Sea City and the wider region. This will help to build a shared narrative about Southend-on-Sea as a new city and help to strengthen partnership working on agreed shared ambitions.

The council's financial management has been strong with the latest CIPFA Financial Resilience Index for the end of 2020/21 placing Southend-on-Sea City Council as the 13th most financially resilient out of 56 unitary councils.

However, challenges remain in the context of rising inflation, energy price cap rises and increases in the cost-of-living, coupled with rising demand. The council recognise that a number of assumptions used when setting the 2022/23 budget no longer apply. The council's Medium Term Financial Strategy (MTFS), agreed in February 2022, envisaged a budget gap of £24.0m by 2026/27. Month 4 monitoring reports are forecasting an overspend on revenue services of £14.5m for 22/23, with the majority of this linked to adult and children's services.

The council have commissioned specialist financial consulting and advisory support to help address this medium to long term deficit. In developing these plans, effective prioritisation, as outlined above, will be key. Effective governance and decision making will also be critical as the council will need to be clear about and take the difficult political decisions required to deliver a balanced medium term financial position.

Southend-on-Sea City has many assets, but there are issues associated with entrenched inequality and deprivation within some areas of the city. Over 39% of Southend-on-Sea's residents live in areas considered to be in the most deprived 30% in the country. The peer team would encourage the council to develop a consistent plan to address these inequalities and disparities across the city's neighbourhoods.

Harnessing the opportunities arising from joint work with the Association of South Essex Local Authorities (ASELA) will be key to tackling these inequalities and in supporting growth. It will be important for the council to ensure it continues to exercise sufficient voice and influence on ASELA in relation to the devolution agenda.

2. Key recommendations

There are a number of observations and suggestions within the main section of the report. The following are the peer team's key recommendations to the council. Many of these recommendations relate to the theme of governance and decision making. This reflects the need to ensure your approach to decision making enables the organisation and city to progress.

2.1. Constitutional Review

Complete and implement your constitutional review as a matter of urgency.

2.2. Organisational commitment to behaviour change

Underpin your constitutional changes with a clear organisational and visible commitment to behaviour change. It will be important to ensure that the councillor development and leadership development programmes are aligned with the council's agreed values and behaviours, supporting a more effective councillor / officer working relationship.

2.3. Election Cycle

Implement your proposed boundary review and, as part of this, consider changing your election cycle to whole council elections every 4 years.

2.4. Partnerships

Re-engage partners across public, private and voluntary sectors on Southend 2050. Establish how you will work in partnership to deliver shared outcomes for the city.

2.5. Prioritisation

Ensure agreed priorities are aligned to resources and capacity. Provide more clarity on the link between strategic priorities and delivery.

2.6. Communication

Communicate and engage with all councillors, officers and residents on agreed priorities to help build a shared understanding. Be clear about the difficult decisions required to deliver a balanced medium term financial position.

2.7. Modernise your council operating model, systems and processes

This will help support the required pace of change and transformation. In addition to modernising governance and decision-making processes (as outlined above), you need to ensure business needs are driving your operating model, for example the digital strategy, and that you have the capacity to deliver this. This includes work to implement your new data strategy and corporate data systems (including Human Resource systems)

2.8. Develop a consistent plan to address inequalities and disparities across the city and its neighbourhoods

The council should challenge itself as to whether the thematic nature of the Corporate Plan and Southend 2050 will address the entrenched inequalities and deprivation within some of Southend-on-Sea's localities and neighbourhoods.

2.9. Strengthen your voice and influence for the benefit of the City and South Essex in the wider regional agenda

It will be important for the council to ensure it continues to exercise sufficient voice and influence on ASELA in relation to the devolution agenda.

3. Summary of the peer challenge approach

3.1. The peer team

Peer challenges are delivered by experienced elected member and officer peers. The make-up of the peer team reflected the focus of the peer challenge and peers were selected on the basis of their relevant expertise. The peers were:

- Baroness Taylor of Stevenage, OBE - Leader of Stevenage Borough Council
- Rob Walsh, Chief Executive, Northeast Lincolnshire Council
- Councillor Keith Glazier, Leader of East Sussex County Council
- Sarah Clarke, Service Director, Strategy & Governance, West Berkshire Council
- Ann-Marie McCafferty, Improvement Officer, Welsh LGA (Shadow)
- Cindy Lowthian, Peer Challenge Manager, Local Government Association

3.2. Scope and focus

The peer team considered the following five themes which form the core components of all Corporate Peer Challenges. These areas are critical to councils' performance and improvement.

1. **Local priorities and outcomes** - Are the council's priorities clear and informed by the local context? Is the council delivering effectively on its

priorities?

2. **Organisational and place leadership** - Does the council provide effective local leadership? Are there good relationships with partner organisations and local communities?
3. **Governance and culture** - Are there clear and robust governance arrangements? Is there a culture of challenge and scrutiny?
4. **Financial planning and management** - Does the council have a grip on its current financial position? Does the council have a strategy and a plan to address its financial challenges?
5. **Capacity for improvement** - Is the organisation able to support delivery of local priorities? Does the council have the capacity to improve?

In considering these questions, the council asked the peer team to provide a particular focus on the governance and culture theme in the context of on-going work to review the council's constitution.

3.3. The peer challenge process

Peer challenges are improvement focused; it is important to stress that this was not an inspection. The process is not designed to provide an in-depth or technical assessment of plans and proposals. The peer team used their experience and knowledge of local government to reflect on the information presented to them by people they met, things they saw and material that they read.

The peer team prepared by reviewing a range of documents and information in order to ensure they were familiar with the council and the challenges it is facing. The team then spent four days onsite at Southend-on-Sea City Council, during which they:

- Gathered information and views from more than 51 meetings, in addition to further research and reading.
- Spoke to more than 160 people including a range of council staff together with councillors and external stakeholders.
- Observed four council meetings (two in person and two on-line)

This report provides a summary of the peer team's findings. In presenting feedback, they have done so as fellow local government officers and councillors.

4. Feedback

4.1. Local priorities and outcomes

Southend 2050, developed jointly with partners and residents, sets out the city's ambitions around six key themes, along with a five year 'roadmap' of key projects to support delivery. An LGA Corporate Health Check undertaken in April 2021 heard a 'strong and consistent message' concerning the high volume of priorities (within this) and how they are monitored and managed.

The council's position statement shows that work has been undertaken to address this through a review of the Southend 2050, including re-focussed milestones. This includes work to agree a new Corporate Plan (for the council) to better articulate the council's priorities for the next four years in support of Southend 2050.

There are still perceptions, both internally and externally, that there are too many priorities. The peer team heard

"we have done really well to set priorities, but we need to prioritise our priorities" and "goodwill - it will run out" and "we're chasing every rainbow" and "we want to be everything as a place; need to decide what the city wants to be".

Moving forward, the peer team would encourage the council to undertake a further prioritisation exercise to bring focus on fewer priorities – and then to communicate and engage, more clearly, on these and the city's 2050 ambitions. It will also be important to ensure that this work is aligned to resources and capacity to deliver.

A key challenge for the council is to ensure they have the right governance processes and capacity in place to progress from strategy and prioritisation to delivery. An example includes the Climate Resilience and Urban Greening Strategy. Peers heard from a number of stakeholders how more needs to be done to embed climate change considerations across all policies and decision-making and to build climate change leadership, capacity, ownership and delivery across all levels of the

organisation.

The council needs to ensure that governance, decision making and scrutiny (discussed later in this report) is enabling the council to deliver projects and programmes in support of its strategic priorities at pace, that decision making is evidence led and allows strategic transformation to happen.

The council's performance management framework involves the production of a monthly performance dashboard aligned to the Southend 2050 outcomes. This is circulated to Corporate Management Team and reviewed by senior leaders and cabinet councillors. The performance framework also includes a quarterly health-check to provide a snapshot of the overall health of the council, a bi-monthly 'outcomes success measures' report to Cabinet and an annual 'community insights' report.

The performance framework shared with the peer team is not yet aligned to the new Corporate Plan; the council recognise that it needs to be and have been working on this, with a revised framework due to be adopted imminently. The development of this, as outlined in the LGA's Corporate Health Check last year, provides an opportunity to bring a renewed focus on measuring 'outcomes' in addition to outputs, and to work with officers, councillors and partners on what is meant by an outcomes-based approach.

Key to this will be ensuring that all staff have a performance appraisal. Peers heard that there have been challenges with the Human Resources system and associated data recording. However, the latest recorded data seen by the peer team indicates that there is still more work to do in this regard with 55% of staff having had an appraisal.

A copy of the council's latest [Corporate Performance Dashboard July 2022](#) was shared with the peer team. Peers found the dashboard clear and user-friendly, including a clear RAG rating against the council's 45 key performance targets, eight of which are 'data only'. Of the remaining ones, the majority (21) are on course to achieve target (green). There are four that are rated as 'amber' and a further 12 are identified as being at risk of missing the target. The peer team were pleased to see how the dashboard includes narrative on the proposed actions being taken to address those areas which are at risk of missing the target.

The peer team also considered performance information drawn from the latest [LG Inform](#) data which is the Local Government Association's benchmarking tool for the sector. This shows how the council compares to their Chartered Institute of Public Finance and Accountancy (CIPFA) nearest neighbours.

In relation to children's services, the looked after children rate per 10,000 under 18 population is 71 which is lower than the average of CIPFA nearest neighbours at 85 (2020/21 figures). However, the council's performance monitoring report shows that this is increasing, with the rate for July 2022 standing at 78.52 and this has increased 12.64% compared to the same period in the previous month. Similar to other councils, there have been challenges associated with increased demand in children's services and increased costs of residential care placements for those with complex needs. The council is self-aware of these challenges and seeking to address them through building and sustaining capacity within the inhouse foster carer provision and engaging regionally in relation to the costs of the care market.

The latest Ofsted inspection in July 2019 rated children's services as 'Requires Improvement'. A focused visit in March 2022 looked at the arrangements for children in care and in unregulated or unregistered provision. Again, it found there was a self-awareness of the areas which need to improve and that recently appointed senior officers "*were making arrangements to oversee the progress of all children in care*". It highlighted challenges faced by the council in identifying suitable long-term homes and the work the council is doing to enhance capacity in this area.

Within Adult Social Care, the overall satisfaction of people who use services with their care and support was 71.1% and this is higher than CIPFA nearest neighbours (2021/2022). The council's latest monitoring report shows performance against 12 performance indicators for adult social care and health integration. Most of these are 'on target' with the exception of five areas.

Similar to other councils, increased demand, complexity and market forces are particular challenges faced. Peers learned how health and social care reform places Southend-on-Sea City Council within an Integrated Care System (ICS) covering Mid and South Essex. The council will need to ensure it has the capacity to engage within the new system. It is important that the council uses the proposed changes to governance and decision making (outlined later in this report) as an opportunity to

strengthen health scrutiny within the new health and social care landscape.

Peers were pleased to see that the council's performance is better than the average of their CIPFA nearest neighbours in relation to 'average 8 attainment score' (educational attainment for pupils at the end of key stage 4 in 2021/2022), time taken to process housing benefit claims (2022/23 Q1), processing of planning applications within target timescales (2022/2023, Q1) and recycling rates (2020/2021).

Housing affordability presents a difficult local context for the council and as a result, an area where council compares less favourably than the CIPFA average relates to the numbers of households in temporary accommodation (2021/2022, Q4). The rate is also slightly above the national average for all unitary authorities. Documents relating to the development of a new Local Plan show how Southend-on-Sea (and South Essex) experiences challenges associated with affordability, overcrowding and homelessness when compared to the national average. Peers were pleased to learn how the council has identified the delivery of affordable housing as a corporate priority. The council are also using the development of the new Local Plan, to be submitted before the end of 2024, to facilitate a conversation on future housing delivery for the city.

The peer team were impressed with the council's commitment to strengthen equality and diversity. They particularly enjoyed meeting with the council's Corporate Equalities Steering Group to learn more about the council's on-going work to support equality, diversity and inclusion. A number of equality staff forums are in place including the BAME forum, Disability and Carers forum, Outreach (LGBT) and Multi-faith and belief forums.

4.2. Organisational and place leadership

As outlined above, Southend-on-Sea City has huge potential including the award of city status in March 2022. Work to develop a City Centre Strategy and Investment Plan has involved over 438 people through interviews and thousands engaged in libraries and community spaces. This sets out the vision for the new city which is built around using Southend's independent spirit to shape a different kind of city, with an emphasis on the role of arts, culture and the creative industries.

