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SOUTHEND-ON-SEA CITY COUNCIL

Policy and Resources Scrutiny Committee

Date: Thursday, 13th October, 2022

Time: 6.30 pm

Place: Council Chamber - Civic Suite

Contact: S. Tautz (Principal Democratic Services Officer)

Email: committeesection@southend.gov.uk

AGENDA

1 Apologies for Absence

2 Declarations of Interest

3 Questions from Members of the Public

4 Minutes of the Meeting held on 1 September 2022 (Pages 1 - 4)

**** **ITEMS CALLED-IN/REFERRED DIRECT BY CABINET - 29 SEPTEMBER 2022**

5 **Resourcing Better Outcomes – Finance and Corporate Performance Report 2022/23 – Period 4** (Pages 5 - 98)

Minute No. 314 (Cabinet Book 1, Agenda Item No. 5 refers)

Referred direct by Cabinet to all three Scrutiny Committees for consideration

6 **City Council Corporate Branding Refresh** (Pages 99 - 112)

Minute No. 316 (Cabinet Book 1, Agenda Item No. 7 refers)

Referred direct by Cabinet

7 **Draft Private Rented Sector Housing Enforcement Policy 2022** (Pages 113 - 162)

Minute No. 317 (Cabinet Book 2, Agenda Item No. 8 refers)

Referred direct by Cabinet

8 **Procurement Options for The Stray Dog Service** (Pages 163 - 174)

Minute No. 320 (Cabinet Book 3, Agenda Item No. 11 refers)

Referred direct by Cabinet

9 **Treasury Management Report – Quarter One 2022/23** (Pages 175 - 190)

Minute No. 324 (Cabinet Book 3, Agenda Item No. 15 refers)

Referred direct by Cabinet

10 Minutes of the Meeting of Economic Recovery, Regeneration & Housing Working Party held on Monday 5th September 2022 (Pages 191 - 194)

Minute No. 325 (Cabinet Book 3, Agenda item No. 16 refers)
Referred direct by Cabinet

11 SO46 Report (Pages 195 - 196)

Minute No. 326 (Cabinet Book 3, Agenda Item No. 17 refers)
Referred direct by Cabinet

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

None

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

None

****** OTHER SCRUTINY MATTERS**

12 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.

TO: The Chair & Members of the Policy and Resources Scrutiny Committee:

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

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SOUTHEND-ON-SEA CITY COUNCIL

Meeting of Policy and Resources Scrutiny Committee

Date: Thursday, 1st September, 2022

Place: Council Chamber - Civic Suite

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Present: Councillor D Garston (Chair)
Councillors D Nelson (Vice-Chair), M Borton, H Boyd, M Davidson,
M Dent*, L Hyde*, A Jones, A Line, R McMullan, J Moyies*, M Sadza,
M Stafford, C Walker and P Wexham

*Substitute in accordance with Council Procedure Rule 31.

In Attendance: Councillors S George, P Collins, I Gilbert and S Wakefield (Cabinet Members), Councillor K Evans, J Burr, J Chesterton, S Newman, A Richards and S Tautz

Start/End Time: 6.30 pm - 8.05 pm

258 Apologies for Absence

Apologies for absence were received from Councillor D Cowan (Substitute: Councillor L Hyde) Councillor T Cowdrey (Substitute: Councillor M Dent), Councillor F Evans (Substitute: Councillor J Moyies), Councillor J Lamb (no substitute), Councillor I Shead (no substitute) and Councillor M Terry (Cabinet Member).

259 Declarations of Interest

The following interests were declared at the meeting:

- (a) Councillors S George, P Collins, I Gilbert 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) Councillor L Hyde - Minute 265 (Fees and Charges Update) - Voluntary youth group leader within Southend-on-Sea.
- (c) Councillor L Hyde - Minute 266 (Association of South Essex Local Authorities - Joint Committee) - Employer involved with Freeports.
- (d) Councillor A Jones - Minute 266 (Association of South Essex Local Authorities - Joint Committee) - Partner employed by a member organisation of the ASELA partnership.
- (e) Councillor R McMullan and Councillor P Collins (Cabinet Member) - Minute 265 (Fees and Charges Update) - Lobbied by residents with regard to the introduction of charges for Zone 3 car park within ward.

260 Questions from Members of the Public

The Committee noted the responses of the Cabinet Member for Corporate Matters and Performance Delivery and the Cabinet Member for Public Protection, to questions presented at the meeting by David Webb.

261 Minutes of the Meeting held on 7 July 2022

Resolved:

That the minutes of the meeting of the Committee held on 7 July 2022 be confirmed as a correct record and signed.

262 Corporate Plan

The Committee considered Minute 190 of the meeting of the Cabinet held on 26 July 2022, which had been called-in for scrutiny, together with a report of the Interim Executive Director (Strategy, Change and Governance) presenting the Council's draft Corporate Plan for 2022 to 2026.

The Cabinet Member for Corporate Matters and Performance Delivery undertook to provide a written response to a question raised by a member of the Committee with regard to arrangements available at libraries within Southend-on-Sea offering support to residents in engaging with the Council, where digital systems might otherwise exclude service users.

In response to questions from members of the Committee, the Cabinet Member for Corporate Matters and Performance Delivery confirmed that he would be willing to review the text of the draft Corporate Plan around population and diversity (using data from the 2011 Census), the commitment of the Council to the enhancement and protection of the environment in the delivery of housing, and the recent declaration of a Cost of Living Crisis, to ensure that such matters were prominently reflected within the Corporate Plan.

Resolved:

That the following recommendation of the Cabinet be noted:

“That the draft Corporate Plan 2022-26, set out at Appendix 1 to the submitted report, be approved and the responsibility for any final changes prior to publication be delegated to the Chief Executive, in consultation with the Leader of the Council.”

Note: This is a Council Function
Cabinet Member: Councillor S George

263 Corporate Risk Register

The Committee considered Minute 191 of the meeting of the Cabinet held on 26 July 2022, which had been called-in for scrutiny, together with a report of the Executive Director (Finance and Resources) presenting the updated summary Corporate Risk Register.

Resolved:

That the following decision of the Cabinet be noted:

“That the updated summary Corporate Risk Register and the position at July 2022, outlined in Appendix 1 to the submitted report, be noted.”

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

264 In-Depth Scrutiny Project - 'Enabling Councillors to be Effective' Final Report

The Committee considered Minute 193 of the meeting of the Cabinet held on 26 July 2022, which had been called-in for scrutiny, together with a report of the Interim Executive Director (Strategy, Change and Governance) presenting the final report and recommendations of the joint In-Depth Scrutiny Project for 2021/22.

Resolved:

That the following decisions of the Cabinet be noted:

“1. That the recommendations arising from the in-depth scrutiny project, as set out in Appendix 1 to the submitted report, be approved.

2. That the budget implications arising from the recommendations of the in-depth scrutiny project be considered as part of current and future years’ budget processes prior to implementation.”

Note: This is an Executive Function
Cabinet Member: Councillor S George

265 Fees & Charges Update

The Committee considered Minute 197 of the meeting of the Cabinet held on 26 July 2022, which had been called-in for scrutiny, together with a report of the Executive Director (Finance and Resources) presenting a selected range of new fees and charges, together with some targeted increases above the Consumer Prices Index, which were outside the scope of the Council’s delegated fees and charges policy.

The Cabinet Member for Highways, Transport and Parking undertook to provide a written response to a question raised by a member of the Committee, with regard to the service provided by the Council pursuant to the current and proposed fee for vehicle access onto a pedestrian zone.

In response to questions from members of the Committee, the Cabinet Member for Asset Management and Inward Investment confirmed that he would be willing to reconsider the proposed increases in group ticket prices for Southend Planetarium.

Resolved:

(1) That the following recommendations of the Cabinet be noted:

“1. That the new fees and charges proposed for property and legal services, set out at Appendix 1a and the revisions to fees and charges shown in the schedule, set out at Appendix 1b to the submitted report, be approved.

2. That it not be the Council’s policy to introduce charging in the following very small car parks in Zone 3:

- Eastwood Boulevard Car Park (Blenheim Park Ward).
- Pargat Drive Car Park (Eastwood Park Ward).
- Sutherland Boulevard Car Park (West Leigh Ward).

3. That any decision to implement charging in the Rayleigh Road Car Park in Eastwood, as set out in the submitted report, will only occur after the appropriate governance process is followed.”

(2) That, in accordance with Council Procedure Rule 39, the matter be referred to full Council for consideration

Note: This is a Council Function
Cabinet Members: Councillor S George and Councillor P Collins

266 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 14 July 2022.

In response to a suggestion from a member of the Committee, the Cabinet Member for Corporate Matters and Performance Delivery confirmed that he would be willing to consider the provision of a briefing for councillors around the benefits that the introduction of the Thames Freeport could bring to Southend-on-Sea.

Resolved:

That the draft minutes of the meeting of the Joint Committee of the Association of South Essex Local Authorities held on 14 July 2022, be noted.

Note: This is a Scrutiny function

267 In-Depth Scrutiny Project 2022/23 - ‘Developing Strong Governance & Strengthening Joint Working between Councillors and Officers’

The Committee was reminded that, at its last meeting, it agreed that an in-depth scrutiny project be undertaken for the 2022/23 municipal year, on the theme of ‘Developing Strong Governance and Strengthening Joint Working between Councillors and Officers.’

It was reported that officers were currently developing the possible scope of the in-depth scrutiny project, so that this could be considered by the Project Team appointed by the Council for the project alongside the preparation of an appropriate project plan and work programme, which would be presented to the Committee in October 2022 for agreement. Members were advised that an initial meeting of the Project Team had been arranged for 28 September 2022.

Resolved:

That the report be noted.

Note: This is a Scrutiny function

Chair: _____

Southend-on-Sea City Council

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

To
Cabinet

On
29 September 2022

Report prepared by:
Pete Bates, Interim Director of Financial Services,
Caroline Fozzard, Senior Finance Lead (Strategy,
Sustainability and Governance), Gareth Nicholas (Insights
Manager)

Agenda
Item No.

5

Resourcing Better Outcomes – Finance and Corporate Performance Report 2022/23 – Period 4

All Scrutiny Committees

Cabinet Members: Councillor Stephen George and Councillor Paul Collins

Part 1 (Public Agenda Item)

1 Purpose of Report

The Resourcing Better Outcomes finance and corporate performance report is a key tool in scrutinising the Council's overall performance. It is designed to provide an overview to all relevant stakeholders at regular stages throughout the financial year. It is essential that the Council monitors its budgets and assesses its performance regularly to ensure that it is meeting its strategic objectives and providing value for money. This approach highlights where corrective action is necessary and reasonable mitigation is required to try to deliver a balanced financial position by the end of the year. Given the current operating environment and the significant increases experienced in both service demand and unavoidable inflationary cost pressures arising from the global cost of living crisis, this will be an incredibly difficult ambition to achieve in 2022/23. This report summarises the current forecast position for this financial year and highlights the need to make some difficult choices and take decisive action.