The council is leading on a number of impressive regeneration initiatives including the Better Queensway Development, Seaway Leisure Project, Victoria Shopping Centre and the Airport Business Park. Peers heard how a successful round one bid to the Levelling Up Fund of £19.9m aims to deliver visitor economy improvements focussed on Leigh Port, the Cliffs Pavilion and wider seafront. A second round saw two Levelling Up Fund bids, to support culture-led city centre regeneration and highways improvements, submitted over the summer.

Southend-on-Sea City has many assets including its geographical location within the Thames Estuary, a strong tourism offer, growing creative sector, blue-flag beaches, enviable transport links and almost 600 hectares of parks and green space.

Similar to many other coastal areas, there are issues associated with inequality and deprivation. Over 39% of Southend-on-Sea's residents live in areas considered to be in the most deprived 30% in the country. There are 9 neighbourhoods (out of 107) in Southend-on-Sea falling into the 10% most deprived in the country. 14% of Southend-on-Sea's children live in low-income households and there is health inequality between wards, with a life expectancy gap of 9 years for males and 10 years for females between the most deprived and least deprived wards.

Peers also heard that there are challenges associated with community safety and perceptions of safety. LG Inform data shows that in 2022 Q2 (12 months ending) the city was ranked 48 out of 59 of English unitary authorities for victim-based offences (one being the lowest). The council's latest resident survey shows that most residents feel safe during the day (81%) but fewer than half (43%) feel safe at night, significantly lower than the LGA benchmark at 79%. There are also disparities in these perceptions across the city.

The peer team would encourage the council to challenge itself as to whether the thematic nature of key strategies, including Southend 2050 and the Corporate Plan, will address these disparities and inequalities. Does the council need to develop a different approach to the way it works across localities to address inequalities and disparities across the city and within neighbourhoods?

The council is the accountable body for the Association of South Essex Local Authorities (ASELA) which facilitates joint working and collaboration with neighbouring authorities. A Growth and Recovery Prospectus for the region sets out

a number of joined up proposals and projects to drive change for people and businesses. It will be important for the council to ensure it continues to exercise sufficient voice and influence on ASELA in relation to the devolution agenda

The peer team found that there is a strong enthusiasm and willingness from public, private and voluntary sector partners to engage and collaborate with the council. This saw councillors, officers, partners and residents come together during the pandemic to support each other whilst still keeping day to day services going and delivering on key programmes of work. It also saw everyone come together and support each other following the tragic death of Sir David Amess MP.

As the council and city look to move forward from the pandemic and shape the new city, the council has an opportunity to re-engage partners on vision 2050 and communicate, more clearly, on a set of priorities which are shared and understood by all. The new communications strategy (under development) provides an opportunity to re-engage and build a shared narrative for Southend-on-Sea as a new city, the type of city it wants to be and bring officers, councillors, partners and residents together around this.

Peers heard about the council's on-going commitment to engage Southend-on-Sea City's diverse communities. This includes work with the voluntary and community sector including investment in a community investment fund, examples of co-production in both adult and children's social care, a pro-active Youth Council and an on-line engagement platform. A Residents Perception Survey is carried out every 18 months and a Community Insight report is produced each year to support decision makers.

A consistent message shared with the peer team is a need to ensure that this pro-active engagement and consultation is meaningful, and that feedback is given on outcomes. This was articulated by a number of external stakeholders who told the peer team that they want the council to "*please make sure something positive happens or people will feel fatigued* (in reference to the new City Centre Strategy) and "*we have heard it all before, do you really mean it?*"

As outlined throughout this report, governance, decision making and scrutiny at the council (discussed in more detail below) will stifle the council's place leadership role and the ability to progress as a city if not addressed. Some external partners were

frustrated about how some of the politics were playing out and the implications in terms of strategic decision making, delivery and the city's image.

4.3. Governance and culture

A strong and consistent message from this Corporate Peer Challenge is that the council needs to improve leadership, governance and decision-making processes and behaviours. There is a need to implement changes arising from a review of the constitution as a matter of urgency as the current approach is stifling the capacity to progress as a city.

Working practices and processes, developed over time, mean decisions are often debated on multiple occasions and this slows down the pace of decision making. A recent example includes the decision to change the council's corporate branding and logo which has taken over eight months to implement. The process has involved a cross-party working group and five council meetings (two scrutiny meetings and three cabinet meetings).

The council has a high number of scrutiny 'call-ins' and/or referrals to scrutiny committees. The Annual Governance Statement for 2021/22 shows five reports were called-in from the Cabinet or referred directly for scrutiny by the People Scrutiny Committee, twenty reports were called-in or referred to the Place Scrutiny Committee for review and sixteen reports were called-in or referred directly to the Policy and Resources Scrutiny Committee. A recent benchmarking exercise, undertaken by the council, showed how the council called in more decisions in one month (July 2022), than 21 authorities did in a whole municipal year.

The council's decision-making process involves the referral of minutes of all committees to the full council which can stimulate further debate and discussion. Again, this duplicates business which has already been debated in other meetings.

Considerable energy and capacity are expended on the associated business support processes required around these meetings and this places additional pressures on both officers and councillors in terms of duplication, time, administrative demands and timeliness of some reports. The peer team found that this is impacting on working relationships and trust between councillors and councillors and officers.

A number of those who met with the peer team, including internal and external

stakeholders, described the political decision making at Southend-on-Sea City Council as 'clunky', sometimes 'toxic' and often 'caustic and divisive'.

The peer team heard how 16 formal standards complaints have been received so far this year and at the time of the peer review, 11 of these were still live and at some stage of the process. The council's position statement indicates that the number of formal complaints relating to councillors has increased from an average of 4 per year for 2012-18 to 35 a year for 2020-21.

The council is self-aware and has sought to take a number of actions to improve governance, decision making and culture. This work is detailed in the council's position statement and includes a review of the councillor and officer protocol, completed in November 2020. It also includes support to both officers and councillors through training and development. A new councillor development programme – co-designed with councillors – has been put in place. A dedicated Councillors Support Office is being created as part of a Business Support review and will support all 51 councillors with a specific offer to Cabinet, opposition, and back-bencher councillors. It will also be the first point of contact for councillors to help resolve councillor enquiries and casework. The Councillors Support Officer will oversee the councillor development programme.

Early in 2021 the council commenced a review of the constitution, and the Centre for Governance and Scrutiny (CfGS) supported this work. Recommendations arising from this work, shared at the meeting of the General Purposes Committee in October, are aimed at bringing about change to the attitude and approach for transacting effective and timely business at the meetings of Cabinet, Scrutiny, Council and also informally.

The CfGS report makes a number of recommendations relating to the strengthening of the overview and scrutiny function through stronger oversight, forward work planning and pre-decision scrutiny, proposed call-in changes (so that this focusses on fewer, but more fundamental issues), strengthening cross-party approaches, clarity on public involvement (at meetings) and the scheme of delegation. The council should complete and implement this review and associated recommendations as a matter of urgency.

As outlined by the CfGS, structural change alone will not improve the member and

officer relationships and behaviours that are required. Constitutional change needs to be underpinned with a clear organisational and visible commitment to behaviour change. It will be important to ensure that the councillor development and leadership development programmes are aligned with the council's agreed values and behaviours, supporting a more effective councillor / officer working relationship.

The council's electoral system involves election of one third of councillors every year for 3 years (with no elections in the 4th year). The council's position statement has highlighted challenges that this electoral cycle can present, particularly in the context of close political numbers and a recent history of 'no overall control' (with a ruling coalition). The peer team heard from a number of officers and councillors that this can impact on longer term strategic decision making and direction. It is the view of the peer team that the council should consider changing this election timetable to full elections every 4 years, as part of a proposed boundary review which is due to be implemented in May 2026.

The recent appointment of a new, permanent chief executive in October 2022 has the potential to be a key turning point for the council as Southend-on-Sea transitions to a city of national and international standing. It presents an opportunity for the political leadership and managerial leadership to come together to address the council's governance and decision-making challenges, modernise council wide systems and processes in support of transformation and build positive culture change.

4.4. Financial planning and management

Over the past 2 years (2020/21 and 21/2022) the council's financial management has been strong. The latest CIPFA Financial Resilience Index for the end of 2020/21 placed Southend-on-Sea City Council as the 13th most financially resilient out of 56 unitary councils. Both the Housing Revenue Account (HRA) and Dedicated Schools Grant (DSG) budget made a surplus.

The council has a structured approach to developing its financial strategy which includes a 10-year Financial Sustainability Strategy, a 5-year Medium Term Financial Strategy and a Capital Investment Strategy aligned to the Southend 2050 outcomes.

The peer team found that the finance team are respected and capable and that the council has demonstrated a sound approach to the management of its finances over the past 10 years.

The council recognise that the current economic context (rising inflation, energy price cap rises and increases in cost of living) coupled with rising demand, will mean there will be difficult decisions ahead. This includes a recognition that a number of assumptions used when setting the 2022/23 budget no longer apply. The council's MTFs, agreed in February 2022, envisaged a budget gap of £24.0m by 2026/27. In the context of current year pressures this gap is likely to increase. The council's month 4 monitoring reports are forecasting an overspend on revenue services of £14.5m, with the majority of this linked to adult and children's services. This includes a rise in children in care numbers and pressures in learning disability and mental health services within adult social care.

The council's total revenue earmarked and unearmarked reserves (including general fund, school balances and Housing Revenue Account) were £149m and capital reserves £54.3m in March 2022. The council's position statement describes the reserves position as strong but recognises that whilst providing protection against pressures being experienced, they cannot be relied upon indefinitely.

Peers heard how the council is implementing a number of approaches – through a budget and service transformation programme - to help address the medium to long term deficit including a review of third-party contracts, a proposed organisational structure review and a review of the capital investment programme. The council has also put into place, at the start of this financial year, a set of 12 budget planning principles for the organisation to follow. The peer team also heard how the council have commissioned specialist financial consulting and advisory support to help shape the council's budget and service transformation programme.

There are opportunities, through this budget and service transformation programme, to develop a wider strategic approach to budget setting which is outcome focussed. This should involve continuing work (already started) to build wider ownership and understanding amongst senior leaders, councillors and officers of the significant budget challenges ahead including the national context and rising demand.

Peers heard how a 'Getting to Know Your Business' programme for service

managers is designed to support managers to improve productivity and efficiency. The peer team found mixed levels of understanding on this. There is more work to do to provide clarity on the approach and embed this across all service areas. The council have recognised this as this forms part of the 12 budget planning principles agreed.

Moving forward, the council needs to maintain focus on fewer priorities, ensure these are aligned to resources and communicate and engage on these, and the city's 2050 ambitions. As outlined throughout this report, effective governance and decision making will be critical as the council will need to be clear about and take the difficult, longer term political decisions required to deliver a balanced medium term financial position.

In relation to the capital budget, while some capital schemes were delayed due to the impact of COVID-19 in 2020/21, others, such as refurbishment schemes, could progress. Levels of slippage were still relatively low in 2021/22 and 88% of programmed spend incurred within year. The capital programme budget for 2022/23 was set at £99.1m with some mid-year adjustments. Similar to other councils, the programme has been impacted by supply chain issues and high construction cost inflation.

The peer team were impressed with the council's current approach to the management and review of its capital programme. The council is undertaking a capital programme review process to consider what schemes should stop, pause or defer and this work is being aligned to Southend 2050. An Investment Board has a particular focus on capital expenditure and reviews and challenges business cases

The council's external auditors have not yet completed the 2020/21 or 2021/22 audit of accounts. An update to the Audit Committee in July 2022 shows how this is as a result of resourcing issues faced by the external auditors. The external auditor has indicated that they anticipate both audits would be completed by the end of 2022.

4.5. Capacity for improvement

Officers and councillors who met with the peer team are passionate and committed to Southend City, its people and to making a difference. As outlined in the LGA's Corporate Health Check in April 2021, everyone had pulled together towards an

emergency response during the pandemic whilst keeping day to day service delivery going. At the same time, the council advanced significant programmes of work. Both councillors and officers are rightly proud of this response.

Officers who met with the peer team described Southend-on-Sea City Council as “close knit”, “resilient”, “friendly” and “exciting, with lots of opportunities”. Similar to the findings of the Corporate Health Check in 2021, officers are clearly proud of the work they do. There was a particular pride in the council’s work to attract external funding and of the re-generation programmes underway to help shape the new city.

Discussions with both councillors and officers show that there is still a consistent message around prioritisation – perceptions about a large number of priorities and a mixed level of understanding about how priorities within Southend 2050 and the new Corporate Strategy align.

Officers and councillors need to strengthen and build this clarity of understanding which will help link strategic priorities to delivery. This on-going engagement of both officers and councillors will also be important in the context of the council’s budget and service transformation programme (as outlined above).

As referenced earlier in this report, there is also more to do to embed performance appraisals across all directorates. Peers heard that there have been challenges with the Human Resources system and associated data recording, but if these figures are accurate, this is not adequate. The figures shared with the peer team indicate a mixed picture for the number of appraisals completed across each directorate, from 73% of staff within Finance and Resources to 34% in children and public health. Just over half of all staff have had their performance appraisal. The development of the new performance management framework, aligned to the corporate plan, will provide an opportunity to help address this.

Over the past few years, the council has undertaken work to modernise and transform through the Future Ways of Working (FWoW) programme. This involved a programme of work aimed at modernising the workforce, systems and processes in 2021/2022 and beyond. This framework was built around delivery of Southend 2050 outcomes and included themes around governance, decision making, ways of working, financial sustainability, skills, the green agenda and more.

Peers heard how this framework has recently been replaced by a refocussed

transformation programme and people vision aligned to the new corporate plan. Key elements include creating visionary leadership, staff wellbeing, learning and development, diversity, recruitment, hybrid working and empowerment with detailed plans setting how of these elements will be developed over the next 4 years.

This on-going work should address a number of organisational development (OD) challenges highlighted to the peer team. These include perceptions of silo working within some service areas and a need to modernise the Human Resources (HR) software system to facilitate the production of accurate and timely data in relation to the establishment and makeup of the workforce. The current system is being upgraded but there is some frustration about the length of time that this is taking.

Other HR challenges are associated with workforce planning, recruitment and retention. The council's performance report outlines particular challenges within children's services where the percentage of agency social workers is above both the England average and that of the council's statistical neighbour. The new People Vision provides an opportunity to promote the benefits of working at Southend-on-Sea City Council, to grow talent and review approaches to succession planning.

Critical to this work will be the need to ensure that Southend-on-Sea City Council is seen as one of the employers of choice in the region and that both officers and councillors continue to be proud to work at the council. Reputation is key.

Addressing the governance and decision-making challenges highlighted throughout this report will be fundamental to this.

Those who met with the peer team saw appointment of the new chief executive as a key turning point for the council. The new Chief Executive will have a key role to play, working with the political leadership and Corporate Management Team (CMT), in helping to build the council's visionary leadership ambition. In doing this, it will be important for the new chief executive to bring stability to the Corporate Management Team. At the time of the Corporate Peer Challenge, a number of posts on CMT were interim.

The council's position statement shows how the council has invested in both member development and officer leadership development programmes. Moving forward, it will be important to review these to ensure they are aligned to proposed changes in governance and decision making, agreed corporate values and behaviours and

support positive culture change

The council's SMART strategy for Digital and Technology (2021-2024) presents the overall strategic direction for digitalisation and use of technology with the aim of supporting Southend's journey to becoming a Smart City. It highlights a number of challenges that need to be addressed including a vast legacy estate and duplicate data bases. Whilst COVID-19 has accelerated progress in relation to agile working, there is still more work to do. The council needs to ensure business needs are driving delivery of this strategy and that there is organisational capacity to deliver this.

5. Next steps

It is recognised that senior political and managerial leadership will want to consider, discuss and reflect on these findings.

Both the peer team and LGA are keen to build on the relationships formed through the peer challenge. The CPC process includes a six-month check-in session, which provides space for the council's senior leadership to update peers on its progress against the action plan and discuss next steps.

In the meantime, Rachel.Litherland@local.gov.uk. Principal Adviser for East of England, is the main contact between your authority and the Local Government Association. Rachel Litherland is available to discuss any further support the council requires.

Appendix 2: Corporate Peer Challenge Action Plan – Draft

Ref	LGA Recommendation	Action	Cabinet Lead	Sponsor
1	Constitutional Review - Complete and implement your constitutional review as a matter of urgency.	<p>We recognise the foundational importance of the review of the constitution. Our approach will be to identify and implement changes which will bring about the most impactful change first.</p> <p>This work will enable the Council to take decisions more effectively and efficiently at the right time and underpins recommendation 2 below.</p> <p>The action we will take includes:</p> <ul style="list-style-type: none"> • All councillor's and officers will be trained to understand the changes as well as the benefits that those changes will bring. • By March 2023, the first phase of this work will include the introduction of a new scrutiny process. By summer 2023 onwards we expect to see a significant reduction in call-ins and as a result less duplication of capacity across the Council. • The second phase will see the development of a programme plan (by June 2023), to address recommendations set out by the Centre for governance and Scrutiny's review (including reviewing the scheme of delegations and several Standing Orders). 	Cllr Stephen George, Leader	Executive Director (Strategy, Change and Governance)

Ref	LGA Recommendation	Action	Cabinet Lead	Sponsor
2	<p>Organisational commitment to behaviour change - Underpin your constitutional changes with a clear organisational and visible commitment to behaviour change. It will be important to ensure that the councillor development and leadership development programmes are aligned with the council's agreed values and behaviours, supporting a more effective councillor / officer working relationship.</p>	<p>We owe it to residents and partners to conduct our business in an environment where both officers and councillors can thrive and achieve optimal outcomes. Behaviours which undermine effective working practice, and do not create supportive, open and professional working environments, will not be tolerated.</p> <p>The action we will take includes:</p> <ul style="list-style-type: none"> • It is recognised that the majority of unacceptable behaviours take place in a public arena. A suite of activity will be implemented to support officers to manage those situations, and they will be supported by the Chief Executive to not tolerate direct instances of unacceptable behaviour. • In addition, a comprehensive set of initiatives, training and facilitation will be implemented to prevent on-going instances of unacceptable behaviour and will include aligning the councillor development, councillor induction and leadership development programmes to the Council's agreed values and behaviours. • Whilst this is an ongoing area of work, we want to see demonstrable improvements so that staff are experiencing effective councillor and officer working relationships as evidenced through staff feedback. 	Cllr Paul Collins	Executive Director (Neighbourhoods and Environment)

Ref	LGA Recommendation	Action	Cabinet Lead	Sponsor
3	<p>Election Cycle - Implement the proposed boundary review and, as part of this, consider changing the election cycle to whole council elections every 4 years.</p>	<p>We recognise that an election in thirds cycle does not allow the Council to maximise the time in which it can conduct business and generates additional costs for the Council. We further recognise the Peers findings, that elections in thirds creates additional challenges and that this is impacting on longer term strategic decision making.</p> <p>The action we will take includes:</p> <ul style="list-style-type: none"> • Working with councillors, residents, and partners to understand the benefits of an all-out (whole council) election cycle. • By November 2023, Council will consider a decision which will recommend changing election cycles within a timeline appropriate to the relevant boundary review. 	Cllr Martin Terry	Executive Director (Strategy, Change and Governance)
4	<p>Partnerships - Re-engage partners across public, private and voluntary sectors on Southend 2050. Establish how the Council will work in partnership to deliver shared outcomes for the city.</p>	<p>We wholeheartedly recognise the value of the City's community and partner assets that Peers witnessed and understand that the Council cannot deliver on its ambitious plans in isolation.</p> <p>The action we will take includes:</p> <ul style="list-style-type: none"> • By the end of 2023 we will have reengage partners to transform Southend 2050 into a more effective 'partnership plan' with clear outcomes for Southend, strategically aligned with all partners. • By April 2023, we will have begun the process to gain a clear overview of local and regional partnerships and their governance supporting effectiveness in contributing to the achievement of partnership outcomes. We will review this on an annual basis. 	Cllr Kay Mitchell	<p>Executive Director (Strategy, Change and Governance)</p> <p>Executive Director (Adults and Communities)</p>

Ref	LGA Recommendation	Action	Cabinet Lead	Sponsor
5	<p>Prioritisation - Ensure agreed priorities are aligned to resources and capacity. Provide more clarity on the link between strategic priorities and delivery.</p>	<p>We recognise that more needs to be done to focus our attention on our core priorities, and how the delivery of the Council's Corporate Plan can enable the alignment of resource to deliver priorities.</p> <p>The action we will take includes:</p> <ul style="list-style-type: none"> • We will start to achieve this through the re-introduction of Service Planning, which will be rolled out by April 2023 and through the refresh of the Corporate Plan in the summer where we will be more specific in the definition of our priorities. • We will deliver a programme of work to prioritise resource aligned to strategic need and be clear about service standards, service reduction or services to be stopped. The alignment of resources to service standards will be agreed as part of the budget setting process for 2024/25 onwards. This will enable councillors to make informed decisions about choices. • We will use our governance process to ensure we continue to be aligned and committed to strategic intent throughout the year. 	Cllr Steve Wakefield	Chief Executive
6	<p>Communication - Communicate and engage with all councillors, officers and residents on agreed priorities to help build a shared understanding. Be clear</p>	<p>Linked closely with recommendation 5, we understand the importance of an open and transparent approach to support the Council's reputation for trust and integrity. This is even more important when communicating</p>	Cllr Carole Mulroney	Executive Director (Strategy,

Ref	LGA Recommendation	Action	Cabinet Lead	Sponsor
	about the difficult decisions required to deliver a balanced medium term financial position.	<p>difficult and sensitive issues such as how we will continue to deliver on priorities, in a challenging financial and political context – which may mean stopping or reducing services and projects.</p> <p>The action we will take includes:</p> <ul style="list-style-type: none"> • We will develop an engagement and communication plan which enables residents, staff, councillors and partners to collectively build and gain understanding about the opportunities and importantly the challenges faced in Southend. • We will re-design our budget setting process to enable collective and shared understanding of the difficult decisions required to deliver a balance budget, against statutory services, and prioritised outcomes. • We will closely monitor the responses to our community engagement activity to check that progress is being made on how well informed our residents feel. 		Change and Governance)
7	<p>Modernise your council operating model, systems and processes - This will help support the required pace of change and transformation. In addition to modernising governance</p>	<p>We recognise the need to modernise the Council including its systems, processes, and data driven decision making requiring transformational change to operate as a modern, efficient and effective Council.</p> <p>The action we will take includes:</p>	Cllr Laurie Burton	<p>Chief Executive</p> <p>Executive Director (Finance and Resources)</p>

Ref	LGA Recommendation	Action	Cabinet Lead	Sponsor
	and decision-making processes (as outlined above), the Council needs to ensure business needs are driving the operating model and that the Council has the capacity to deliver this. This includes work to implement the new data strategy and Corporate Data systems (including HR systems)	<ul style="list-style-type: none"> • From April 2023, we will implement a new leadership, management and delivery framework, to help drive the pace of change and strengthen governance arrangements. • This will be underpinned by a new approach to business intelligence strengthening decision making through the introduction of a new data strategy and a suite of new Boards. • The Transformational Blueprint is our plan to support the Council to reset and adapt to deliver its priorities in the most efficient way. <ul style="list-style-type: none"> ○ From February 2023, Phase one will deliver implement 'tactical' savings already identified across the Council. ○ The delivery of phase two, the 'strategic' opportunities identified within the Blueprint are planned to commence from summer 2023. ○ In addition, phase three will commence a programme of service redesign, using a set of principles relating to areas such as customer experience, digital, enablement and demand management. 		Executive Director (Strategy, Change and Governance)
8	Develop a consistent plan to address inequalities and disparities across the city and its neighbourhoods - The Council should challenge itself as to whether the	We recognise the need to create a more equal and inclusive city, where everyone has an equal chance to succeed. This is articulated and delivered through our Southend 2050 ambition, the Council's Corporate Plan, Equality Objectives, and Locality Plans jointly	Cllr Ian Gilbert	Executive Director (Adults and Communities)

Ref	LGA Recommendation	Action	Cabinet Lead	Sponsor
	<p>thematic nature of the Corporate Plan and Southend 2050 will address the entrenched inequalities and deprivation within some of Southend-on-Sea's localities and neighbourhoods.</p>	<p>developed with the NHS. This recommendation will support us to better apply our capability and capacity in a more targeted way. This work is closely linked to recommendation 4.</p> <p>The action we will take includes:</p> <ul style="list-style-type: none"> • When we refresh our Corporate Plan we will strengthen the accountability of outcome delivery to spatial inequalities across the city. • Strengthening the delivery of Locality Plans in collaboration with the Alliance (a partnership delivering structure within the Integrated Care System) will enable Council services to have the data and evidence required to make informed decisions to increase the impact of overcoming the wider determinants of health. 		
9	<p>Strengthen your voice and influence for the benefit of the City and South Essex in the wider regional agenda - It will be important for the Council to ensure it continues to exercise sufficient voice and influence on</p>	<p>The local government landscape is changing, to ensure we are on the front foot we need to be engaged in understanding what opportunities may exist for our residents, visitors, and businesses. We further understand that our residents, visitors, and businesses will derive the benefits of investment within our neighbouring authorities.</p>	Cllr Stephen George, Leader	Executive Director (Growth and Housing)

Ref	LGA Recommendation	Action	Cabinet Lead	Sponsor
	ASELA in relation to the devolution agenda.	<p>The action we will take includes:</p> <ul style="list-style-type: none"> • We will continue to take a lead role in the ASELA Joint Committee and work programme, seeking opportunities that will benefit the entire economic area. • We will continue to support councillors so that they are informed about the devolution opportunities which lie ahead and can best represent the interests of Southend residents, visitors and businesses. 		