2 Recommendations

That, in respect of the 2022/23 Revenue Budget Performance as set out in appendix 1 to this report, Cabinet:

2.1 Note the forecast outturn for 2022/23 for the General Fund and the Housing Revenue Account as at 31 July 2022;

2.2 Note the management action taken and to be taken to reduce the forecast overspend of the Council's revenue budget for 2022/23;

- 2.3 **Approve the transfer of £500,000 from HRA reserves to support the increase in repairs and maintenance costs;**
- 2.4 **Approve the planned budget transfers (virements) of £2,327,766 from earmarked reserves, as set out in section 4.50.**

That, in respect of the 2022/23 Capital Budget Performance as set out in appendix 2 of this report, Cabinet:

- 2.5 **Note the expenditure to date and the forecast outturn as at 31 July 2022 and its financing;**
- 2.6 **Approve the requested changes to the capital investment programme for 2022/23 and future years, as set out in section 4 of appendix 2.**
- 2.7 **Note the Corporate Performance Report as at 31 July 2022 set out in appendix 3.**

3 Unprecedented Levels of Uncertainty and Financial Challenge Continues

- 3.1 The Local Government Association (LGA) has recently raised concerns about the “disastrous” impact that rising inflation from the cost of living crisis could have on council services, which would go on to affect residents.
- 3.2 Where possible Local Authorities are setting up contingency funds and earmarking reserves specially for inflationary pressures. Members will recollect that for this authority, as part of the cabinet report in June on the Council’s favourable outturn for 2021/22 and its resilient reserves position, it was resolved to set up an initial new cost of living reserve of £2m to support both residents and the council in combatting the latest pressures from the cost of living crisis.
- 3.3 In other Local Authority’s for example, Tonbridge and Malling Council has set aside £700,000 to enable it to keep its leisure centre open by helping the not-for-profit trust that runs the centres to absorb any increases in costs.
- 3.4 However, it is likely that such contingencies will not be sufficient to meet the scale and speed of the inflationary increases. Kent County Council has said that they are anticipating £40M to £50M of unbudgeted inflationary costs this year alone. Luton Borough Council are putting a recovery plan in place as this year’s budget is forecast to be overspent by £10M. Devon County Council has recently predicted a potential overspend in this financial year of up to £40M saying that it had “never before faced a combination of demand growth and price shock pressure of this scale”. Plymouth City Council are predicting a £14M projected overspend this financial year with the causes including rapidly rising energy and material costs and increasing demand and costs for social care services.

- 3.5 Nationally, budgeted 2022/23 spend for children’s social care increased by 3.2% or £348M above 2021/22 levels, while adult social care budgeted spend increased by 1.8% or £351M, with most other council services seeing real-terms cuts. However, these increases in budgets are not likely to be sufficient. Demand for adult social care has been increasing for some time and inflation and cost of living pressures have added to the cost of delivering social care. The Independent Review of Children’s Social Care found that costs are too high in the sector and that the children’s placements market is in need of urgent reform. The Council has not been immune from this national position and both Children’s and Adult services are experiencing significant in year cost pressures.
- 3.6 A letter has been written to the Health Secretary by the chair of the LGA’s community wellbeing group to warn that social care reforms could push some Local Authorities “over the financial edge” and force others to cut back on vital council services. This comes alongside a warning that this winter could be the most challenging for social care in recent times. It also comes after a survey from the Association of Directors of Adult Social Care found that more than 540,000 people were waiting for assessment, care, Direct Payments or adult social care reviews.
- 3.7 More will be known about the scale of the financial impact of the combination of increases in demand for services combined with inflationary cost pressures when Local Authorities have completed their medium-term financial strategies. However, it is becoming clear that more extremely difficult choices will need to be made this financial year and in the years to come.
- 3.8 Southend-on-Sea City Council, along with most Local Authorities across the country, is arguably facing its greatest challenge yet in continuing to provide essential services to meet the needs of local residents within the level of resources it has at its disposal. As reported throughout 2021/22 the direct operational service arrangements of the Council and its partners continued to be severely impacted by the COVID-19 pandemic. Despite these challenges the Council remained financially resilient and responded proactively to support local communities throughout 2021/22.
- 3.9 As detailed in the “Delivery of Southend 2050 Outcomes and Priorities: Annual Report and Provisional Resources Outturn 2021/22” report to Cabinet in June, excluding the requirements for grant reserves due to the impact of COVID-19, the Council finished the year with a higher level of reserves than it started with. This is a testament to both the financial resilience and strong effective financial management of the Council’s overall level of resources over the last decade despite the lengthy period of austerity and the two years of the covid pandemic.

- 3.10 Some commentators have described the last few years as potentially some of the most volatile and unpredictable periods in recent history. Clearly Brexit considerations initially and then the response and impact of the pandemic have caused huge disruption and concern to everyday life. Public health worries and economic impacts, together with levels of Government borrowing never seen before in peace time years have all contributed to huge extra fiscal challenges for the country. This context has created additional pressure and uncertainty locally and made effective financial and service planning for Southend-on-Sea extremely challenging.
- 3.11 Although the direct operational impact of the pandemic on the Council began to reduce during the last quarter of 2021/22, most local authorities continue to struggle with the challenges of uncertainty, financial pressures, service demands and concerns for their residents and local areas. Effectively coping with the aftermath of the pandemic has been exacerbated and made much more complex by the implications of the horrific events in Ukraine and an unprecedented rise in energy prices. This has contributed to monthly general inflationary increases at a level not seen since the 1970s. The 12-month Consumer Prices Index to July 2022 increased to 10.1% and most professional commentators are predicting general inflation to increase further in the coming months. The Council is now facing the perfect storm of huge increases in service demand post the pandemic combined with unavoidable rapid increases in operating costs across almost every aspect of its Organisation. This is having a huge financial impact on the Council's financial plans for 2022/23 and the general economic climate is creating serious cost of living challenges for local residents.
- 3.12 The Council was already learning of major concerns from lots of residents about the impacts of cost of living rises on their day-to-day lives. Price increases for food and fuel, as well as in supply chains for other goods, are leading to many more local residents 'just about managing' or actually falling into poverty. This situation was getting worse locally even before the latest price increases started to take effect.
- 3.13 The challenge of delivering a balanced financial outturn for 2022/23 is significant. The predicted, but unprecedented rapid rise in inflation, together with more recent changing professional opinions on the depth and duration of continued inflationary increases, is adding significant new pressures and local challenges. This new inflation forecast data has been published since the Council's 2022/23 budget was approved and will mean some very difficult choices and prioritisation of existing approved spending plans for both capital and revenue during 2022/23 will have to be undertaken.

- 3.14 Unfortunately, other major areas of concern that were highlighted in 2021/22 included the potential impact and increase on service demand 'post COVID-19' or 'living with COVID-19' in the future. This risk added to the precarious economic situation for many residents, due to the rapid increases in energy and inflationary pressures has translated into large increases in service demand for the Council. The other major area of concern that was highlighted was the impact locally of the Government withdrawing the temporary financial support that was provided during the pandemic, this has coincided with huge increases in unavoidable operating costs, creating the worst combination of factors that could threaten the financial sustainability of the Council.
- 3.15 Even at this very early stage of the year – urgent action is needed to try to reduce all non-essential expenditure and/or generate extra income. This priority must be achieved whilst ensuring that our most vulnerable residents are looked after appropriately, and our statutory responsibilities are effectively discharged. Improving efficiency and productivity is essential but the scale of the unprecedented financial pressures will inevitably lead to a reduction in the range, quality, cost and responsiveness of other discretionary Council services.
- 3.16 This report will focus on providing some detail and commentary of the financial variances at a portfolio level that are currently forecast for 2022/23. It should be noted that these estimates have been based on the best information we currently have available and have also been calculated at a very early stage of the financial year.

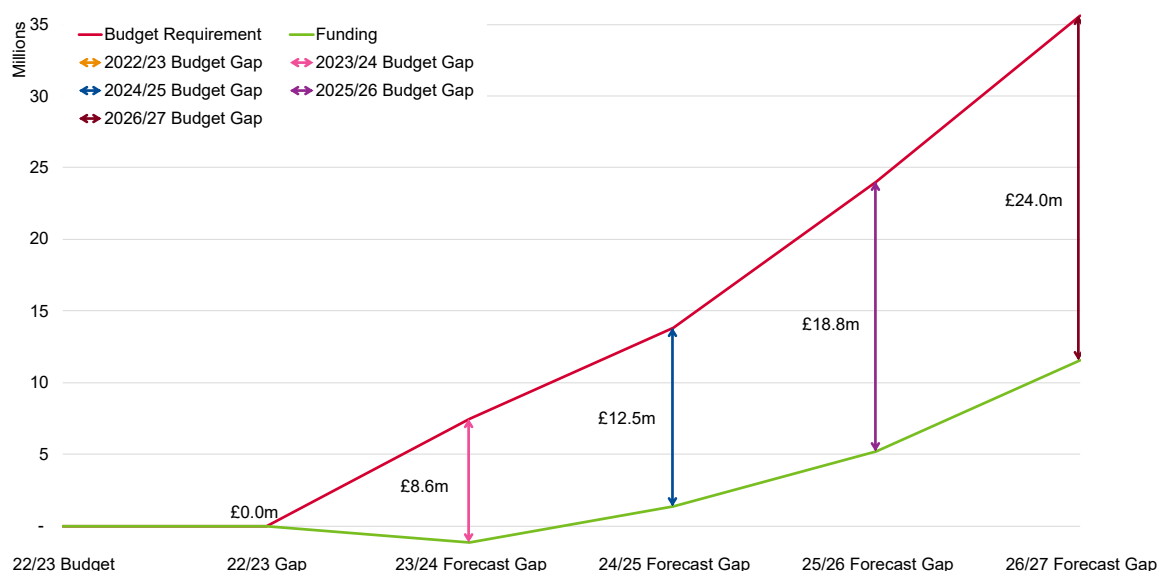
Comprehensive Spending Review or Not?

- 3.17 Given the events over the last couple of months in Downing Street and as we now know the Country's new Prime Minister, we will await announcements that may impact on Local Government but it clearly remains uncertain at this stage whether the Local Government Sector will be issued with a single one-year financial settlement for 2023/24, a 2-year settlement as suggested by the then Minister for the Department of Levelling Up and Communities or if a new Comprehensive Spending Review for the next three years will be launched for consultation. The Council ended 2021/22 in a relatively strong financial position but the size of the financial challenge for the future is arguably the biggest in the Council's history. Depending upon national funding and policy decisions taken by Central Government over the coming months then this position could get even more challenging for 2023/24 onwards.
- 3.18 To help to begin to address and close the estimated budget gap over the next five years the Council will continue to aim to achieve financial sustainability by growing local income sources and relying less on grant support from Central Government in the future. The Council will continue to work collaboratively with its partners, increase its focus on the delivery or joint commissioning of services in a targeted way to ensure that those in most need and who will receive the greatest benefit are the recipients of services. It is vital that we learn from our COVID-19 experience and tailor our services and working practices accordingly.

4 Revenue – General fund

4.1 In February 2022, the Council approved a General Fund Revenue Budget requirement for 2022/23 of £140.741M. This report provides details of the current projected outturn position for 2022/23 based on information as at the end of July 2022 (Period 4). In headline terms Council Corporate Budgets and Service Portfolios are currently forecasting a gross overspend by the year-end of £14.483M for 2022/23, which will remain if no action is taken. Action is and will be taken to further mitigate this potential overspend. The total projected overspend currently stands at around 4.4% of the Council’s gross expenditure budget.

4.2 Alongside the budget the Council also approved the Medium Term Financial Strategy which included a medium term financial forecast with an expected budget gap of £24.0M in 2026/27. (2023/24 = £8.6m, 2024/25 = £3.9m, £2025/26 = £6.3m, 2026/27 = £5.2m). The Council’s forecast profile of this budget gap for each of the next five years is detailed in the following chart which illustrated the estimated funding gap to 2026/27 as reported to Council in February 2022.