Southend-on-Sea City Council

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

To
Cabinet

on
21 February 2023

Report prepared by: Caroline Fozzard
Senior Finance Lead (Strategy, Sustainability and
Governance)

Agenda

Item No.

6

Quarter Three Treasury Management Report – 2022/23

Policy and Resources Scrutiny Committee

Cabinet Member: Councillor Paul Collins

Part 1 Public Agenda Item

1. Purpose of Report

- 1.1. The Quarter Three Treasury Management Report covers the treasury management activity and compliance with the treasury management strategy for both quarter three and the period from April to December 2022.

2. Recommendations

That the following is approved:

- 2.1. **The Quarter Three Treasury Management Report for 2022/23.**

That the following is noted:

- 2.2. **Treasury management activities were carried out in accordance with the CIPFA (The Chartered Institute of Public Finance and Accountancy) Code of Practice for Treasury Management in the Public Sector during the period from April to December 2022.**
- 2.3. **The loan and investment portfolios were actively managed to minimise cost and maximise interest earned, whilst maintaining a low level of risk.**
- 2.4. **£2.395m of interest and income distributions for all investments were earned during this nine-month period at an average rate of 1.92%. This is 0.18% over the average SONIA rate (Sterling Overnight Index Average) and 0.12% over the average bank rate. Also, the value of the externally managed funds decreased by a net of £6.983m due to changes in the unit price, giving a combined overall return of -3.67%. (Section 8).**
- 2.5. **The level of borrowing from the Public Works Loan Board (PWLB) (excluding debt relating to services transferred from Essex County Council**

on 1st April 1998) remained at £347.3m (Housing Revenue Account (HRA): £74.2m, General Fund: £273.1m) during the period from April to December 2022 at an average rate of 3.46%.

- 2.6. The level of financing for ‘invest to save’ capital schemes decreased from £8.39m to £8.30m during the period from April to December 2022.

3. Background

- 3.1. This Council has adopted the ‘CIPFA Code of Practice for Treasury Management in the Public Sector’ and operates its treasury management service in compliance with this code. The code recommends that local authorities submit reports regularly as part of its Governance arrangements.
- 3.2. Current guidance is that authorities should report formally at least twice a year and preferably quarterly. The Treasury Management Policy Statement for 2022/23 set out that reports would be submitted to Cabinet quarterly on the activities of the treasury management operation. This is the third quarter report for the financial year 2022/23, covering both quarter three and the period from April to December 2022.
- 3.3. Appendix 1 shows the in-house investment position at the end of quarter three of 2022/23.
- 3.4. Appendix 2 shows the treasury management performance specifically for quarter three of 2022/23.

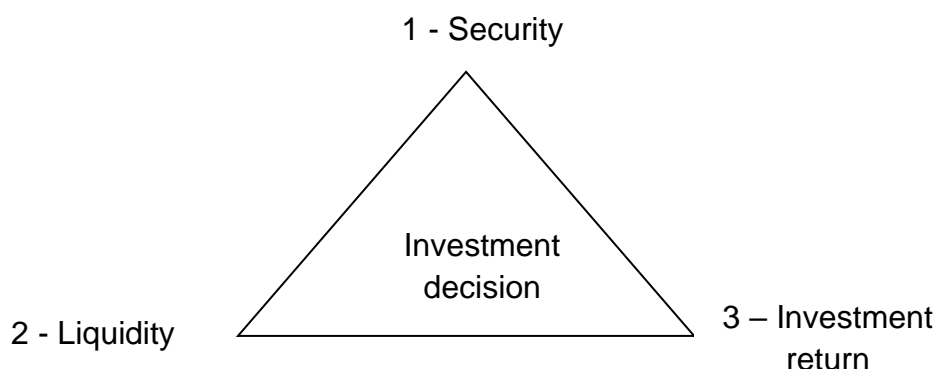
4. National Context

- 4.1 Given the ongoing economic and fiscal challenges UK gross domestic product (GDP) is estimated to have decreased by 0.3% in the quarter from July to September 2022, downwardly revised from a first estimate of a fall of 0.2%. The level of real GDP is now estimated to be 0.8% below where it was pre-coronavirus at Quarter 4 (October to December) 2019.
- 4.2 The unemployment rate for the quarter from September to November 2022 was 3.7%, an increase of 0.2% on the previous quarter. The number of people unemployed for up to six months increased, driven by those aged 16 to 24 years. The economic inactivity rate decreased by 0.1% on the previous quarter to 21.5%. This was driven by those aged 16 to 24 years and those aged 50 to 64 years, because they are students, long-term sick or retired.
- 4.3 The Consumer Prices Index including owner occupiers’ housing costs (CPIH) was at 9.6% in October, at 9.3% in November and 9.2% in December. (The Consumer Prices Index excluding owner occupiers’ housing costs (CPI) rose by 10.5% in the 12 months to December 2022.) The largest upward contributions to the annual CPIH inflation rate in December came from housing and household services (principally from electricity, gas and other fuels), food and non-alcoholic beverages.

- 4.4 During the quarter the Bank of England increased the bank base rate from 2.25% to 3% on 3rd November and further increased the rate to 3.5% on 15th December.
- 4.5 The economic situation together with the financial market conditions prevailing throughout the quarter provided opportunities for in-house treasury management activities. Variable rate instant access accounts benefited from the increasing interest rates although that effect did not feed through in the same way for notice accounts. As notice accounts and fixed term deposits mature, advantage can be taken of the increased rates when reinvesting those monies.
- 4.6 The continuation of the difficult economic conditions has had an impact on the monies invested by our Fund Managers for the property funds, with the unit price of those funds decreasing during the quarter. The market turmoil in quarter two has meant that the unit price of all the externally managed funds decreased over the period from April to December 2022. However, as noted throughout this report, in line with the capital finance and accounting regulations the Council's Financial Instrument Revaluation Reserve will be used to capture all the changes in the unit value of the funds and therefore there will be no impact from these changes on the revenue budget. These investments are for the medium or long term and the markets are cyclical so the unit price can go up and down, but during the timescale over which they are invested they provide better returns than the in-house investments are able to.

5. Investments – quarter three (October to December)

- 5.1. A prime objective of our investment activities is the security of the principal sums invested. To ensure this security before a deposit is made an organisation is tested against a matrix of credit criteria and then other relevant information is considered. During the period from October to December 2022 investment deposits were limited to those who met the criteria in the Annual Treasury Management Investment Strategy when the deposit was placed.
- 5.2. Other investment objectives are to maintain liquidity (i.e. adequate cash resources to allow the council to operate) and to optimise the investment income generated by surplus cash in a way that is consistent with a prudent level of risk. Investment decisions are made with reference to these objectives, with security and liquidity being placed ahead of the investment return. This is shown in the diagram below:



Security:

- 5.3. To maintain the security of sums invested, we seek to lower counterparty risk by investing in financial institutions with good credit ratings, across a range of sectors and countries. The risk of loss of monies invested is minimised through the Annual Treasury Management Investment Strategy.
- 5.4. Pie chart 1 of Appendix 1 shows that at the end of quarter three; 20% of our in-house investments were placed with financial institutions with a long-term rating of AAA, 46% with a long-term rating of A+, 34% with a long-term rating of A.
- 5.5. As shown in pie chart 2 of Appendix 1, these monies were placed with various counterparties, 80% being placed directly with banks and 20% placed with a range of counterparties via money market funds.
- 5.6. Pie chart 3 of Appendix 1 shows the countries where the parent company of the financial institution with which we have monies invested is registered. For money market funds there are various counterparties spread across many countries. The cumulative balance of funds held with any one institution was kept within agreed limits.

Liquidity:

- 5.7 At the end of quarter three £46.5m of our in-house monies were available on an instant access basis, £12.5m were held in notice accounts and £27.5m were held in fixed term deposits. The table below shows the fixed term deposits during the period October to December 2022.

Table 1: Fixed Term Deposits

Counterparty	Date of Deposit	Return Date	Number of days	Interest rate (%)	Amount (£m)
Santander UK plc	21/10/2022	23/10/2023	367	5.00%	5.0
Santander UK plc	14/11/2022	14/11/2023	365	4.95%	10.0
Lloyds Bank Corporate Markets (NRFB)*	29/06/2022	29/12/2022	183	2.16%	12.5
Goldman Sachs International	29/06/2022	29/12/2022	183	2.19%	7.5
Lloyds Bank Corporate Markets (NRFB)*	29/12/2022	29/06/2023	182	4.33%	2.5
Lloyds Bank Corporate Markets (NRFB)*	29/12/2022	29/09/2023	274	4.71%	10.0

* NRFB – Non Ring-Fenced Bank

- 5.8. The maturity profile of our investments is shown in pie chart 4 of Appendix 1.

Investment return:

- 5.9. During the quarter the Council used the enhanced cash fund manager Payden & Rygel to manage monies on our behalf. An average balance of £4.9m was

invested in these funds during the quarter. The table below shows the movement in the fund value over the quarter, the income distributions for that quarter, the returns both for each element and the combined return. See also Table 3 of Appendix 2.

Table 2: Payden Sterling Reserve Fund

Quarter 3	£m	Investment return (%)
Value of fund at start of quarter	4.896	
Increase in fund due to value of unit price	0.054	4.30
Value of fund at end of quarter	4.950	
Income distributions	0.028	2.31
Combined investment income (income distribution plus change in fund value due to unit price)	0.082	6.61

5.10. The Council had an average of £100.866m of investments managed in-house over the period from October to December, and these earned an average interest rate of 2.50%. Of the in-house managed funds:

- an average of £26.012m was held in the Council's main bank account earning an average of 2.65% over the quarter.
- an average of £30.207m was held in money market funds earning an average of 2.78% over the quarter. These work in the same way as a deposit account but the money in the overall fund is invested in a number of counterparties, therefore spreading the counterparty risk.
- an average of £15.761m was held in notice accounts earning an average of 0.61% over the quarter.
- an average of £28.886m was held in fixed term deposits and earned an average return of 3.09% over the quarter.

5.11. In accordance with the Treasury Management Strategy the in-house performance during the quarter is compared to the SONIA rate. Overall, average in-house investment performance was 0.25% lower than the average SONIA rate (Sterling Overnight Index Average). This was due to the interest rates on notice accounts not increasing in line with the SONIA rate. Notice was given on all these accounts in July and some monies were returned in quarter three with the rest due to be returned in quarter four. The monies will be re-invested at higher rates.

5.12. The SONIA rate fluctuated between 2.184% and 3.428% during the quarter. The bank base started the quarter at 2.25%, increased to 3% on 3rd November and increased to 3.5% on 15th December. Performance is shown in Graph 1 of Appendix 2.

5.13. As investment balances fluctuate, all investment returns quoted in this report are calculated using the average balance over the period and are quoted as annualised returns.

6. Short Dated Bond Funds – quarter three (October to December)

- 6.1. Throughout the quarter medium term funds were invested in two short-dated bond funds: Royal London Investment Grade Short Dated Credit Fund and the AXA Sterling Credit Short Duration Bond Fund.
- 6.2. The monies are invested in units in the fund, the fund is then invested as a whole by the fund managers into corporate bonds in the one-to-five-year range. An income distribution will be generated from the coupon on the bond and income distributions are paid to the Council. The price of units can rise and fall, depending on the value of the corporate bonds in the fund. So, these investments would be over the medium term with the aim of realising higher yields than short term investments.
- 6.3. In line with the capital finance and accounting regulations the Council's Financial Instrument Revaluation Reserve will be used to capture all the changes in the unit value of the funds and therefore there will be no impact from these changes on the revenue budget. Members should be aware that investment returns in some quarters will look very good and in other quarters there may be losses reported, but these will not impact the revenue account as only the distributions paid to the Council will impact that and not the change in the unit price.
- 6.4. An average of £7.1m was managed by AXA Investment Managers UK Limited. The table below shows the movement in the fund value over the quarter, the income distributions for that quarter, the returns both for each element and the combined return. See also Table 2 of Appendix 2.

Table 3: AXA Sterling Credit Short Duration Bond Fund

Quarter 3	£m	Investment return (%)
Value of fund at start of quarter	6.989	
Increase in fund due to value of unit price	0.226	12.62
Value of fund at end of quarter	7.215	
Income distributions*	0.036	2.03
Combined investment income (income distribution plus change in fund value due to unit price)	0.262	14.65

* This income distribution is an estimate and will be confirmed and distributed in quarter 4.

- 6.5. An average of £6.8m was managed by Royal London Asset Management. The table below shows the movement in the fund value over the quarter, the income distributions for that quarter, the returns both for each element and the combined return. See also Table 2 of Appendix 2.

Table 4: Royal London Investment Grade Short Dated Credit Fund

Quarter 3	£m	Investment return (%)
Value of fund at start of quarter	6.672	
Increase in fund due to value of unit price	0.243	14.12
Value of fund at end of quarter	6.915	
Income distributions	0.051	2.99
Combined investment income (income distribution plus change in fund value due to unit price)	0.294	17.11

7. Property Funds – quarter three (October to December)

- 7.1. Throughout the quarter long term funds were invested in two property funds: Patrizia Hanover Property Unit Trust and Lothbury Property Trust.
- 7.2. The monies are invested in units in the fund, the fund is then invested as a whole by the fund managers into properties. An income distribution is generated from the rental income streams from the properties in the fund. Income distributions are paid to the Council. There are high entrance and exit fees and the price of the units can rise and fall, depending on the value of the properties in the fund, so these funds are invested over the long term with the aim of realising higher yields than other investments.
- 7.3. In line with the capital finance and accounting regulations the Council's Financial Instrument Revaluation Reserve will be used to capture all the changes in the unit value of the funds and therefore there will be no impact from these changes on the revenue budget. Members should be aware that investment returns in some quarters will look very good and in other quarters there may be losses reported, but these will not impact the revenue account as only the distributions paid to the Council will impact that and not the change in unit price.
- 7.4. An average of £22.3m was managed by Patrizia Property Investment Managers LLP. The table below shows the movement in the fund value over the quarter, the income distributions for that quarter, the returns both for each element and the combined return. See also Table 1 of Appendix 2.

Table 5: Patrizia Hanover Property Unit Trust

Quarter 3	£m	Investment return (%)
Value of fund at start of quarter	22.324	
Decrease in fund due to value of unit price	(2.880)	(51.18)
Value of fund at end of quarter	19.444	
Income distributions*	0.166	2.94
Combined investment income (income distribution plus change in fund value due to unit price)	(2.714)	(48.24)

* This income distribution is an estimate and will be confirmed and distributed in quarter 4.

- 7.5. An average of £13.4m was managed by Lothbury Investment Management Limited. The table below shows the movement in the fund value over the quarter, the income distributions for that quarter, the returns both for each element and the combined return. See also Table 1 of Appendix 2.

Table 6: Lothbury Property Trust

Quarter 3	£m	Investment return (%)
Value of fund at start of quarter	14.495	
Decrease in fund due to value of unit price	(2.940)	(87.31)
Value of fund at end of quarter	11.555	
Income distributions	0.074	2.19
Combined investment income (income distribution plus change in fund value due to unit price)	(2.866)	(85.12)

8. Investments – quarter three cumulative position

- 8.1. During the period from April to December 2022 the Council complied with all the relevant statutory and regulatory requirements which limit the levels of risk associated with its treasury management activities. Its adoption and implementation of the Code of Practice for Treasury Management means its treasury practices demonstrate a low-risk approach.
- 8.2. The Council is aware of the risks of passive management of the treasury portfolio and has proactively managed levels of debt and investments over the nine-month period with the support of its treasury management advisers.
- 8.3. The table below summarises the Council's investment position for the period from April to December 2022:

Table 7: Investment position

	At 31 March 2022	At 31 December 2022	April to December 2022	
	Actual Balance (£000s)	Actual Balance (£000s)	Average Balance (£000s)	Average Rate (%)*
Call accounts [#]	19,922	29,478	22,477	1.72
Money market funds	30,000	17,000	42,175	1.60
Notice accounts	27,500	12,500	23,573	0.71
Fixed term deposits	32,500	27,500	21,245	2.18
Total investments managed in-house	109,922	86,478	109,470	1.54
Enhanced Cash Funds	5,032	4,950	4,984	1.65
Short Dated Bond Funds	14,972	14,130	14,403	2.29
Property Funds	37,059	31,000	37,084	2.90
Total investments managed externally	57,063	50,080	56,471	2.63
Total investments	166,985	136,558	165,941	1.92

[#] This includes the council's main current account.

* For interest and income distributions only, excludes any changes in value of the externally managed funds.

- 8.4. In summary the key factors to note are:

- An average of £109.470m of investments were managed in-house. These earned £1.274m of interest during this nine-month period at an average rate

of 1.54%. This is 0.19% below the average SONIA rate and 0.25% below the average bank base rate.

- An average of £4.984m was managed by an enhanced cash fund manager. During this nine-month period this earned £0.062m from income distributions at an average rate of 1.65% and the value of the fund decreased by £0.082m giving a combined overall return of -0.53%.
- An average of £14.403m was managed by two short-dated bond fund managers. During this nine-month period these earned £0.249m from income distributions at an average rate of 2.29% and the value of the funds decreased by £0.842m giving a combined overall return of -5.47%.
- An average of £37.084m was managed by two property fund managers. During this nine-month period these earned £0.810m from income distributions at an average rate of 2.90% and the value of the funds decreased by £6.059m giving a combined overall return of -18.79%.

8.5. The total for interest and income distributions in paragraph 8.4 above is £2.395m. The total change in external fund values due to the unit price is a net decrease of £6.983m, which is set out in the table below. In line with the capital finance and accounting regulations the Council's Financial Instrument Revaluation Reserve will be used to capture all the changes in the unit value of the funds and therefore there will be no impact from these changes on the revenue budget.

Table 8: Externally managed funds – changes in unit price

Fund	Table Number	Amount (£m)
Payden Sterling Reserve Fund	Paragraph 8.4	(0.082)
AXA Sterling Credit Short Duration Bond Fund	11	(0.303)
Royal London Investment Grade Short Dated Credit Fund	12	(0.539)
Patrizia Hanover Property Unit Trust	13	(2.863)
Lothbury Property Trust	14	(3.196)
Total net decrease due to changes in unit price		(6.983)

8.6. Some cash balances managed in-house are required to meet short term cash flow requirements and therefore throughout the nine-month period monies were placed 5 times for periods of one year or less. The table below shows the most used counterparties overall and the countries in which they are based. All deals are in sterling despite the country the counterparties are based in.

Table 9: Counterparties used

Counterparty	Country	No. of Deals	Value of Deals (£m)
BlackRock	Money Market Fund (Various Counterparties)	2	19
Goldman Sachs	Money Market Fund (Various Counterparties)	2	17
Aberdeen Liquidity Fund	Money Market Fund (Various Counterparties)	1	8
Total		5	44

8.7. In addition to the above, use was also made of call accounts during the year because they provide instant access to funds. This meant that funds were available for cash flow movements to avoid having to pay higher rates to borrow from the market. During the period from April to December 2022 an average of £22.5m was held in such accounts.

8.8. For cash balances that are not needed to meet immediate or very short-term cash flow requirements, monies were invested in:

- a 95-day notice account with Barclays Bank plc.
- a 95-day notice account with Santander UK plc.
- a 185-day notice account with Goldman Sachs International.

Notice was given on all these accounts in July and some monies were returned in quarter three with the rest due to be returned in quarter four. The monies will be re-invested at higher rates.

8.9. Monies were also invested in fixed term deposits of up to one year, depending on the liquidity requirements. The table on the next page shows the fixed term deposits held during the period from April to December 2022.

Table 10: Fixed Term Deposits

Counterparty	Date of Deposit	Return Date	Number of days	Interest rate (%)	Amount (£m)
Santander UK plc	12/07/2021	12/04/2022	274	0.250%	5.0
Goldman Sachs International	09/07/2021	08/04/2022	273	0.225%	2.5
Standard Chartered	19/11/2021	19/05/2022	181	0.290%	10.0
National Bank of Kuwait (International) plc	19/11/2021	19/05/2022	181	0.340%	15.0
Santander UK plc	21/10/2022	23/10/2023	367	5.00%	5.0
Santander UK plc	14/11/2022	14/11/2023	365	4.95%	10.0
Lloyds Bank Corporate Markets (NRFB)*	29/06/2022	29/12/2022	183	2.16%	12.5
Goldman Sachs International	29/06/2022	29/12/2022	183	2.19%	7.5
Lloyds Bank Corporate Markets (NRFB)*	29/12/2022	29/06/2023	182	4.33%	2.5
Lloyds Bank Corporate Markets (NRFB)*	29/12/2022	29/09/2023	274	4.71%	10.0

* NRFB – Non Ring-Fenced Bank

9. Short Dated Bond Funds – quarter three cumulative position

- 9.1. An average of £7.3m was managed by AXA Investment Managers UK Limited. The table below shows the movement in the fund value over the period from April to December, the income distributions for that period, the returns both for each element and the combined return.

Table 11: AXA Sterling Credit Short Duration Bond Fund

April to December 2022	£m	Investment return (%)
Value of fund at start of financial year	7.518	
Decrease in fund due to value of unit price	(0.303)	(5.52)
Value of fund at end of quarter 3	7.215	
Income distributions*	0.102	1.86
Combined investment income (income distribution plus change in fund value due to unit price)	(0.201)	(3.66)

* Q3 of this income distribution is an estimate and will be confirmed and distributed in quarter 4.

- 9.2. An average of £7.1m was managed by Royal London Asset Management. The table on the next page shows the movement in the fund value over the period

from April to December, the income distributions for that period, the returns both for each element and the combined return.

Table 12: Royal London Investment Grade Short Dated Credit Fund

April to December 2022	£m	Investment return (%)
Value of fund at start of financial year	7.454	
Decrease in fund due to value of unit price	(0.539)	(10.05)
Value of fund at end of quarter 3	6.915	
Income distributions*	0.147	2.74
Combined investment income (income distribution plus change in fund value due to unit price)	(0.392)	(7.31)

10. Property Funds – quarter three cumulative position

- 10.1. An average of £22.6m was managed by Patrizia Property Investment Managers LLP. The table below shows the movement in the fund value over the period from April to December, the income distributions for that period, the returns both for each element and the combined return.

Table 13: Patrizia Hanover Property Unit Trust

April to December 2022	£m	Investment return (%)
Value of fund at start of financial year	22.308	
Decrease in fund due to value of unit price	(2.863)	(16.78)
Value of fund at end of quarter 3	19.445	
Income distributions*	0.541	3.17
Combined investment income (income distribution plus change in fund value due to unit price)	(2.322)	(13.61)

* Income distribution for Q3 is an estimate and will be confirmed and distributed in Q4.

- 10.2. An average of £14.4m was managed by Lothbury Investment Management Limited. The table below shows the movement in the fund value over the period from April to December, the income distributions for that period, the returns both for each element and the combined return.

Table 14: Lothbury Property Trust

April to December 2022	£m	Investment return (%)
Value of fund at start of financial year	14.752	
Decrease in fund due to value of unit price	(3.196)	(29.37)
Value of fund at end of quarter 3	11.556	
Income distributions	0.269	2.47
Combined investment income (income distribution plus change in fund value due to unit price)	(2.927)	(26.90)

11. Borrowing – quarter three

11.1. The Capital Financing Requirement (CFR) is the Council’s theoretical need to borrow but the Section 151 Officer can manage the Council’s actual borrowing position by either:

- 1 - Borrowing to the CFR.
- 2 - Choosing to use temporary cash flow funds instead of borrowing (internal borrowing) or
- 3 - Borrowing for future increases in the CFR (borrowing in advance of need).

11.2. The Council began quarter three in the second of the above scenarios, with actual borrowing below CFR.

11.3. This, together with the Council’s cash flow, the prevailing Public Works Loans Board (PWLB) interest rates and the future requirements of the capital programme, were taken into account when deciding the amount and timing of any loans. During the quarter no new PWLB loans were taken out, no loans matured, and no debt restructuring was carried out.

11.4. The level of PWLB borrowing (excluding debt relating to services transferred from Essex County Council on 1st April 1998) remained the same at £347.3m during the quarter. The average rate of borrowing over all the PWLB loans at the end of the quarter was 3.46%. A profile of the PWLB loan repayment dates is shown in Graph 2 of Appendix 2.

11.5. The level of PWLB borrowing at £347.3m is in line with the financing requirements of the capital investment programme and the revenue costs of this borrowing are fully accounted for in the revenue budget. The current level of borrowing is also in line with the Council’s prudential indicators and is proportionate, prudent, affordable, and sustainable.