4.3 The potential budget gap is now going to be significantly larger over the medium term as a result of the significant impact of inflation and if the 2022/23 fixed base is not fully corrected by the year-end. Some initial work has been done on re-casting the medium-term financial forecast and the intention is to provide a revised illustration of the potential impact on the Council’s budget over the medium term until 2027/28 in the Period 6 financial performance update which is scheduled to be reported to the Cabinet meeting in November 2022.

- 4.4 Our 'Getting to Know Your Business' programme for service managers continues in 2022/23 and will be essential in assessing the new operating environment, financial challenges and value for money (VFM) of services. The ambition is that all service managers in Southend-on-Sea City Council will have a continuing comprehensive understanding of their business areas in terms of their benchmarked operational and financial performance, key demand and cost drivers, income levels, commercial opportunities, value for money and customer insight. This programme is designed to support managers to improve productivity and efficiency in all our business areas ensuring that we secure best value but also to support a more targeted outcomes-based approach to investment.
- 4.5 Alongside the "Getting to Know Your Business" programme, the Executive Director of Finance & Resources also put into place at the start of this financial year a set of 12 budget planning principles for the organisation to follow, which are as follows;

The Dozen Principles

1. **Budget Management** - To deliver at least an overall balanced revenue outturn against the approved budget for 2022/23. Everyone takes responsibility for spending on essential/critical items. We are all custodians of public funds.
2. **Recovery Plans** - That recovery plans for both Children's and Adults are maintained and where possible enhanced to ensure that services deliver balanced financial positions for 2022/23 and across the medium term.
3. **Budget Monitoring** - A formal governance control process is introduced to oversee and track the full delivery of approved revenue savings, planned investments and to develop a prioritised programme of targeted transformation reviews. This will include an officer Finance Monitoring Panel led by myself and separately by Member challenge sessions through the Cabinet Member with responsibility for Corporate Performance and Service Delivery.
4. **Capital** - Effective delivery of a viable and affordable Capital Investment Programme highlighting measurable outputs/outcomes. Given the pressure of substantial increases in the costs of schemes. The reviews will consider the impact of the following
 - Not starting new schemes
 - Deferring schemes/projects to later years
 - Cash limiting budgets
 - Pausing existing schemes/commitments
 - Rigorous assessment of the viability and robustness of schemes that are still subject to business case development

These arrangements will be overseen and monitored by the Capital Programme Delivery Board and separately by Member challenge sessions by the Cabinet Member with responsibility for Corporate Performance and Service Delivery.

5. **Knowing your Business** - The “Knowing your Business” programme is further embedded across all services with clear accountability and expectations are allocated to all Business Leaders/Budget Holders to ensure a focus on VFM.
6. **Annual Conversations** - That all business leaders who had an Annual Conversation objective setting in 2021, has a review to assess what action they have undertaken to deliver the following agreed objective....

“To champion the requirements of the Council’s ‘Knowing Your Business’ programme, being accountable for demonstrating strong financial acumen and sound budget management, evidencing value for money outcomes and developing greater commercial awareness.”

In addition to the above objective, that an appropriate baseline should be established and a commitment for further development and improvement in VFM for all services is included as an additional objective in ALL business leaders 2022 Performance and Development Reviews.

7. **Zero-based budget reviews** - Members have approved the need to undertake targeted zero-based budget reviews as part of approving the 2022/23 budget in February 2022. Therefore, a prioritised programme will be developed and commenced in 2022/23 – which will contain clear parameters on the expectations for service change, risks, outcomes we expect from the spending, implications and potential savings established. These reviews could also lead to the reallocation of resources - investment/disinvestment. The process will be overseen by the new Finance Monitoring Panel.
8. **Budget Planning** - That all services now plan on the assumption that they will receive a cash limited budget for 2023/24 at the same level as approved for 2022/23. Additional provisions will be considered for pay awards, inflation and for evidenced statutory requirements only. (In simple terms any requests for additional investments/growth in the revenue budget MUST be met by equivalent (or higher) levels of savings/income generation options/proposals).
9. **Procurement** - That all future procurement activity is contained to existing current budgeted levels as a maximum and ideally a target to be set for a reduction in historical spend levels. Individual assessment and reporting will be undertaken across all major engagements with the market.
10. **Staffing** - A Workforce Transformation Panel will be introduced to oversee a service delivery change programme and ALL new staffing restructures. These could be generated by other associated reviews in this paper or by innovation and creative changes volunteered by Services to change their operations and reduce their cost base. All restructures will be subject to a viable business case and any exit costs MUST be built into the assessment/appraisal and paid for by the Service over an agreed number of years across the medium term. We will need to learn from other service redesigns/restructures to ensure we deliver appropriate changes and timely savings. The Panel will also undertake a comprehensive review of alternative sourcing and resourcing practices with the objective of reducing Interim/Agency/Fixed Term/Temporary Consultancy spend by the Organisation (Currently estimated to be over £10M in 2021/22).

11. **Business Cases** - Robust business cases will need to be developed for any additional investment requests to establish the viability and VFM of new Capital and Revenue projects and this will continue to be overseen by the Investment Board.
12. **Budget 2023/24** - A draft proposed balanced budget package for 2023/24 (without any reliance on reserves) will be developed and available for consideration by Summer 2022 to enable CMT/Cabinet to assess and agree on the difficult choices that will need to be made. Options to bring forward any 'in-year' proposals i.e., new fees & charges, commercial opportunities, changes in service/contract arrangements etc that will deliver savings or generate extra income should be proactively pursued immediately.
- 4.6 Services are considering the impact and risks of making reductions in their budgets and are continuing to develop recovery and mitigation plans to try to improve the current financial situation and to prepare for the significant future financial challenge. All services are being challenged to try to improve efficiency and productivity to ensure that the resourcing of better outcomes for our residents are achieved at the best value for the local taxpayer. More details will be included as part of the Period 6 monitoring report.
- 4.7 In the meantime, to aim to reduce the forecast overspend this year and remain on a sound financial footing to deal with the budget gap in this and future years, a number of tactical mitigations are also being put in place:
- Giving consideration to what non-essential spending can be stopped, delayed or deferred.
 - Reviewing all third-party supplies and services contracts.
 - Constructively challenging all recruitment and resourcing requests.
 - Giving consideration to whether our organisation has the right structure which is of a proportionate size.
- 4.8 Some of the action already commenced by officers to support the 2022/23 budget position and 2023/24 budget planning are;
- The mothballing/storage use only of the top five floors of the Civic Centre to reduce expenditure on our utility costs.
 - The review of our estate to ensure administrative buildings are only being used on an essential basis by staff and where possible to reduce usage accordingly to save on relevant premises and utility costs.
 - A fundamental review of the capital investment programme to reduce the need to borrow and therefore less financing costs impact for the revenue budget (more details of this review is contained in section 6).
 - Directors have been asked to model the impact of a 15% reduction in their 2022/23 cost base and for this to be assessed as part of 2023/24 budget planning in the face of these unprecedented inflationary and demand pressures.

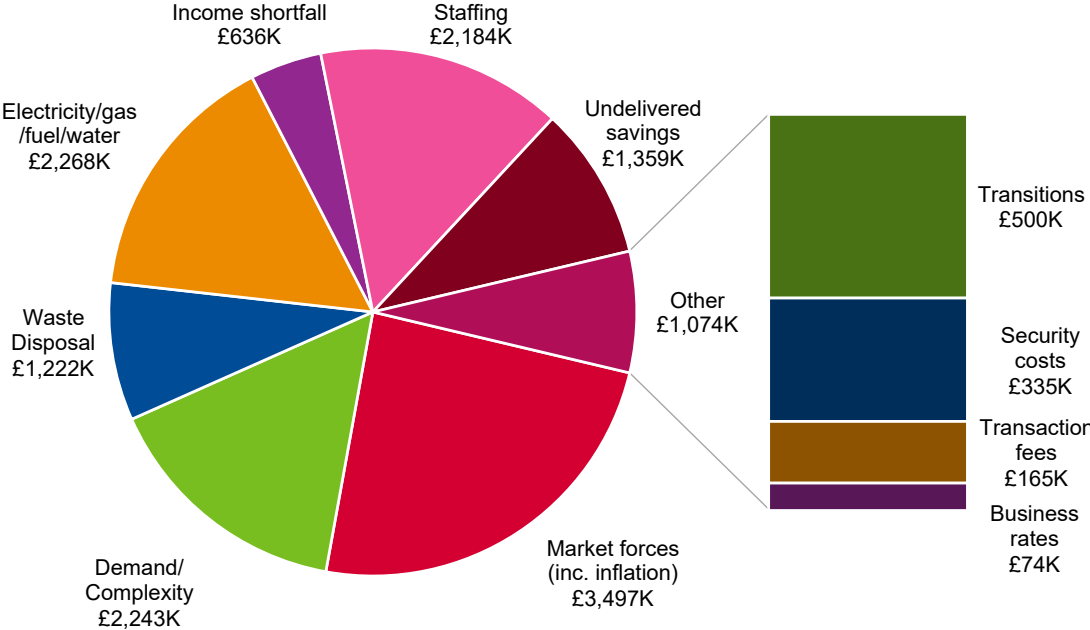
- A review of third party suppliers and service contracts is underway which will look at all priority contracts and will require engagement with the market – this is being worked through and more will be reported in the period 6 budget monitoring report but continued action will be undertaken by officers in the meantime.
- Advice is being sought on assessing the Council's cost base and how our services benchmark against other unitary authorities including staffing structures.
- A range of councillor and staff briefings are being set up to help to understand the Council's financial position and the actions that are being taken/to be taken over the next month.
- A communications strategy is being developed for stakeholders, businesses and residents.
- A set of internal budget challenge sessions are being set up to challenge the cost base of service budgets. This will be carried out by the Corporate Management Team by department and separately challenge sessions with departments and cabinet members overseen by the Cabinet Member for Asset Management and Inward Investment and the S151 Officer;
- The Workforce Transformation Panel has been set up which will review and act as a sign off for essential only recruitment (permanent and temporary) and it will also review the current range of interim staffing. It will also review any new restructures proposed and also request areas of the organisation to be reviewed in the light of benchmarking and other associated information around services.

4.9 Within all of this work it will be essential to work within a set of priorities and where possible to protect resources - areas of higher priority will be;

- Vulnerable Adults and Children
- Isolated individuals
- Supporting families in the cost of living crisis
- Climate change
- Highways pavement works
- Tourism
- Maintaining prioritised subsidies to services as best we can
- Which of our discretionary services may be done by our third sector

Summary of the major factors contributing to the forecast overspend in 2022/23

4.10 The forecast revenue overspend of £14.483M is driven by a wide range of factors which have been broadly summarised in the following pie chart.



4.11 The variances in the pie chart and referenced throughout the report are after application of staffing contingency budget of £2.33M and non-staffing contingency budget of £3.5M.

4.12 The National Employers made a final one-year offer to unions representing the main local government National Joint Council (NJC) workforce on 25th July 2022. This offer consisted of:

- an increase of £1,925 on all NJC pay points 1 and above, with effect from 1 April 2022.
- an increase of 4.04 per cent on all allowances, with effect from 1 April 2022.
- an increase of 1 day to all employees’ annual leave entitlement, with effect from 1 April 2023.
- the deletion of pay point 1 from the NJC pay spine, with effect from 1 April 2023.

Based on this offer the ongoing cost to the Council would be circa £4.0M a year. The estimated cost of the pay award at budget setting was £2.33M, the difference of £1.68M is an in-year budget pressure and creates a permanent pressure of equivalent value in the Council’s revenue base budget from 2023/24 onwards and will increase the current forecast financial gap by circa £1.7M per year.

The pay award pressure is identified by portfolio in Appendix 1. Other staffing pressures are identified by service in paragraphs 4.44 and 4.48 of this report.

- 4.13 The combined impact of increases in demand and the level of complexity of service user needs in both Adults and Children's is resulting in a forecast overspend of £2.243M. These pressures are explored in more detail in paragraphs 4.32, 4.33 and 4.39 to 4.41.
- 4.14 There were a range of budget savings and income generation initiatives that were approved as part of the setting of the 2022/23 budget, totalling £4.837M. As reported throughout 2021/22 there has been difficulty in delivering the ICT savings which have been severely impacted by COVID-19, the cumulative total of these undelivered savings is £0.61M. A further pressure of £0.75M is caused by the continued delay in implementation of the Business Support Service Redesign due to challenge from unions. The independent review has now concluded, and the redesign can be implemented but it is estimated that savings will not start to be realised until the final quarter of 2022/23.
- 4.15 The rising cost of energy and fuel has been widely covered in the media and as part of setting the 2022/23 budget the Council increased the amount earmarked in contingency to circa £1.0M to mitigate some of the impact on services. The increase in costs has far exceeded the amount earmarked and there remains a pressure across all the services of £2.268M. The most significant contributors to this overspend are explored in more detail in paragraphs 4.37 and 4.47.
- 4.16 In July 2022 the rate of inflation, as measured by the Consumer Price Index (CPI), increased to 10.1%. This is the first time that annual inflation has been in double-digits since February 1982, over 40 years ago. Inflation increases are being driven partly by energy costs, as discussed in paragraph 4.15, but also by the cost of labour and raw materials due to global demand exacerbated by supply chain issues in key areas due to the pandemic and the war in Ukraine. According to the Office for National Statistics (ONS) goods prices have risen by 2.7% and services by 4.9%.

This has had a significant impact on the cost of services which the Council delivers and is reflected in the £3.497M pressure which is being attributed to market forces. As well as inflation, market forces encompass the availability of supply of services which is having particular impact on Adults and Children's social care, paragraphs 4.34 and 4.41 provide more detail.

- 4.17 The cost of waste disposal is causing a pressure of £1.222M, more detail on this can be found in paragraph 4.29.
- 4.18 A shortfall in income is expected within some services, most significant of these is due to the scheduled refurbishment of the cremators at the crematorium, see paragraph 4.30.
- 4.19 Other pressures include £0.5M from the cost of Children who have transitioned to Adult social care provision (see paragraph 4.33), £0.335M from security costs (see paragraphs 4.38 and 4.49), transaction fees (see paragraph 4.46) and business rates which have increased as a result of valuation changes for two properties in particular, one being a Children's Centre (£43k) and the other the Equipment Services store (£31k).

Corporate Matters and Performance Delivery

- 4.20 The expected pressure from the pay award across this portfolio of services is £346,000.
- 4.21 The most significant forecast financial pressure is within Digital and Technology, at this stage of the year a £350,000 overspend is predicted. This is due to a combination of significant delays experienced in the delivery of planned savings due to the impact of COVID-19, extra cost involved in managing a secure remote working environment and reducing levels of external income generated, which together total an overspend of £609,000. Offsetting this overspend is income of circa £300,000 which is due to the Council as part of their ongoing agreement with City Fibre's work across the city.
- 4.22 Managed underspends on some third-party budgets and proactive vacancy management across several services within the strategy, change and governance directorate is helping to reduce the total level of forecast overspend at this stage of the year.

Environment, Culture & Tourism

- 4.23 The delivery of the Parks and Grounds Maintenance services is severely impacted by the high inflationary pressures on utility and fuel costs. There is a pressure of £230,000 for these elements as well as £50,000 from the pay award. Vehicle and machine hiring and leasing costs are creating a further pressure of £100,000 and income is expected to be £60,000 below target this year.
- 4.24 A number of significant Development Control and Building Control applications have come into the Council this year which has seen a considerable amount of income received in the first 4 months of the year. With this additional income and work it is expected that some additional resources will be required to support it. However, it is anticipated that the net impact on the income budget will be a surplus of approximately (£130,000). There are also forecast underspends within ICT systems and vacant posts within the team.
- 4.25 Culture and Tourism are currently reporting a forecast overspend of around £1.04M. Increased energy costs account for £646,000 and expected pressure from the pay award accounts for a further £104,000, as outlined in paragraphs 4.12 and 4.15.
- 4.26 There is an in-year pressure of £154,000 on recovery of income from the leisure contract but this is temporary as Fusion Lifestyle have agreed that the income will be recovered in 2023/24.
- 4.27 Other, smaller, pressures are caused by the provision of barricades for the Queen's Jubilee baton relay event and repairs and maintenance on aging assets, such as the Cliff Lift.

Public Protection

- 4.28 As a result of changes in people movements and consumer habits (increased time spent or working at home, coupled with a significant increase in home deliveries) there is an increase in the volumes of waste generated from residential properties. Although some of this increase will be recyclable material, there is also an increase in residual waste.
- 4.29 As the waste disposal authority this increased tonnage is resulting in an estimated extra disposal cost pressure of around £1,200,000. Any increase in recycling performance will negate some of this additional cost.
- 4.30 The crematorium refurbishment programme is due to commence later in the year. As a result of the works a temporary cremator will be used and services will be reduced. This is expected to contribute significantly to an estimated income shortfall in the region of £575,000. Inflationary pressures on gas and electricity consumption are estimated to be approximately £170,000 although this may reduce as a result of reduced service in the latter part of the year.

Adult Social Care & Health Integration

- 4.31 Adult Social Care are reporting a forecast overspend of £2.2m; which is predominantly due to the delivery of statutorily required care and support to people with physical or learning disabilities aged 18-64. There is an expected pressure from the pay award accounts for a further £274,000, as outlined in paragraph 4.12.
- 4.32 As expected, levels of service use have increased with clients who have not received care over the last two years now restarting their care, which in some cases is now more complex and therefore more costly. This increase in demand and/or complexity is estimated to account for circa. £600,000 of the pressure on the service.
- 4.33 Another driver of increased demand, and therefore cost, is the transition of clients into Adult Social Care from either Children's Services or an Educational placement. These are currently being forecast to cause a pressure of circa. £500,000.
- 4.34 Further cost pressure comes from the Adult Social Care market, where inflation is driving up the cost of existing provision as individual providers respond to the increased cost of living.
- 4.35 Alongside increased demand/complexity and market forces there are several national policy and funding changes that present a financial risk to the authority. The Department for Health and Social Care (DHSC) are currently consulting on the distribution of funding for adult social care charging reform in 2023/24, which is worth £772 million nationally. The essence of the reforms is to open access to local authority-funded care to households with more assets, through the cap on care costs and the extension on the means tested thresholds, which has the potential to increase demand on Council service provision even further.

- 4.36 The Government has also stated its intention to review its approach to distributing the £600 million to be allocated through the Market Sustainability and Fair Cost of Care Fund in 2023/24.

Asset Management & Inward Investment

- 4.37 There is significant pressure on the Property and Commercial budget caused by the forecast impact of increased energy costs relating to Civic 1 and 2 and the Tickfield Centre. The Corporate Management Team is currently considering what action can be taken to mitigate these costs in the short- to medium-term.
- 4.38 With the completion of the new care home, Brook Meadows House, several properties across the Council's estate have been vacated by services which have relocated to the new facility. There are costs associated with holding these properties vacant and these are being reported as a pressure. The asset management team are working to minimise the period that these properties are held vacant and expedite the process of preparing the sites for sale in order to maximise the capital receipt to the Council.

Children & Learning and Inclusion

- 4.39 What is quickly now becoming a national issue, Children Social Care has opened up in 2022/23 with a significant overspend of £6.617M excluding the one off £2.5M specific children earmarked reserve for 2022/23, and this is unfortunately mainly due to the now very high cost of residential care placements and in particular for children with complex needs. Market forces impacted by increased demand nationally outstripping supply haven driven up residential placement costs dramatically.
- 4.40 As reported in the final position report for 2021/22, it was highlighted that during the last quarter of 2021/22 children in care numbers had started to rise, and an increased opening spend pressure was expected due to this rise and the resultant increased requirement of external foster care placements, and as agreed through the 2022/23 budget a one off £2.5M specific ear marked reserve was created to support Children Social Care in the recognition of cost pressures continuing. However, in addition, what has also now materialized was the unanticipated and significant increased cost of residential care placements for new complex placements in 2022/23.
- 4.41 On average from 2021/22, residential care numbers have increased by six to 32 as at the end of July 22 which is equivalent to 10% of the children in care placements as at the end of July 22, 312 in total. Even though this remains a small cohort of children placed in residential care compared to the total number of children placements, it is again both the cost of each new residential placement and the now average of cost of residential placements that has driven up this pressure. The average residential care placement cost to social care directly is now running at £270,000 per annum, which is an average increase of £70,000 per placement compared to 2021/22.

- 4.42 Work continues within Children Social Care to seek to reduce these costs where possible and safe for the child, including working with health where a child's needs can meet assessment for health contributions, but equally, it has to be noted any further required residential care placements will add further cost pressure to this current position.
- 4.43 Work also continues on building and sustaining capacity within the Inhouse foster carer provision and engaging regionally with the risks of the costs of the care market to Councils.
- 4.44 Other smaller financial pressures within Children Services remain from 2021/22, and this includes continued reliance on temporary agency staff to cover critical social work or operational posts. Again, Councils now having to rely on agency workers to cover vacant Social Work posts is a national problem. There are also further smaller but continuing pressures on Unaccompanied Asylum Seeking children placements where the young adults have now turned 18 and Home Office support funding reduces, the cost of placements supporting children with disabilities, and some now very high and complex placements within the care leaver provision where these now young adults have transitioned from previous residential care placements.

Economic Recovery, Regeneration & Housing

- 4.45 As part of the 2022/23 budget there was an agreed permanent investment of £200,000 to fund several staff in the Housing Register and Housing Solutions teams. Recruitment has been challenging for these roles and only recently have candidates been sourced for some of these roles. As a result of the posts being vacant for the early part of the year there is an expected underspend of (£100,000) for this year only.

Highways, Transport and Parking

- 4.46 Before COVID-19 there was a slow decline in the use of cash, but the pandemic sped that up considerably. As a result, 81% of parking payment transactions are now made by card or phone app and the impact of that is higher costs for card transaction and processing fees. The overspend for this is expected to be in the region of £235,000. Cash collection costs have not reduced to offset some of this as there is still cash to be collected, just less of it.
- 4.47 Across our entire estate, street lighting energy costs are the highest cost area for electricity. Although the rate is fixed for 12 months until April 2023, the inflation on utility costs is resulting in an overspend of £350,000 in this area. This is after the significant LED conversion programme undertaken in recent years, without which the impact of increasing energy costs would have been even greater.
- 4.48 There are also a range of staffing pressures in the service and currently the most senior management role in the service is being temporarily filled by an interim member of staff whilst a permanent solution is sought within the labour market.

- 4.49 The operation of the Travel Centre in Chichester Road continues to bring with it additional cost pressures due to increased security, cleaning and utility costs totalling approximately £120,000 and the pressure of the anticipated pay award in this portfolio is £91,000.