11.6. Interest rates from the PWLB fluctuated throughout the quarter in response to economic events: 10-year PWLB rates between 3.91% and 5.47%; 25-year PWLB rates between 4.10% and 5.88% and 50-year PWLB rates between 3.57% and 5.32%. These rates are after the PWLB ‘certainty rate’ discount of 0.20%.

11.7. During quarter three no short-term loans were taken out for cash flow purposes. This is shown in Table 4 of Appendix 2.

12. Borrowing – quarter three cumulative position

12.1. The Council’s borrowing limits for 2022/23 are shown in the table below:

Table 15: Borrowing limits

	2022/23 Original (£m)
Authorised Limit	395
Operational Boundary	385

- 12.2. The Authorised Limit is the “Affordable Borrowing Limit” required by the Local Government Act 2003. This is the outer boundary of the Council’s borrowing based on a realistic assessment of the risks and allows sufficient headroom to take account of unusual cash movements.
- 12.3. The Operational Boundary is the expected total borrowing position of the Council during the year and reflects decisions on the amount of debt needed for the Capital Investment Programme. Periods where the actual position is either below or over the Boundary are acceptable subject to the Authorised Limit not being breached.
- 12.4. The Council’s outstanding borrowing as at 31st December 2022 was:
- | | |
|---------------------------------|---------|
| Southend-on-Sea Borough Council | £355.6m |
| PWLB: | £347.3m |
| Invest to save: | £8.30m |
| ECC transferred debt | £9.23m |
- 12.5. Repayments in the first 9 months of 2022/2023 were:
- | | |
|---------------------------------|--------|
| Southend-on-Sea Borough Council | £0.09m |
| PWLB: | £0.0m |
| Invest to save: | £0.09m |
| ECC transferred debt | £0.41m |
- 12.6. Outstanding debt relating to services transferred from Essex County Council (ECC) on 1st April 1998, remains under the management of ECC. Southend Borough Council reimburses the debt costs incurred by the County. The debt is recognised as a deferred liability on our balance sheet.
- 12.7. The interest payments for PWLB and excluding transferred debt, during the period from April to December 2022 were £8.1m which is the same as the original budget for the same period.
- 12.8. The table below summarises the PWLB borrowing activities over the period from April to December 2022:

Table 16: PWLB borrowing activities

Quarter	Borrowing at beginning of quarter (£m)	New borrowing (£m)	Re-financing (£m)	Borrowing repaid (£m)	Borrowing at end of quarter (£m)
April to June 2022	347.3	0	0	(0)	347.3
July to September 2022	347.3	0	0	(0)	347.3
October to December 2022	347.3	0	0	(0)	347.3
<i>Of which:</i>					
General Fund	273.1	0	0	(0)	273.1
HRA	74.2	0	0	(0)	74.2

12.9. All PWLB debt held is repayable on maturity.

13. Funding for Invest to Save Schemes (included in Section 12)

- 13.1. Capital projects have been completed on energy efficiency improvements at the new Beecroft Art Gallery, replacement lighting on Southend Pier, lighting replacements at University Square Car Park and Westcliff Library and LED lighting at the Priory Park workshop which will generate on-going energy savings. These are invest-to-save projects and the predicted revenue streams cover as a minimum the financing costs of the project.
- 13.2. To finance these projects the Council has taken out interest free loans of £0.161m with Salix Finance Ltd which is an independent, not for profit company, funded by the Department for Energy and Climate Change that delivers interest-free capital to the public sector to improve their energy efficiency and reduce their carbon emissions. The loans are for periods of five years with equal instalments to be repaid every six months. There are no revenue budget implications of this funding as there are no interest payments to be made and the revenue savings generated are expected to exceed the amount needed for the repayments. £0.017m of these loans were repaid during the period from April to December 2022.
- 13.3. At the meeting of Cabinet on 23rd June 2015 the LED Street Lighting and Illuminated Street Furniture Replacement Project was approved which was to be partly funded by 25 year reducing balance 'invest to save' finance from L1 Renewables Finance Limited. The balance outstanding at the end of quarter three was £8.276m. A repayment of £0.070m was made during the period from April to December 2022.
- 13.4. Funding of these invest to save schemes is shown in Table 5 of Appendix 2.

14. Compliance with Treasury Management Strategy – quarter three

- 14.1. The Council's investment policy is governed by the CIPFA Code of Practice for Treasury Management in the Public Sector, which has been implemented in the Annual Treasury Management Investment Strategy approved by the Council on 24 February 2022. The investment activity during the quarter conformed to the approved strategy, and the cash flow was successfully managed to maintain liquidity. This is shown in Table 7 of Appendix 2.

15. Other Options

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

16. Reasons for Recommendations

- 16.1. The CIPFA Code of Practice on Treasury Management recommends that Local Authorities should submit reports regularly. The Treasury Management Policy Statement for 2022/23 set out that reports would be submitted to Cabinet quarterly on the activities of the treasury management operation.

17. Corporate Implications

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

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

- 17.2. Financial Implications

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

- 17.3. Legal Implications

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

- 17.4. People Implications

None.

- 17.5. Property Implications

None.

- 17.6. Consultation

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

- 17.7. Equalities Impact Assessment

None.

- 17.8. Risk Assessment

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

17.9. Value for Money

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

17.10. Community Safety Implications

None.

17.11. Environmental Impact

None.

18. **Background Papers**

CIPFA Code of Practice for Treasury Management in the Public Sector.

19. **Appendices**

Appendix 1 – In-House Investment Position as at 31 December 2022

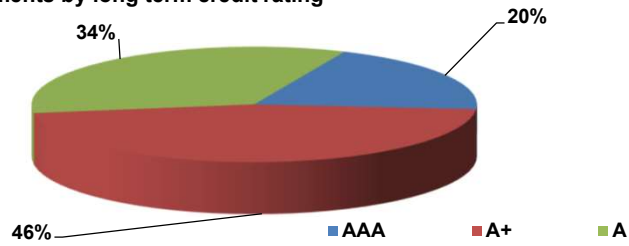
Appendix 2 – Treasury Management Performance for Quarter Three – 2022/23

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INVESTMENTS - SECURITY AND LIQUIDITY

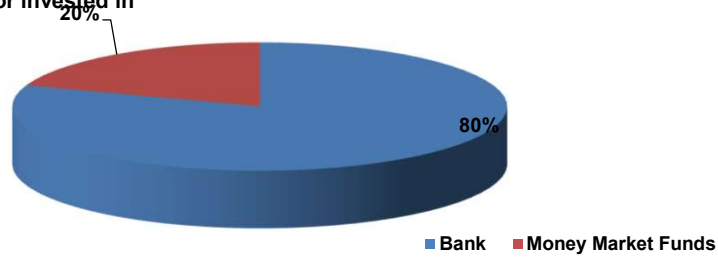
Pie Chart 1

Spread of investments by long term credit rating



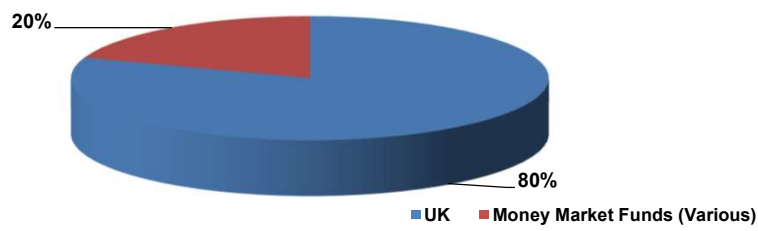
Pie Chart 2

Financial Sector invested in



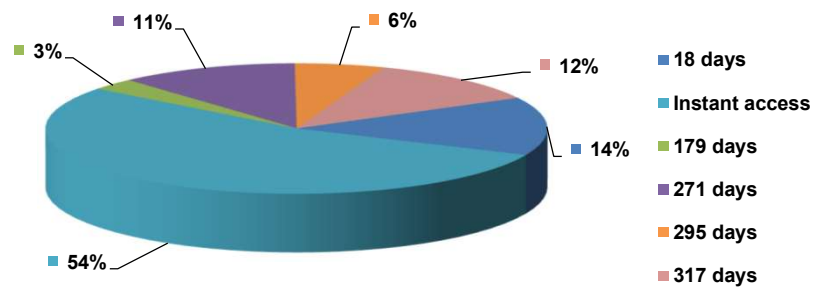
Pie Chart 3

Countries where parent company is registered



Pie Chart 4

Maturity profile of investments



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TREASURY MANAGEMENT PERFORMANCE FOR QUARTER THREE - 2022/23

INVESTMENT

Graph 1 - Investment Return

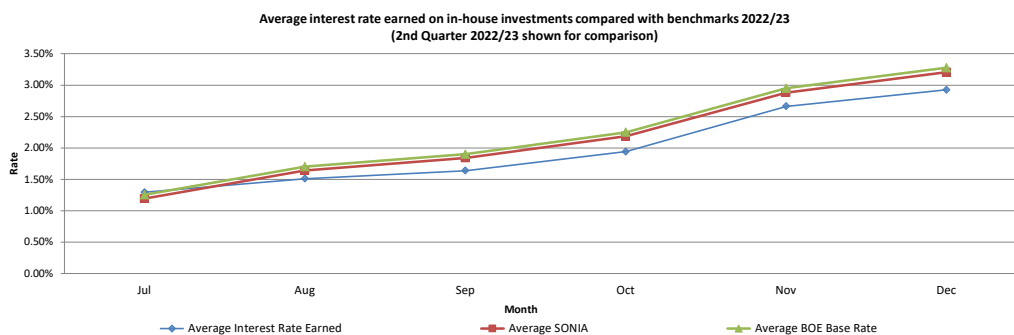


Table 1 - Property Funds

Financial Institution	Quarter	Value of fund at the start of the Qtr £	Number of units in the Qtr Units	Increase / (Decrease) in fund value £	Value of fund at end of the Qtr £	Income Distribution for the Qtr £	Combined interest Rate %
Patrizia(Rockspring) Hanover Real Estate Management Limited	3	22,323,896.35	1,327.00	(2,879,483.52)	19,444,412.84	165,359.14	(48.24)
Lothbury Investment Management - Property Fund	3	14,494,115.04	6,844.14	(2,938,819.23)	11,555,295.81	73,653.43	(85.12)

Table 2 - Short Dated Bond Funds

Financial Institution	Quarter	Value of fund at the start of the Qtr £	Number of units in the Qtr Units	Increase / (Decrease) in fund value £	Fund Value at end of the Qtr £	Income Distribution for the Qtr £	Combined Interest Rate %
Royal London	3	6,672,291.87	7,751,268.43	242,614.70	6,914,906.57	51,290.14	17.11
AXA	3	6,989,129.12	7,406,876.99	225,909.75	7,215,038.87	36,271.99	14.65

Table 3 - Enhanced Cash Fund

Financial Institution	Quarter	Value of fund at the start of the Qtr £	Number of units in the Qtr Units	Increase / (Decrease) in fund value £	Fund Value at end of the Qtr £	Income Distribution for the Qtr £	Combined Interest Rate %
Payden & Rygel	3	4,896,133.46	501,591.35	53,569.96	4,949,703.42	28,691.03	6.61

TREASURY MANAGEMENT PERFORMANCE FOR QUARTER THREE - 2022/23

BORROWING

Table 4 - Short Term Borrowing

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

Table 5 - Invest to Save Funding

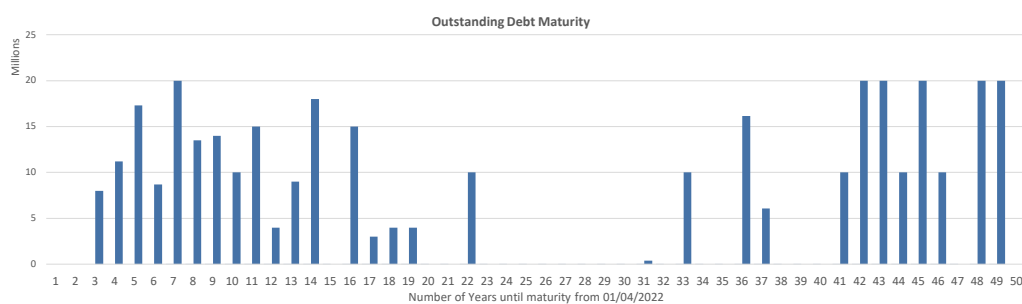
Financial Institution	Date	Period of loan	Final Repayment date	Amount borrowed £	Amount Repaid to Date £	Closing Balance Qtr 3 £	Rate of interest %
Salix Finance Ltd Energy Efficiency Programme	23/03/2017	5 Years	01/04/2022	82,017	(82,017.00)	0.00	0
	22/02/2019	5 Years	01/02/2024	64,148	(44,903.60)	19,244.40	0
	25/11/2019	5 Years	01/11/2024	8,200	(4,920.00)	3,280.00	0
	02/07/2020	5 Years	01/06/2025	6,171	(3,085.45)	3,085.45	0

L1 Renewables Finance Ltd

- 25 year reducing balance finance
- balance of £8.3m outstanding at the end of quarter 3
there was no repayment in quarter 3

Table 6 - PWLB Borrowing

GRAPH 2 - Long Term Borrowing - PWLB



PWLB - New this quarter

PWLB - Repaid this quarter

None

PWLB Rates

	Lowest	Highest
Range of 10 years PWLB new loan rates this quarter (inc certainty rate)	3.91	5.47
Range of 25 years PWLB new loan rates this quarter (inc certainty rate)	4.1	5.88
Range of 50 years PWLB new loan rates this quarter (inc certainty rate)	3.57	5.32

TABLE 7 - Compliance with Treasury Management Strategy

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

Southend-on-Sea City Council

Report of Executive Director (Growth & Housing)

To

Cabinet

On

21st February 2023

Report prepared by: Glyn Halksworth, Director of Housing
& Tim Holland, Head of Housing Supply

Agenda
Item No.

7

Housing Pipeline Update

Relevant Scrutiny Committee(s)
Cabinet Member: Councillor Ian Gilbert
Part 1 (Public Agenda Item)

1. Purpose of Report

- 1.1 To update members on the work of the Housing Pipeline to date, detail future housing development opportunities across the city and set out recommendations for the proposed way forward.

2. Recommendations

- 2.1 To note the progress made on the Housing Pipeline to date (paragraph 3.3)
- 2.2 Agree that the council undertakes due diligence regarding the potential allocation of capital funds for Afghan and Ukrainian resettlement purposes from the Department of Levelling Up, Housing and Communities' (DLUHC) Local Authority Housing Fund (LAHF) and that authority is delegated to the Executive Directors of Finance and Resources (s.151) & Growth and Housing in consultation with the Cabinet Member for Economic Recovery, Regeneration and Housing to reach agreement about any bid decisions and to pursue actions as set out in 3.10 (paragraphs 3.7-3.10)
- 2.3 To agree to the use of both the Denton Avenue site & Bradford Bury garage site for the development of Passivhaus pilot projects utilising existing Section 106 (S106) funds and Right to Buy (RTB) funds (paragraphs 3.11-3.14)
- 2.4 To agree the next steps for the Housing Pipeline:
- The development of a revolving investment fund to deliver the pipeline opportunities. The investment fund would work alongside other financing sources to deliver housing pipeline projects.
 - Sale of the Thorpedene Campus site via auction to secure full, quick capital receipt and mitigate holding and demolition costs, with the capital receipt ringfenced to help fund future Housing Pipeline development opportunities.

- **Sale of the Shorefield Gardens site via auction to secure a full, quick capital receipt with the capital receipt to be ringfenced to help fund future Housing Pipeline development opportunities. (paragraphs 3.15-3.24)**
- **Use existing funds or funds received from site sales for detailed feasibility works, cost planning and design works for the Hamlet Court Road, the Cattery and Civic 2 sites.**

3. Background

3.1 On 25th June 2019, Cabinet resolved to progress with developing a pipeline of housing and regeneration projects and proceed with the Acquisitions Programme for council housing.

3.2 Cabinet also received further reports on 5th November 2019, 16th January 2020 and 25th February 2020 providing further updates on the progress of the Acquisitions Programme and PSP LLP resetting and rebranding.

Completed Housing Pipeline Schemes

3.3 Since the establishment of the Housing Pipeline following the completion of the Hinguar School and Saxon Lodge developments (47 homes including 15 affordable homes), the Council has successfully delivered a range of housing development and acquisitions projects as detailed in the table below:

Project Name	Outcomes	Benefits
Project Outcomes 20-21		
Acquisitions Programme (including Next Steps Accommodation Programme (NSAP))	18 homes purchased from the private market to be converted to Council Housing Use of Right to Buy for acquisitions to avoid repayment of 1-4-1 receipts back to Treasury.	<ul style="list-style-type: none"> • c.£152k per year in rent to the Housing Revenue Account (HRA) • c.£27k of Council Tax per year • 5 NSAP homes used for Housing First for complex clients
PSP Southend LLP - Friars Development	Development of 9 x private family homes completed as part of the PSP development in Shoeburyness	<ul style="list-style-type: none"> • c.£20k of additional Council Tax per year & c£24,500 of Rent and Rates • Regeneration of local area and provision of new 50-place nursery
Project Outcomes 21-22		
Acquisitions Programme (including NSAP)	23 homes purchased from the private market to be converted to Council Housing	<ul style="list-style-type: none"> • c.£170k in yearly rent to the HRA • c.£47k of Council Tax per year • 13 NSAP homes used for Housing First for complex clients
Saxon Gardens Modern Methods of Construction (MMC) Pilot	Completion of 4 x Council homes via Pilot MMC at Saxon Gardens	<ul style="list-style-type: none"> • c.£50k in yearly rent to the HRA

	Highly commended at the Essex Housing Awards	<ul style="list-style-type: none"> c.£6k of additional Council Tax per year Built using timber frame, increased insulation, PV & solar inverters with 2 homes meeting Carbon Net Zero standards.
Project Outcomes 22-23		
Acquisitions Programme (including Land Acquisitions Programme)	Estimated 17 homes to be purchased from the private market to be converted to Council Housing	<ul style="list-style-type: none"> c.£153k in yearly rent to the HRA c.£25k Council Tax per year
Salt Reach Close MMC Project	Partnership Project with Hill Foundation, Salvation Army and SCC 6 x Solohaus MMC single occupancy pods gifted to the Salvation Army and former garage site leased to SA on peppercorn rent.	<ul style="list-style-type: none"> c.£7k of Additional Council Tax income per year 6 homes to be used for low and medium support needs clients Better utilisation of underused garage site and reduced anti-social behaviour.
Total	<ul style="list-style-type: none"> 58 homes purchased by the Acquisition Programme 19 homes developed (9 for private sale and 4 for Council housing and 6 in partnership with the Salvation Army) 	<ul style="list-style-type: none"> c.£525k in yearly rent to the Housing Revenue Account c.£199k in yearly Council Tax income c.£33k of yearly additional Council Tax Income c.£24,500 in Rent and Rates (nursery)

Future Schemes

3.4 Following previous agreement through Cabinet in January 2019, planning permission has been secured for 38 new council homes to be developed on council land at Eagle Way & Anson Chase, Shoeburyness and Lundy Close, Eastwood. This work is now moving forwards to the procurement of contractor stage. The homes will be developed to surpass Future Homes Standard, using high levels of insulation and will incorporate renewable technology, including photovoltaic solar panels (PV) and heat pumps. Seven of the properties will also be built to Adapted property M4(3) standards.

3.5 A contractor has been secured to deliver a new shared accommodation scheme using Modern Methods of Construction (MMC) in Archer Avenue, Southchurch. The unit has been designed to be Net Zero Carbon in Operation, fully electric and to use solar PV to offset carbon. A planning application will shortly be submitted by the contractor for this scheme.

3.6 **2023/24 Acquisitions Programme** – Officers are actively pursuing opportunities for the 2023/24 Acquisitions Programme with 4 homes already with solicitors for completion next year. A number of other opportunities are also being actively

investigated including work with Adult's and Children's Services for a more targeted approach to acquisitions, such as the need for different types of specialist accommodation, in order to provide bespoke accommodation at reduced cost.

3.7 Local Authority Housing Fund (LAHF) – DLUHC has confirmed that the council is eligible for capital grant funding via the LAHF. This is a £500m capital fund to ensure arrivals on Afghan and Ukraine schemes are provided with sufficient longer-term accommodation whilst mitigating the expected increased pressures on local authority homelessness and housing services and reducing emergency, temporary and bridging accommodation costs. It is intended that the fund will also create a lasting legacy of a new permanent supply of accommodation to help address local housing and homelessness pressures.

3.8 The council has been notified of the following indicative allocation from the fund:

- Main element: £1,392,000 in funding to provide a minimum of 12 homes for Ukrainian households living here as part of one of the official visa schemes establishing in 2022 following the Russian invasion of Ukraine.
- Bridging element: £463,336 in additional funding to provide a minimum of 2 larger 4+ bed homes to be allocated to Afghan households currently residing in bridging accommodation.

3.9 At the time of writing, this opportunity is still being investigated and the conditions of the available grant considered. The grant received would require match funding by the council. Further funding for property refurbishment be required and this element cannot to be used for acquisitions. Match funding by local authorities cannot include RTB receipts or S106 contributions. Should the Council agree to pursue the full amounts indicated in 3.8, this would require match funding for the main element and the bridging element. There is a significant pace to this recently announced opportunity, with DLUHC requiring acquisitions to be completed in November 2023.

3.10 It is recommended that the council submits the required validation paperwork for the funding and continues its due diligence of this programme. In order to meet the deadlines set by DLUHC, it is requested that authority to reach decision on whether to pursue this opportunity, and to what degree, is delegated to the Executive Directors of Finance & Resources (s.151) and Growth & Housing in consultation with the Cabinet Member for Economic Recovery, Regeneration and Housing. Should the decision be reached to pursue this in part or full, a full business case for the LAHF bid will be presented to the Investment Board for a funding request from the Housing Revenue Account (HRA).

Passivhaus Pilot Schemes

3.11 The Strategic Housing team have identified that future council housebuilding programmes via the HRA Land Review project should aim, where possible, to achieve Passivhaus standard. This seeks to reduce the space heating requirements to a very low level by increasing insulation with minimal thermal bridging, ensuring high levels of airtightness and maximising solar gains.

3.12 Two sites have been identified for pilots of Passivhaus council housing. Denton Avenue is a section of unused garden land in St Laurence ward and the site at Bradford Bury is an underutilised garage site in Belfairs ward.

- 3.13 Initial feasibility, undertaken with the council's in-house architects, has indicated that 1 council home (1x 2 bed) could be built in Denton Avenue and 2 homes (2 x 3 bed) could be built in Bradford Bury. This is subject to planning permission being received. Initial cost plans indicate overall costs (including 10% contingency) of £1.068m for both sites, with Denton Avenue estimated at a cost of £300k and Bradford Bury estimated at £768k. Costs are to be met from S106 monies (60%) and RTB receipts (40%) and the final build costs will be subject to full, usual tendering procedures.



- 3.14 It is proposed that the council's architectural team will act as employer's agent for the project and this proposal offers a good opportunity to utilise and review the council's new Passivhaus specification and provide team members with important experience and assist with proof of concept prior to rolling out this construction standard more widely in future phases of the pipeline. The tenants of the new council homes will benefit from reduced energy bills and the council will benefit from additional council tax and additional rent to the HRA.

Housing Pipeline – Investment Fund

- 3.15 It is proposed that the council adopts a portfolio approach to delivering housing pipeline projects which provides the opportunity to use the income from early projects to subsidise the funding of later projects within the portfolio. This revolving investment fund approach has been used by other local authorities to fund housing and regeneration programmes and is currently being explored as an option for delivering Southend's housing and regeneration portfolio.
- 3.16 It is anticipated that where sites are not considered suitable for in-house development, they could be sold at auction or on the open market or potentially to Registered Providers inline with the ASELA¹ Housing work and any funds received be identified for future housing pipeline development opportunities. Other funds will be considered for use towards the development of sites within the pipeline including RTB receipts, S106 funds, PSP Southend LLP surplus, Homes England funding and other fund in options as available and appropriate.

Housing Pipeline – Future Opportunities

¹ Association of South Essex Local Authorities

- 3.17 The housing pipeline team has representation from across the council including commercial property and assets, housing, finance and strategic planning. Work on the pipeline has been ongoing since 2019, with the development of feasibility studies, often with associated specialist surveys, now completed on over 40 sites across the council's stock and land portfolio. On 8th November & 21st November 2022, the pipeline team met with cabinet members to discuss the progress and feasibility of initial batches of schemes within the pipeline. This consultation has informed the work on the first batch of sites that are recommended to be brought forward as part of the pipeline as detailed below.
- 3.18 **Thorpedene Campus** - The site is located to the east of Maplin Way in Shoebury. The site consists of 3 existing buildings - Delaware House, a council owned bungalow and a former library. Delaware House and the library are now in council possession, and housing officers are progressing the vacant possession of the bungalow in close liaison with the tenant. In partnership with the NHS, the site was proposed as one of the options for the new Shoebury Health Centre however did not progress past the consultation stage as the NHS found that the site did not fully meet their needs, particularly in relation to location for the catchment. For future use, the site would require extensive demolition and has a number of constraints including proximity to the railway lines, road access, underground services and ecological consideration. The council is also incurring significant holding costs. The site presents a good option for a capital receipt to unlock the investment fund approach outlined above as it is only possible to deliver new housing with capital identified for that purpose. Due to the above factors and to ensure the financial feasibility of future delivery opportunities, the pipeline team is recommending the site to be sold via auction (subject to financial due diligence) with the funds received being used to support the revolving investment fund for future pipeline development. Registered Providers will also be alerted to this opportunity inline with the ASELA work.