Budget Virements

- 4.50 All budget transfers (virements) over £250,000 between portfolios or between pay and non-pay budgets are considered and approved by Cabinet. These budget transfers have a net nil impact on the Council's overall budget. The following budget transfers for Cabinet approval this period are:

<u>£</u>	
362,500	Planned transfer from the Passenger Transport Joint Venture Reserve
450,230	Planned transfer from the Technology Transition and Systems Modernisation Reserve
306,027	Planned transfer from the Public Health Reserve
616,200	Drawdown from contingency for annual inflation on existing contracts.
338,509	Increase in pay budgets and decrease in non-pay budgets funded by Dedicated Schools Grant.
254,300	Final opening 2022/2023 Public Health Budget (PFASCHI) funded by Public Health Grant (PFGENGRANT) and contingency (PFBTL)
<u>2,327,766</u>	<u>TOTAL</u>

5 Revenue – Housing Revenue Account

- 5.1 In February 2022, the Council approved a balanced 2022/23 Housing Revenue Account budget. This section of the report details the projected outturn position for this year based on actual activity and financial performance as at the end of July 2022 (Period 4).
- 5.2 The forecast for the Housing Revenue Account (HRA) at period 4 indicates that it will have a net deficit of £800,000 in 2022/23, a variance of around 2.9% of the gross operating expenditure.
- 5.3 This position is due to the inflationary pressures experienced by key contractors and anticipated rent losses due to the number of void properties held, primarily as part of the Queensway regeneration project.
- 5.4 The reduced supply of building materials and a shortage of specialist skills are increasing the unit costs on the repairs and maintenance contract. Whilst we have a duty to meet our regulatory and statutory requirements, the repairs programme is currently being reviewed in an attempt to reduce costs where possible, without compromising the safety of tenants.
- 5.5 Recommendation 2.3 earlier in this report is in response to these inflationary pressures on repairs and maintenance.

6 Capital

- 6.1 Successful and timely delivery of the capital investment programme is a key part of achieving the Southend 2050 ambition and delivering priority outcomes. The investment contributes to the five main themes in the following way:
- 6.2 Pride and Joy – the key investment areas are: the ongoing refurbishment and enhancement of Southend’s historic pleasure pier and the town’s cultural and tourism offer, including parks, libraries and museums.
- 6.3 Safe and Well – the key investment areas are: the construction and acquisition of new council homes and the refurbishment of existing ones via the decent homes programme.
- 6.4 Active and Involved – the key investment area is the Cart and Wagon Shed for the coastal community team to use as part of their community interest company.
- 6.5 Opportunity and Prosperity – the key investment areas are: the Launchpad at the Airport Business Park to deliver benefits for both local businesses and local communities, creating thousands of job opportunities and attracting inward investment; the schools high needs and special provision programmes to enhance the facilities and number of places available for children with special educational needs and disabilities or requiring alternative provision; refurbishment works at the Victoria Centre to make a significant contribution to the attraction and amenity of the centre and improve and enhance that end of the City Centre; the Levelling Up Fund projects at Leigh Port, the Cliffs Pavilion and City Beach.
- 6.6 Connected and Smart – the key investment areas are: the investment in the borough’s highways and transport network, including improvements funded via the Local Transport Plan and Local Growth Fund; investment in the Council’s ICT infrastructure and networks to enable and transform outcome focussed service delivery.
- 6.7 In February 2022 the Council agreed a capital investment programme budget for 2022/23 of £99.1M. The outturn for 2021/22 showed a final spend of £69.0M against a revised budget of £78.6M, an underspend of £9.6M. The proposed budget carry-forwards, accelerated delivery requests and other budget re-profiles and amendments at June Cabinet resulted in a revised budget for 2022/23 of £115.5M. Of this amount £89.7M is deliverable directly by the Council and £25.8M is to be delivered by South Essex Homes Limited, Porters Place Southend-on-Sea LLP and Kent County Council.
- 6.8 This amount should be considered in the context that there is a further list of schemes that are not in the approved programme but are subject to viable business cases. This includes schemes where the costs have been estimated, totalling £97M and schemes that are yet to be costed. There may also be urgent health and safety works that might occur that are as yet unforeseen.
- 6.9 All Councils are being affected by inflationary pressures and supply chain issues which will affect deliverability and affordability. There are multiple causes for the inflationary pressures:

- wage inflation due to scarcity of labour.
- base material price inflation due to global demand exacerbated by supply impacts in key areas due to the pandemic and the war in Ukraine.
- energy cost inflation impacting on all areas from production to logistics to on site energy costs.
- contractor risk pricing.

6.10 Forecasts suggest that Construction Price Inflation is currently in double figures with major spikes for certain materials and products sometimes in excess of 20%. This not only has an impact on the current capital investment programme but also on future projects for which the Council may bid for funding.

6.11 Given the above and the Council’s finite capacity to deliver capital schemes, the Capital Programme Delivery Board has been considering four options for assessing the ongoing delivery of projects:

No.	Option Description	Considerations
1	Increase the available budget to support the project to take into account inflationary pressures	The negative impact on the affordability of the programme as a whole and the resulting budget pressure that would need to be met from savings or income generation
2	Do less – understand and accept how much less the Council can delivery with existing budgets	The negative impact on the delivery of the Southend 2050 and recovery priorities
3	Stop project delivery	Requires effective prioritisation
4	Defer or slow down delivery	This could put pressure on the programme in later years and impact on the delivery of key priorities

6.12 A generic approach to the programme as a whole would not be appropriate, as each project is different in the way the impact of the inflationary pressures and supply chain issues will be felt. The way that projects are funded also needs to be considered as grant and third-party funding would have to be returned if not spent or if delayed beyond the agreed expenditure timeframe. It is also recognised that these options need to be considered alongside the MoSCoW review (categorising capital projects as ‘must have’, ‘should have’, ‘could have’ or ‘will not have’ (at this time)) and the forthcoming capital challenge sessions.

6.13 The capital investment programme should continue to be subject to continuous review and re-prioritisation to ensure resources are aligned to the Council’s Southend 2050, recovery priorities and joint administration priorities. This will inevitably lead to some difficult decisions having to be made regarding the programme with the delivery of some schemes being scaled back, delivered over a longer timescale, paused or removed.

- 6.14 Progress of schemes will be re-assessed and some schemes may be removed from the main programme entirely and others held as 'subject to viable delivery plans' until it can be demonstrated that there is the capacity and resources to deliver them in the timescales indicated. Schemes can then be brought back into the main programme as and when it is appropriate to do so. This approach follows the current approach introduced two years ago when schemes can enter the programme during the financial year and not just annually at budget setting.
- 6.15 As this review progresses via challenge meetings, the Capital Programme Delivery Board and the Investment Board, re-profiles and other adjustments to the programme for 2022/23 and future years will be put forward for approval.
- 6.16 The results of the early stages of this review are included in this report but the review is on-going and further changes will be included in the Period 6 performance report to Cabinet in November. Capital challenge sessions relating to the strategic schemes have been undertaken with the Cabinet Member for Asset Management and Inward Investment and the resulting requested changes to the capital investment programme have been included in this report. Further capital challenge sessions are due to take place with the Cabinet Member for Asset Management and Inward Investment in early October and the resulting requested changes to the capital investment programme from those sessions will be included in the Period 6 performance report to Cabinet in November.
- 6.17 Approximately 36% of the capital investment programme is financed by Government grants and external developer and other contributions and at the end of July nearly 60% of that had been received. The rest of the programme is funded by capital receipts, the use of reserves or by borrowing. Funding schemes by borrowing has a revenue consequence of approximately £70k p.a. for every £1M borrowed.
- 6.18 This report details the projected outturn position for 2022/23 based on information as at the end of July (period 4). The report includes details of progress in delivering the 2022/23 capital investment programme and in receiving external funding relating to that year.
- 6.19 This report includes any virements between schemes, re-profiles across years, new external funding, transfers from the 'subject to viable business case' section to the main capital investment programme and any proposed scheme deletions.
- 6.20 The progress of schemes for 2022/23 is detailed in sections 1 to 3 of Appendix 2 with Section 4 setting out the resulting requests to:

For schemes to be delivered by the Council:

- Carry forward £15,804,000 of 2022/23 scheme budgets, £11,892,000 into 2023/24 and £3,912,000 into 2024/25.
- Bring forward £120,000 of budget from 2023/24 into 2022/23.
- Add scheme budgets totalling £22,000 into 2022/23, £3,151,000 into 2023/24 and £3,151,000 into 2024/25 where new external funding has been received.

- Remove £104,000 from 2022/23 for scheme budgets no longer required.
- Action virements of budget between approved schemes.
- Move scheme budgets totalling £10,068,000 from the 'subject to viable business case' section up into the main Capital Investment Programme, £68,000 into 2022/23 and £10,000,000 into 2024/25;

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

- Carry forward £6,100,000 of 2022/23 scheme budgets, £5,100,000 into 2023/24 and £1,000,000 into 2026/27.

6.21 As at the end of July the capital outturn for 2022/23 is currently estimated at £73,984,000 for schemes to be delivered by the Council and £19,749,000 for schemes to be delivered by subsidiary companies, joint ventures and partners. The amount to be delivered by the Council is expected to reduce following the on-going review of the capital investment programme as highlighted in 6.13 to 6.15. An updated assessment will be included in the Period 6 performance report and presented to Cabinet in November 2022.

6.22 The 2022/23 capital budget is part of the wider capital investment programme spanning several years. The table below shows the revised programme if all the above requests are approved:

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

	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	Total £000
At June Cabinet	89,682	32,178	12,268	5,818	5,960	145,906
Amendments	(15,698)	14,923	17,063	0	0	16,288
Revised programme	73,984	47,101	29,331	5,818	5,960	162,194

Programme to be delivered by Subsidiary Companies and Joint Ventures:

	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	Total £000
At June Cabinet	25,849	17,062	9,598	3,250	0	55,759
Amendments	(6,100)	5,100	0	0	1,000	0
Revised programme	19,749	22,162	9,598	3,250	1,000	55,759

7 Corporate Performance

- 7.1 The Corporate Performance Dashboard July 2022 report (appendix 3) covers performance indicators that link to the Resourcing Better Outcomes financial report. The report shows our performance predominantly for the period July 2022, with some exceptions where data is unavailable at this time. Data has been RAG rated against targets where applicable and compares our current position to the previous month and previous year where data is available. It is presented by Portfolio Holder, with the intention to align against the new corporate priorities following the adoption of the new Corporate Plan in September.
- 7.2 The indicators currently showing as red on their RAG status, indicate that they are at risk of missing target. These indicators are noted below by way of exception:

Corporate matters and performance delivery

7.3 **SCC working days lost per FTE due to sickness - excluding school staff [Cumulative YTD]**

Staff sickness continues to perform under target across the council, tracking against the national trend of increased sickness from 2020 – 2021 noted by ONS in 2022, with rates being at their highest in more than 10 years. This may cause pressures within services that are finding it difficult to have staff in place; exacerbating the need for agency staff. The knock-on effect of this may be disruption to services and reduced performance, especially where service demand has seen an increase/is predicted to see an increase as highlighted in 3.11 and 3.14.

7.4 **Percentage of general complaints received answered within timescales (all stages) [Monthly Snapshot]**

Complaints continue to be under target primarily due to the amount overdue at stage 1 of the process and the record high backlog of complaints in April 2022. This service is due to be managed under the new business support hub which has been highlighted as overdue at 4.14; there will be renewed focus on improving in this area as part of the new structure.