- 3.19 **Hamlet Court Car park** – This site is located to the north of London Road in Westcliff. The proposed development site is the northern part of the car park and is approximately 0.14ha. Initial feasibility works indicate that the proposal options for the site could include 6 traditional homes (4 x 2 bed, 2 x 3 bed) or 8 single occupancy MMC pods. Both proposals could include the provision of a pocket park at the north corner of the site (dependent on consultation). Subject to further work with the Traffic & Highways team to confirm current car park demand and capacity utilisation, the pipeline team is recommending that existing feasibility funds be utilised for detailed feasibility works including the traffic and parking data required for planning, cost planning and design works for the in-house

development of the site. It is further proposed that 100% of units developed would be council housing.



- 3.20 **Shorefield Gardens** - The site is located at the eastern end of end of Shorefield Gardens in Milton ward. The site is vacant land was previously developed but is now laid to grass. Shorefield Gardens is an unmade road which slopes up to the West. The site is approx. 0.06ha. Any proposal would require the developer of the land to make improvements to the unmade road and the preservation of access rights for the other residents of Shorefield Gardens. The site has been investigated for additional car parking but is considered to not be financially beneficial. An application for housing was submitted to planning in 2018 but was withdrawn prior to the committee. In order to be able to fund future housing pipeline development opportunities and due to the nature of the site and the opportunity it presents, the pipeline team is recommending that the site is sold via auction (subject to financial due diligence) with the funds received ringfenced for future housing pipeline sites. The site provides an uniquely located development opportunity.



- 3.21 **The Cattery** - This site is located south of Prince Avenue (A127) in Westcliff (Prittlewell ward) and was previously used as a cattery which has now closed. The current temporary use of the site is as a machinery store by a local contractor (maintaining security). Initial feasibility work indicates that 28 homes could be built on the site (mixture of 2/3/4 homes). Discussions have been held with Essex County Council in relation to covenants on the land. Subject to these discussions being satisfactorily concluded (and they have been positive), the pipeline team is recommending that existing funds be utilised for detailed feasibility works, cost planning and design works for the in-house development of the site. It is further proposed that the site would be at least policy compliant in terms of affordable housing and this would equate to 9 affordable homes (on the basis of a 28 home development). Following completion, it is anticipated that some homes will be retained, including the affordable homes) and some sold with funds being

recycled into the investment fund – the actual mix would need to be determined much later in the process.



- 3.22 **Civic 2** – This site is located to the rear of Civic Centre, formerly known as Margaret Thatcher House. The site was built as a temporary structure in 1980's for administration of the Poll Tax. There is a right of access on part of the land which will require some further discussion with affected parties. Currently the building is being utilised by the council and part rented to probation services on a short-term lease. Cabinet has recently taken a decision to relocate from the Civic campus and this is part of the feasibility work for the existing site. The pipeline team is recommending that existing funds be used for detailed feasibility work, cost planning and design works for the development of the site as part of the overall feasibility. This feasibility work will establish the opportunities to deliver stand-alone housing or be part of larger development which may include adjacent sites.



- 3.23 Subject to planning, it is anticipated that the first phase of the Housing Pipeline (including the Passivhaus Pilots) will see the development of 37 new homes, of which 18 will be affordable housing. The opportunity in relation to Civic 2 outlined in 3.22, and subject to planning is in addition to this and could provide c.40-60 further homes.
- 3.24 Work is underway on further phases of the housing pipeline and further detailed study is required to identify the most effective route for these opportunities, but all are demonstrating the potential to provide significant development. The outputs from this work will be the subject of future cabinet reports.

4. Other Options

- 4.1 Alternate options, open to the council regarding the development of an investment fund and the council developing a housing pipeline, have been evaluated and are detailed below:

- Sell all sites within the Pipeline – Taking an approach of selling all sites would relinquish all control to third parties which may result in housing being built that would not meet the aspirations of the council and may not guarantee the timely delivery of housing. The sale of selected sites will however be an important enabler.
- Council to develop all sites – Due to the identified constraints of the sites, sale will be a better option for some sites and the funds are required for the purpose of the investment fund to assist the financing of future development opportunities.
- RP Partner/JV – Due to the scale of the sites included in Batch 1 of the housing pipeline, it has been determined that council now has an enhanced development team skillset and can undertake the development in-house and a JV or partner approach is not necessary although closer working with local housing associations is being discussed at a regional level through ASELA and this may will provide some interesting partnering and/or joint delivery opportunities.
- Do Nothing – This option would not result in future housing being built (including affordable housing) and therefore would not assist in the council housing pressures and would not improve the council’s financial position. It would also leave the council with the residual liabilities and costs.

5. Reasons for Recommendations

- 5.1** The need for housing of all sizes and tenures across the city is increasing as detailed in the South Essex Housing Needs Assessment, published in June 2022. The delivery and acceleration of the delivery of housing are key ASELA priority areas and the pipeline opportunities will contribute to the wider regional delivery and assist with future funding opportunities. The work of the housing pipeline including the acquisition of homes to be used for council housing and the development of new housing (including affordable housing) will look to alleviate some of this housing and homelessness pressure. The development of new housing in the city will also look to assist the council financially with increased council tax income and additional rent roll to the council’s HRA.
- 5.2** The proposed development of Passivhaus pilots will be an opportunity for the council to lead the delivery of sustainable housing in the city and contribute the ambitions of the council’s Green City Action Plan and pledge to the Climate Emergency and help with progress towards net zero by 2030 through the development of new sustainable housing which will use significantly less energy and encourage more environmentally sustainable and healthy lifestyles.
- 5.3** The council proceeding with capital grant allocation from DLUHC’s LAHF will ensure arrivals on Afghan and Ukraine schemes are provided with sufficient longer-term accommodation whilst mitigating the expected increased pressures on council homelessness and housing services (subject to the financial due diligence and match funding considerations referenced above).

6. Corporate Implications

6.1 Contribution to the Southend 2050 Road Map

The development of the housing pipeline and the acquisition of property to be utilised for Council housing in the city both work towards the Southend 2050 Safe

and Well outcome of *Everyone has a good quality, sustainable home that meets their needs.*

The development of Passivhaus Pilots would contribute to the Southend 2050 Pride & Joy outcome of *We act as a sustainable and green city embracing the challenges of the Climate Emergency Declaration made in 2019.*

The Council has very clearly articulated commitments in the Corporate Plan for a city that is strong and prosperous, a city with a good quality of life, a city rising to the climate change challenge and a city delivering genuinely affordable housing - the proposals in this report contribute to all these priorities.

6.2 Financial Implications

Finance colleagues have formed part of the housing pipeline team and regular consultation with the finance team will be required as the projects progress.

The proposed capital budget for the Acquisition Programme is funded by a combination of retained RTB receipts (40%) and HRA Capital Reserves (60%).

The development of the two sites Passivhaus pilot projects will utilise £1.068m of Section 106 (S106) funds and Right to Buy (RTB) receipts.

The Council will ensure that best consideration is secured for any land sales as required by section 123 Local Government Act 1972.

6.3 Legal Implications

The Council's Legal team will be engaged on all sites as they progress including on the necessary checks as part of site investigation works. For the Acquisitions Programme, it is anticipated that legal searches and conveyancing services will be continue to be required throughout the programme.

Work is underway with Essex County Council in relation to the covenants on the Cattery land.

6.4 People Implications

No staffing implications are currently anticipated although there may be resource requirements as the sites proceed into development delivery which will need to be considered at the relevant time, such resource implications would be capitalised to the relevant projects.

6.5 Property Implications

The acquisition of additional council housing units within the HRA provides housing required for households on the council's Homeseeker's Register. Rents would need to be set at a level which is locally affordable and in line with statutory guidance. Any properties purchased will be brought up to at least decent homes standards prior to being let. Any properties purchased will be used for the provision of locally affordable secure tenancies within the HRA. Proposed properties purchased utilising the Local Authority Housing Fund would be let in accordance with the funding guidelines outlined by the DLUHC and would be utilised for the resettlement of Ukrainian and Afghan households.

The main purpose of the pipeline work is to review and develop a strategic approach for the council's forthcoming or latent development opportunities and this

will of course generate many strategic and details property implications as the work progresses.

6.6 Consultation

Necessary consultation with commercial property and assets, strategic planning & finance colleagues has been undertaken throughout the housing pipeline's site evaluation process to jointly assess and prioritise opportunities to ensure a robust, corporate approach.

Local resident and ward member consultation will be ongoing throughout all the development opportunities of the housing pipeline.

6.7 Equalities and Diversity Implications

Equalities and Diversity implications are a consideration of all decisions made in the housing pipeline and full equality analysis documents will be worked up for each individual project where necessary and the accessibility requirements will be thoroughly considered as part of the planning process. There are no service implications which would give rise to the need for a specific equalities impact assessment at this time.

6.8 Risk Assessment

Assessment of risk has been a consideration throughout the site evaluation process of the housing pipeline and risk register and issue logs will be used as part of the management of all schemes detailed.

6.9 Value for Money

Value for money assessments have been undertaken by the pipeline team of representatives from the council's commercial property and asset management team, housing and finance teams on site-by-site basis. Financial due diligence will be carried on sites proposed for sale and reserves set appropriately for sites sold via auction to ensure value for money and equal opportunity for people to access the opportunities in an open market.

Value for money assessments are carried out on all acquisitions in the programme and any acquired properties will be incorporated into the council's HRA and valued on a rolling basis with the rest of the housing stock.

6.10 Community Safety Implications

Future pipeline developments will meet with Secured by Design standards where necessary, and it is anticipated that the development of the underutilised garage site proposed for Bradford Bury may benefit from reductions in antisocial behaviour.

6.11 Environmental Impact

The development of future council homes to both the Future Homes+ and Passivhaus standards will reduce the environmental impact of the proposed housing developments as well as the need to retrofit these properties in the foreseeable future. Any loss of trees due will be kept to a minimum and will be mitigated with a replacement policy in excess of any potential loss.

7. Background Papers

Cabinet report, Future Phases of Affordable Housing Development Programme, 17th January 2019

Cabinet report, *Housing Update*, 25th June 2019

Cabinet report, *Housing and Development Pipeline Update*, 5th November 2019

Cabinet report, *Housing and Development Pipeline Update*, 16th January 2020

Cabinet report, *Housing and Development Pipeline Update*, 25th February 2020

8. Appendices

N/A

CABINET

Tuesday, 21st February 2023

COUNCIL PROCEDURE RULE 46

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

1. The Executive Director (Finance & Resources) authorised:

1.1 Lease Renewal terms – Victoria Centre

This confidential SO.46 sets out the pre-contract, commercial terms for a lease renewal of one of the anchor occupiers at the Victoria Centre. Retaining the anchor occupiers is important to the vitality and financial performance of the centre.

2.2 New Letting at the Victoria Centre

This confidential SO.46 sets out the pre-contract, commercial terms for a new letting to a national operator at the Victoria Centre. The new letting will bring a large space back in to use and is expected to create around 60 new jobs, support the diversification of uses at the Victoria Centre and increase dwell-time in the centre and therefore the city centre.

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Public Document Pack

SOUTHEND-ON-SEA CITY COUNCIL

Meeting of Senior Managers' Pay Panel

Date: Tuesday, 17th January, 2023

Place: Committee Room 4 - Civic Suite

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Present: Councillor S George (Chair)
Councillors T Cox, M Davidson, C Mulroney (Vice-Chair) and M Terry

In Attendance: R Polkinghorne and S Putt

Start/End Time: 1.00 pm - 2.00 pm

1 Apologies for absence

There were no apologies for absence at this meeting.

2 Declarations of Interest

There were no declarations of interest at this meeting.

3 Senior Managers Pay Award

The panel considered a report of the Head of HR and Payroll in respect of the senior management annual pay award for 2022/23.

Resolved:

That Cabinet be recommended:

1. That a pay award of £1925 pa be applied to the Council's senior management grades for 2022/23.

2. That 1 day's additional annual leave be given to all senior management grades with effect from 1 April 2023.

Chair: _____

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