Adult Social Care & Health Integration

7.5 **Proportion of those that received short-term service during the year where sequel was either no on-going support or support of a lower level**

This indicator has seen reduction against June 2022 (47.2%) and when compared against June 2021 (56%) with a value of 44.8%; this is attributed to the high level of service users requiring long term service, in line with the predicted increase in service demand for adult social care, highlighted in 4.31 and 4.32 and could be an indicator of the impact of increased service demand on the increase of budgeted spend highlighted in 3.5.

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

On face value the correlation of this indicator would be similar to that seen at 7.5, however this Performance Indicator has recently been updated to include all service users (where previously there were restrictions on the services used and referenced in the indicator). This has meant that the gap between target and value remains but that it is a more comprehensive view of all users.

7.7 Proportion of adults with a learning disability in paid employment

The impact of COVID-19 on disabled people in employment saw a widening gap when compared against people without disabilities as noted by the House of Commons Library 2022. 3.8 notes the impact of the pandemic against service provision; this measure brings the added context of the legacy impact of COVID-19, and the tensions between the two, that the council continues to navigate through.

7.8 Proportion of older people (65 and over) who were still at home 91 days after discharge from hospital into reablement/rehabilitation services

Although the council has limited control over this measure as the NHS lead on this, it does indicate the increased demand on public services as set out in 4.35.

7.9 Wellbeing referral Programme - Number of individuals completing 12 weeks of Wellbeing Referral Programme

This measure has not yet met target since its launch; the council is developing an improved programme alongside our partners Fusion Lifestyle and Everyone Health. This will support catering for a larger number of people in need than is currently provided.

7.10 Rate of children in care per 10,000 population under 18 years old

Service demand continues to outweigh provision, as more children enter care than leave. Children's care plans are to be reviewed to ensure service provision is appropriately provided, ensuring safety of children while balancing the budget pressures highlighted in 4.40 and 4.42.

Children & learning and inclusion

7.11 Percentage of children who have been in care for at least 5 working days, who have had a visit in the 6 weeks (30 working days), prior to the last day of the month

This indicator is linked to the increase of children in care (7.10) and persisting vacancies within social work teams, exacerbating the need for agency social workers to help fill the vacancy gap (7.14).

7.12 Percentage of children who have been in care for 2.5 years and in the same placement for 2 years OR are placed for adoption and their adoptive placement together with their previous placement together last for at least 2 years for CLA under the age of 16

Children's care plans are to be reviewed to ensure service provision is appropriately provided, ensuring safety of children while balancing the budget pressures highlighted in 4.40 and 4.42.

7.13 Percentage of placements in residential and PVI (private, voluntary, and independent sector) settings

There is a national shortage of placements able to care for children with complex needs, increasing the need for residential placements. The cost to the council for the ongoing need for residential placements is highlighted in 4.41.

7.14 Percentage of agency social workers (Children's)

The reliance on agency social workers is above the national average and our statistical neighbours, demonstrating the continued demand and increase of services. This compounds the overspend of the service, associated to children's placements (7.13) and the data showing we are not on track to meet target for related service provision (7.10, 7.11, 7.12, 7.13). Staff sickness rates in this area is the second highest for the council, adding to the need for agency staff at a local level, alongside the cover required for vacant Social Work posts at the national level, highlighted in 4.44.

8 Other Options

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

9 Reasons for Recommendations

- 9.1 The regular reporting of Revenue and Capital Budget Monitoring information provides detailed financial information to members, senior officers and other interested parties on the financial performance of the Council. It sets out the key variances being reported by budget holders and the associated management action being implemented to address any identified issues.
- 9.2 It also informs decision making to ensure that the Council's priorities are delivered within the approved budget provision.

- 9.3 It is important that any adverse variances are addressed in order for the Council to remain within the approved budget provision or where this cannot be achieved by individual service management action, alternative proposals are developed and solutions proposed which will address the financial impact. Members will have a key role in approving any actions if the alternative proposals represent significant changes to the service delivery arrangements originally approved by them.
- 9.4 The challenge of delivering a balanced financial outturn for 2022/23 is significant. Even at this very early stage of the year – urgent action is needed to try to reduce all non-essential expenditure and/or generate extra income. This priority must be achieved whilst ensuring that our most vulnerable residents are looked after appropriately, and our statutory responsibilities are effectively discharged. Improving efficiency and productivity is essential but the scale of the unprecedented financial pressures will inevitably lead to a reduction in the range, quality, cost and responsiveness of other discretionary Council services.

10 Corporate Implications

10.1 Contribution to the Southend 2050 Road Map

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

10.2 Financial Implications

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

10.3 Legal Implications

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

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

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

10.4 People Implications

As various mitigating actions are worked through for 2022/23 and also consideration of options for 2023/24 there is likely to be an impact on staffing. As and when these are assessed they will be taken through the necessary Council procedures and governance routes.

10.5 Property Implications

There will be an impact on the Civic Centre with the closure of the top five floors and also a potential impact on other administrative and operational businesses through closure and/or realignment of opening and closing times.

10.6 Consultation

Engagement has already been made with staff and cabinet members and now with full councillors and this will continue as options to mitigate for 2022/23 are progressed as well as options for delivering a robust balanced budget for 2023/24.

10.7 Equalities and Diversity Implications

Some of the actions may have equality and diversity implications and these will be considered as part of our normal equalities impact assessments.

10.8 Risk Assessment

Sound budget monitoring processes underpin the Council's ability to manage and mitigate the inherent financial risks associated with its budget, primarily caused by the volatility of service demand, market supply and price. The unprecedented levels of inflationary cost pressures and service demand experienced across almost every aspect of the Council's operations are adding significant risk to its future financial sustainability. This challenge is replicated across most upper tier local authorities right across the country.

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

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

10.9 Value for Money

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

10.10 Community Safety Implications

There may be impacts arising from options considered and the impact on Community Safety will be taken into account

10.11 Environmental Impact

The various options may have an environmental impact but again will be fully assessed before action is taken and also the difficult financial position may make investment difficult to support our climate change aspirations.

11 Background Papers

Approved 2022/23 Budget – Report to Council 24 February 2022

Medium Term Financial Strategy 2022/23 – 2026/27

12 Appendices

Appendix 1 Period 4 – July 2022 Revenue Budget Performance 2022/23

Appendix 2 Period 4 – July 2022 Capital Investment Programme Performance 2022/23

Appendix 3 Corporate Performance report – July 2022

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Southend-on-Sea City Council

Agenda
Item No.

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

To
Cabinet

On
29 September 2022

Report prepared by:
Pete Bates, Interim Director of Financial Services,
Caroline Fozzard, Senior Finance Lead (Strategy,
Sustainability and Governance), Gareth Nicholas (Insights
Manager)

**Resourcing Better Outcomes – Finance and Corporate Performance Report 2022/23 –
Period 4**

All Scrutiny Committees

Cabinet Members: Councillor Stephen George and Councillor Paul Collins

Part 1 (Public Agenda Item)

1 Purpose of Report

The Resourcing Better Outcomes finance and corporate performance report is a key tool in scrutinising the Council's overall performance. It is designed to provide an overview to all relevant stakeholders at regular stages throughout the financial year. It is essential that the Council monitors its budgets and assesses its performance regularly to ensure that it is meeting its strategic objectives and providing value for money. This approach highlights where corrective action is necessary and reasonable mitigation is required to try to deliver a balanced financial position by the end of the year. Given the current operating environment and the significant increases experienced in both service demand and unavoidable inflationary cost pressures arising from the global cost of living crisis, this will be an incredibly difficult ambition to achieve in 2022/23. This report summarises the current forecast position for this financial year and highlights the need to make some difficult choices and take decisive action.

2 Recommendations

That, in respect of the 2022/23 Revenue Budget Performance as set out in appendix 1 to this report, Cabinet:

- 2.1 Note the forecast outturn for 2022/23 for the General Fund and the Housing Revenue Account as at 31 July 2022;**
- 2.2 Note the management action taken and to be taken to reduce the forecast overspend of the Council's revenue budget for 2022/23;**

- 2.3 **Approve the transfer of £500,000 from HRA reserves to support the increase in repairs and maintenance costs;**
- 2.4 **Approve the planned budget transfers (virements) of £2,327,766 from earmarked reserves, as set out in section 4.50.**

That, in respect of the 2022/23 Capital Budget Performance as set out in appendix 2 of this report, Cabinet:

- 2.5 **Note the expenditure to date and the forecast outturn as at 31 July 2022 and its financing;**
- 2.6 **Approve the requested changes to the capital investment programme for 2022/23 and future years, as set out in section 4 of appendix 2.**
- 2.7 **Note the Corporate Performance Report as at 31 July 2022 set out in appendix 3.**

3 Unprecedented Levels of Uncertainty and Financial Challenge Continues

- 3.1 The Local Government Association (LGA) has recently raised concerns about the “disastrous” impact that rising inflation from the cost of living crisis could have on council services, which would go on to affect residents.
- 3.2 Where possible Local Authorities are setting up contingency funds and earmarking reserves specially for inflationary pressures. Members will recollect that for this authority, as part of the cabinet report in June on the Council’s favourable outturn for 2021/22 and its resilient reserves position, it was resolved to set up an initial new cost of living reserve of £2m to support both residents and the council in combatting the latest pressures from the cost of living crisis.
- 3.3 In other Local Authority’s for example, Tonbridge and Malling Council has set aside £700,000 to enable it to keep its leisure centre open by helping the not-for-profit trust that runs the centres to absorb any increases in costs.
- 3.4 However, it is likely that such contingencies will not be sufficient to meet the scale and speed of the inflationary increases. Kent County Council has said that they are anticipating £40M to £50M of unbudgeted inflationary costs this year alone. Luton Borough Council are putting a recovery plan in place as this year’s budget is forecast to be overspent by £10M. Devon County Council has recently predicted a potential overspend in this financial year of up to £40M saying that it had “never before faced a combination of demand growth and price shock pressure of this scale”. Plymouth City Council are predicting a £14M projected overspend this financial year with the causes including rapidly rising energy and material costs and increasing demand and costs for social care services.

- 3.5 Nationally, budgeted 2022/23 spend for children’s social care increased by 3.2% or £348M above 2021/22 levels, while adult social care budgeted spend increased by 1.8% or £351M, with most other council services seeing real-terms cuts. However, these increases in budgets are not likely to be sufficient. Demand for adult social care has been increasing for some time and inflation and cost of living pressures have added to the cost of delivering social care. The Independent Review of Children’s Social Care found that costs are too high in the sector and that the children’s placements market is in need of urgent reform. The Council has not been immune from this national position and both Children’s and Adult services are experiencing significant in year cost pressures.
- 3.6 A letter has been written to the Health Secretary by the chair of the LGA’s community wellbeing group to warn that social care reforms could push some Local Authorities “over the financial edge” and force others to cut back on vital council services. This comes alongside a warning that this winter could be the most challenging for social care in recent times. It also comes after a survey from the Association of Directors of Adult Social Care found that more than 540,000 people were waiting for assessment, care, Direct Payments or adult social care reviews.
- 3.7 More will be known about the scale of the financial impact of the combination of increases in demand for services combined with inflationary cost pressures when Local Authorities have completed their medium-term financial strategies. However, it is becoming clear that more extremely difficult choices will need to be made this financial year and in the years to come.
- 3.8 Southend-on-Sea City Council, along with most Local Authorities across the country, is arguably facing its greatest challenge yet in continuing to provide essential services to meet the needs of local residents within the level of resources it has at its disposal. As reported throughout 2021/22 the direct operational service arrangements of the Council and its partners continued to be severely impacted by the COVID-19 pandemic. Despite these challenges the Council remained financially resilient and responded proactively to support local communities throughout 2021/22.
- 3.9 As detailed in the “Delivery of Southend 2050 Outcomes and Priorities: Annual Report and Provisional Resources Outturn 2021/22” report to Cabinet in June, excluding the requirements for grant reserves due to the impact of COVID-19, the Council finished the year with a higher level of reserves than it started with. This is a testament to both the financial resilience and strong effective financial management of the Council’s overall level of resources over the last decade despite the lengthy period of austerity and the two years of the covid pandemic.

- 3.10 Some commentators have described the last few years as potentially some of the most volatile and unpredictable periods in recent history. Clearly Brexit considerations initially and then the response and impact of the pandemic have caused huge disruption and concern to everyday life. Public health worries and economic impacts, together with levels of Government borrowing never seen before in peace time years have all contributed to huge extra fiscal challenges for the country. This context has created additional pressure and uncertainty locally and made effective financial and service planning for Southend-on-Sea extremely challenging.
- 3.11 Although the direct operational impact of the pandemic on the Council began to reduce during the last quarter of 2021/22, most local authorities continue to struggle with the challenges of uncertainty, financial pressures, service demands and concerns for their residents and local areas. Effectively coping with the aftermath of the pandemic has been exacerbated and made much more complex by the implications of the horrific events in Ukraine and an unprecedented rise in energy prices. This has contributed to monthly general inflationary increases at a level not seen since the 1970s. The 12-month Consumer Prices Index to July 2022 increased to 10.1% and most professional commentators are predicting general inflation to increase further in the coming months. The Council is now facing the perfect storm of huge increases in service demand post the pandemic combined with unavoidable rapid increases in operating costs across almost every aspect of its Organisation. This is having a huge financial impact on the Council's financial plans for 2022/23 and the general economic climate is creating serious cost of living challenges for local residents.
- 3.12 The Council was already learning of major concerns from lots of residents about the impacts of cost of living rises on their day-to-day lives. Price increases for food and fuel, as well as in supply chains for other goods, are leading to many more local residents 'just about managing' or actually falling into poverty. This situation was getting worse locally even before the latest price increases started to take effect.
- 3.13 The challenge of delivering a balanced financial outturn for 2022/23 is significant. The predicted, but unprecedented rapid rise in inflation, together with more recent changing professional opinions on the depth and duration of continued inflationary increases, is adding significant new pressures and local challenges. This new inflation forecast data has been published since the Council's 2022/23 budget was approved and will mean some very difficult choices and prioritisation of existing approved spending plans for both capital and revenue during 2022/23 will have to be undertaken.

- 3.14 Unfortunately, other major areas of concern that were highlighted in 2021/22 included the potential impact and increase on service demand 'post COVID-19' or 'living with COVID-19' in the future. This risk added to the precarious economic situation for many residents, due to the rapid increases in energy and inflationary pressures has translated into large increases in service demand for the Council. The other major area of concern that was highlighted was the impact locally of the Government withdrawing the temporary financial support that was provided during the pandemic, this has coincided with huge increases in unavoidable operating costs, creating the worst combination of factors that could threaten the financial sustainability of the Council.
- 3.15 Even at this very early stage of the year – urgent action is needed to try to reduce all non-essential expenditure and/or generate extra income. This priority must be achieved whilst ensuring that our most vulnerable residents are looked after appropriately, and our statutory responsibilities are effectively discharged. Improving efficiency and productivity is essential but the scale of the unprecedented financial pressures will inevitably lead to a reduction in the range, quality, cost and responsiveness of other discretionary Council services.
- 3.16 This report will focus on providing some detail and commentary of the financial variances at a portfolio level that are currently forecast for 2022/23. It should be noted that these estimates have been based on the best information we currently have available and have also been calculated at a very early stage of the financial year.

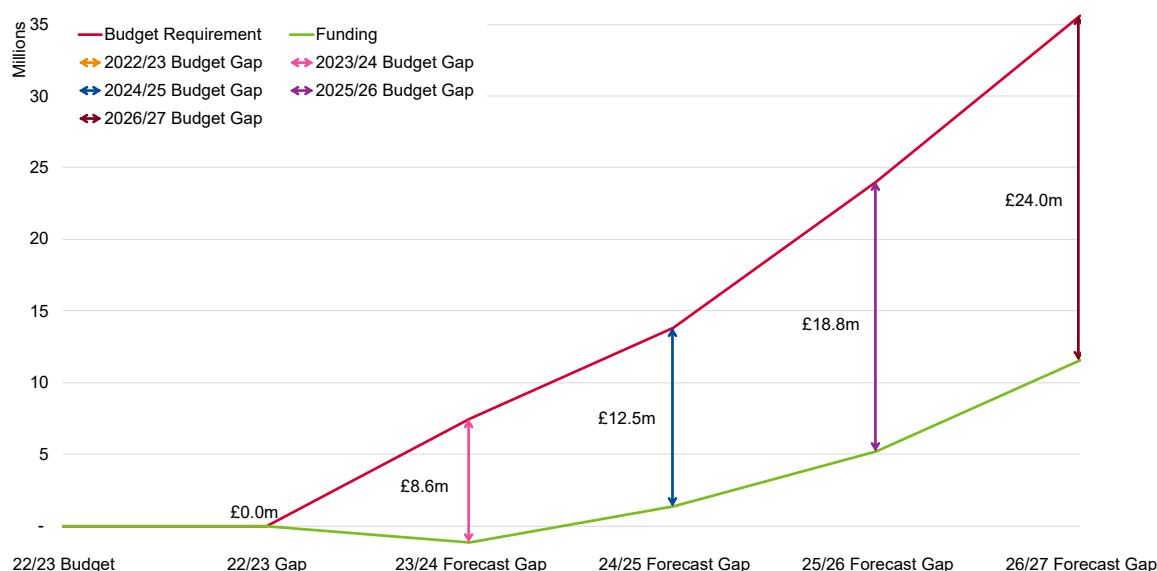
Comprehensive Spending Review or Not?

- 3.17 Given the events over the last couple of months in Downing Street and as we now know the Country's new Prime Minister, we will await announcements that may impact on Local Government but it clearly remains uncertain at this stage whether the Local Government Sector will be issued with a single one-year financial settlement for 2023/24, a 2-year settlement as suggested by the then Minister for the Department of Levelling Up and Communities or if a new Comprehensive Spending Review for the next three years will be launched for consultation. The Council ended 2021/22 in a relatively strong financial position but the size of the financial challenge for the future is arguably the biggest in the Council's history. Depending upon national funding and policy decisions taken by Central Government over the coming months then this position could get even more challenging for 2023/24 onwards.
- 3.18 To help to begin to address and close the estimated budget gap over the next five years the Council will continue to aim to achieve financial sustainability by growing local income sources and relying less on grant support from Central Government in the future. The Council will continue to work collaboratively with its partners, increase its focus on the delivery or joint commissioning of services in a targeted way to ensure that those in most need and who will receive the greatest benefit are the recipients of services. It is vital that we learn from our COVID-19 experience and tailor our services and working practices accordingly.

4 Revenue – General fund

4.1 In February 2022, the Council approved a General Fund Revenue Budget requirement for 2022/23 of £140.741M. This report provides details of the current projected outturn position for 2022/23 based on information as at the end of July 2022 (Period 4). In headline terms Council Corporate Budgets and Service Portfolios are currently forecasting a gross overspend by the year-end of £14.483M for 2022/23, which will remain if no action is taken. Action is and will be taken to further mitigate this potential overspend. The total projected overspend currently stands at around 4.4% of the Council’s gross expenditure budget.

4.2 Alongside the budget the Council also approved the Medium Term Financial Strategy which included a medium term financial forecast with an expected budget gap of £24.0M in 2026/27. (2023/24 = £8.6m, 2024/25 = £3.9m, £2025/26 = £6.3m, 2026/27 = £5.2m). The Council’s forecast profile of this budget gap for each of the next five years is detailed in the following chart which illustrated the estimated funding gap to 2026/27 as reported to Council in February 2022.



4.3 The potential budget gap is now going to be significantly larger over the medium term as a result of the significant impact of inflation and if the 2022/23 fixed base is not fully corrected by the year-end. Some initial work has been done on re-casting the medium-term financial forecast and the intention is to provide a revised illustration of the potential impact on the Council’s budget over the medium term until 2027/28 in the Period 6 financial performance update which is scheduled to be reported to the Cabinet meeting in November 2022.

- 4.4 Our 'Getting to Know Your Business' programme for service managers continues in 2022/23 and will be essential in assessing the new operating environment, financial challenges and value for money (VFM) of services. The ambition is that all service managers in Southend-on-Sea City Council will have a continuing comprehensive understanding of their business areas in terms of their benchmarked operational and financial performance, key demand and cost drivers, income levels, commercial opportunities, value for money and customer insight. This programme is designed to support managers to improve productivity and efficiency in all our business areas ensuring that we secure best value but also to support a more targeted outcomes-based approach to investment.
- 4.5 Alongside the "Getting to Know Your Business" programme, the Executive Director of Finance & Resources also put into place at the start of this financial year a set of 12 budget planning principles for the organisation to follow, which are as follows;

The Dozen Principles

1. **Budget Management** - To deliver at least an overall balanced revenue outturn against the approved budget for 2022/23. Everyone takes responsibility for spending on essential/critical items. We are all custodians of public funds.
2. **Recovery Plans** - That recovery plans for both Children's and Adults are maintained and where possible enhanced to ensure that services deliver balanced financial positions for 2022/23 and across the medium term.
3. **Budget Monitoring** - A formal governance control process is introduced to oversee and track the full delivery of approved revenue savings, planned investments and to develop a prioritised programme of targeted transformation reviews. This will include an officer Finance Monitoring Panel led by myself and separately by Member challenge sessions through the Cabinet Member with responsibility for Corporate Performance and Service Delivery.
4. **Capital** - Effective delivery of a viable and affordable Capital Investment Programme highlighting measurable outputs/outcomes. Given the pressure of substantial increases in the costs of schemes. The reviews will consider the impact of the following
 - Not starting new schemes
 - Deferring schemes/projects to later years
 - Cash limiting budgets
 - Pausing existing schemes/commitments
 - Rigorous assessment of the viability and robustness of schemes that are still subject to business case development

These arrangements will be overseen and monitored by the Capital Programme Delivery Board and separately by Member challenge sessions by the Cabinet Member with responsibility for Corporate Performance and Service Delivery.

5. **Knowing your Business** - The “Knowing your Business” programme is further embedded across all services with clear accountability and expectations are allocated to all Business Leaders/Budget Holders to ensure a focus on VFM.
6. **Annual Conversations** - That all business leaders who had an Annual Conversation objective setting in 2021, has a review to assess what action they have undertaken to deliver the following agreed objective....

“To champion the requirements of the Council’s ‘Knowing Your Business’ programme, being accountable for demonstrating strong financial acumen and sound budget management, evidencing value for money outcomes and developing greater commercial awareness.”

In addition to the above objective, that an appropriate baseline should be established and a commitment for further development and improvement in VFM for all services is included as an additional objective in ALL business leaders 2022 Performance and Development Reviews.

7. **Zero-based budget reviews** - Members have approved the need to undertake targeted zero-based budget reviews as part of approving the 2022/23 budget in February 2022. Therefore, a prioritised programme will be developed and commenced in 2022/23 – which will contain clear parameters on the expectations for service change, risks, outcomes we expect from the spending, implications and potential savings established. These reviews could also lead to the reallocation of resources - investment/disinvestment. The process will be overseen by the new Finance Monitoring Panel.
8. **Budget Planning** - That all services now plan on the assumption that they will receive a cash limited budget for 2023/24 at the same level as approved for 2022/23. Additional provisions will be considered for pay awards, inflation and for evidenced statutory requirements only. (In simple terms any requests for additional investments/growth in the revenue budget MUST be met by equivalent (or higher) levels of savings/income generation options/proposals).
9. **Procurement** - That all future procurement activity is contained to existing current budgeted levels as a maximum and ideally a target to be set for a reduction in historical spend levels. Individual assessment and reporting will be undertaken across all major engagements with the market.
10. **Staffing** - A Workforce Transformation Panel will be introduced to oversee a service delivery change programme and ALL new staffing restructures. These could be generated by other associated reviews in this paper or by innovation and creative changes volunteered by Services to change their operations and reduce their cost base. All restructures will be subject to a viable business case and any exit costs MUST be built into the assessment/appraisal and paid for by the Service over an agreed number of years across the medium term. We will need to learn from other service redesigns/restructures to ensure we deliver appropriate changes and timely savings. The Panel will also undertake a comprehensive review of alternative sourcing and resourcing practices with the objective of reducing Interim/Agency/Fixed Term/Temporary Consultancy spend by the Organisation (Currently estimated to be over £10M in 2021/22).

11. **Business Cases** - Robust business cases will need to be developed for any additional investment requests to establish the viability and VFM of new Capital and Revenue projects and this will continue to be overseen by the Investment Board.
12. **Budget 2023/24** - A draft proposed balanced budget package for 2023/24 (without any reliance on reserves) will be developed and available for consideration by Summer 2022 to enable CMT/Cabinet to assess and agree on the difficult choices that will need to be made. Options to bring forward any 'in-year' proposals i.e., new fees & charges, commercial opportunities, changes in service/contract arrangements etc that will deliver savings or generate extra income should be proactively pursued immediately.
- 4.6 Services are considering the impact and risks of making reductions in their budgets and are continuing to develop recovery and mitigation plans to try to improve the current financial situation and to prepare for the significant future financial challenge. All services are being challenged to try to improve efficiency and productivity to ensure that the resourcing of better outcomes for our residents are achieved at the best value for the local taxpayer. More details will be included as part of the Period 6 monitoring report.
- 4.7 In the meantime, to aim to reduce the forecast overspend this year and remain on a sound financial footing to deal with the budget gap in this and future years, a number of tactical mitigations are also being put in place:
- Giving consideration to what non-essential spending can be stopped, delayed or deferred.
 - Reviewing all third-party supplies and services contracts.
 - Constructively challenging all recruitment and resourcing requests.
 - Giving consideration to whether our organisation has the right structure which is of a proportionate size.
- 4.8 Some of the action already commenced by officers to support the 2022/23 budget position and 2023/24 budget planning are;
- The mothballing/storage use only of the top five floors of the Civic Centre to reduce expenditure on our utility costs.
 - The review of our estate to ensure administrative buildings are only being used on an essential basis by staff and where possible to reduce usage accordingly to save on relevant premises and utility costs.
 - A fundamental review of the capital investment programme to reduce the need to borrow and therefore less financing costs impact for the revenue budget (more details of this review is contained in section 6).
 - Directors have been asked to model the impact of a 15% reduction in their 2022/23 cost base and for this to be assessed as part of 2023/24 budget planning in the face of these unprecedented inflationary and demand pressures.

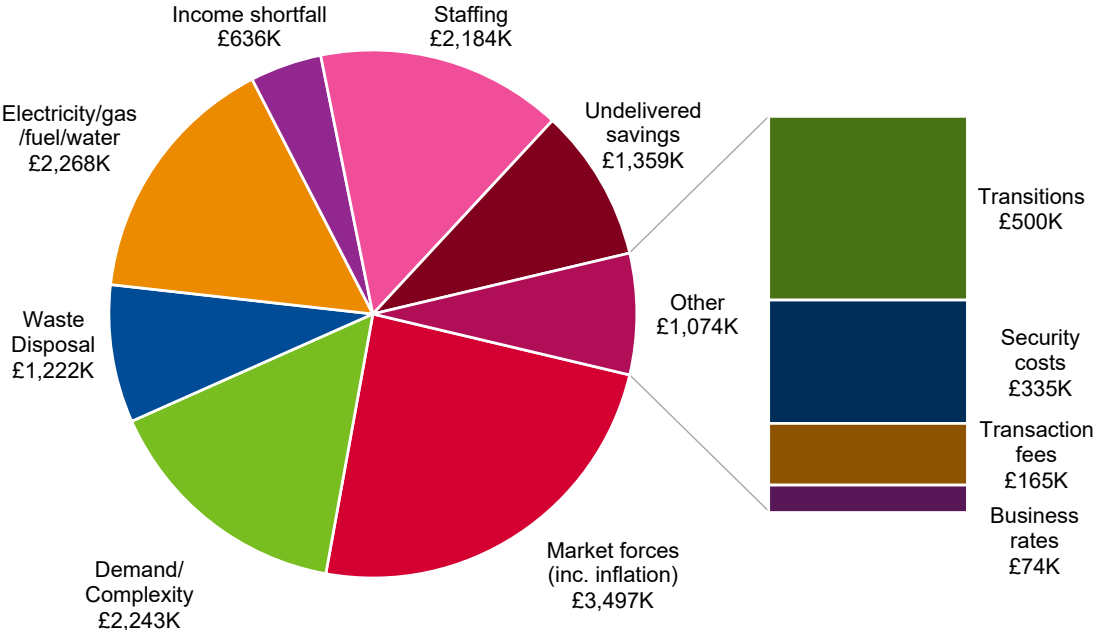
- A review of third party suppliers and service contracts is underway which will look at all priority contracts and will require engagement with the market – this is being worked through and more will be reported in the period 6 budget monitoring report but continued action will be undertaken by officers in the meantime.
- Advice is being sought on assessing the Council's cost base and how our services benchmark against other unitary authorities including staffing structures.
- A range of councillor and staff briefings are being set up to help to understand the Council's financial position and the actions that are being taken/to be taken over the next month.
- A communications strategy is being developed for stakeholders, businesses and residents.
- A set of internal budget challenge sessions are being set up to challenge the cost base of service budgets. This will be carried out by the Corporate Management Team by department and separately challenge sessions with departments and cabinet members overseen by the Cabinet Member for Asset Management and Inward Investment and the S151 Officer;
- The Workforce Transformation Panel has been set up which will review and act as a sign off for essential only recruitment (permanent and temporary) and it will also review the current range of interim staffing. It will also review any new restructures proposed and also request areas of the organisation to be reviewed in the light of benchmarking and other associated information around services.

4.9 Within all of this work it will be essential to work within a set of priorities and where possible to protect resources - areas of higher priority will be;

- Vulnerable Adults and Children
- Isolated individuals
- Supporting families in the cost of living crisis
- Climate change
- Highways pavement works
- Tourism
- Maintaining prioritised subsidies to services as best we can
- Which of our discretionary services may be done by our third sector

Summary of the major factors contributing to the forecast overspend in 2022/23

4.10 The forecast revenue overspend of £14.483M is driven by a wide range of factors which have been broadly summarised in the following pie chart.



4.11 The variances in the pie chart and referenced throughout the report are after application of staffing contingency budget of £2.33M and non-staffing contingency budget of £3.5M.

4.12 The National Employers made a final one-year offer to unions representing the main local government National Joint Council (NJC) workforce on 25th July 2022. This offer consisted of:

- an increase of £1,925 on all NJC pay points 1 and above, with effect from 1 April 2022.
- an increase of 4.04 per cent on all allowances, with effect from 1 April 2022.
- an increase of 1 day to all employees’ annual leave entitlement, with effect from 1 April 2023.
- the deletion of pay point 1 from the NJC pay spine, with effect from 1 April 2023.

Based on this offer the ongoing cost to the Council would be circa £4.0M a year. The estimated cost of the pay award at budget setting was £2.33M, the difference of £1.68M is an in-year budget pressure and creates a permanent pressure of equivalent value in the Council’s revenue base budget from 2023/24 onwards and will increase the current forecast financial gap by circa £1.7M per year.

The pay award pressure is identified by portfolio in Appendix 1. Other staffing pressures are identified by service in paragraphs 4.44 and 4.48 of this report.

- 4.13 The combined impact of increases in demand and the level of complexity of service user needs in both Adults and Children's is resulting in a forecast overspend of £2.243M. These pressures are explored in more detail in paragraphs 4.32, 4.33 and 4.39 to 4.41.
- 4.14 There were a range of budget savings and income generation initiatives that were approved as part of the setting of the 2022/23 budget, totalling £4.837M. As reported throughout 2021/22 there has been difficulty in delivering the ICT savings which have been severely impacted by COVID-19, the cumulative total of these undelivered savings is £0.61M. A further pressure of £0.75M is caused by the continued delay in implementation of the Business Support Service Redesign due to challenge from unions. The independent review has now concluded, and the redesign can be implemented but it is estimated that savings will not start to be realised until the final quarter of 2022/23.
- 4.15 The rising cost of energy and fuel has been widely covered in the media and as part of setting the 2022/23 budget the Council increased the amount earmarked in contingency to circa £1.0M to mitigate some of the impact on services. The increase in costs has far exceeded the amount earmarked and there remains a pressure across all the services of £2.268M. The most significant contributors to this overspend are explored in more detail in paragraphs 4.37 and 4.47.
- 4.16 In July 2022 the rate of inflation, as measured by the Consumer Price Index (CPI), increased to 10.1%. This is the first time that annual inflation has been in double-digits since February 1982, over 40 years ago. Inflation increases are being driven partly by energy costs, as discussed in paragraph 4.15, but also by the cost of labour and raw materials due to global demand exacerbated by supply chain issues in key areas due to the pandemic and the war in Ukraine. According to the Office for National Statistics (ONS) goods prices have risen by 2.7% and services by 4.9%.
- This has had a significant impact on the cost of services which the Council delivers and is reflected in the £3.497M pressure which is being attributed to market forces. As well as inflation, market forces encompass the availability of supply of services which is having particular impact on Adults and Children's social care, paragraphs 4.34 and 4.41 provide more detail.
- 4.17 The cost of waste disposal is causing a pressure of £1.222M, more detail on this can be found in paragraph 4.29.
- 4.18 A shortfall in income is expected within some services, most significant of these is due to the scheduled refurbishment of the cremators at the crematorium, see paragraph 4.30.
- 4.19 Other pressures include £0.5M from the cost of Children who have transitioned to Adult social care provision (see paragraph 4.33), £0.335M from security costs (see paragraphs 4.38 and 4.49), transaction fees (see paragraph 4.46) and business rates which have increased as a result of valuation changes for two properties in particular, one being a Children's Centre (£43k) and the other the Equipment Services store (£31k).

Corporate Matters and Performance Delivery

- 4.20 The expected pressure from the pay award across this portfolio of services is £346,000.
- 4.21 The most significant forecast financial pressure is within Digital and Technology, at this stage of the year a £350,000 overspend is predicted. This is due to a combination of significant delays experienced in the delivery of planned savings due to the impact of COVID-19, extra cost involved in managing a secure remote working environment and reducing levels of external income generated, which together total an overspend of £609,000. Offsetting this overspend is income of circa £300,000 which is due to the Council as part of their ongoing agreement with City Fibre's work across the city.
- 4.22 Managed underspends on some third-party budgets and proactive vacancy management across several services within the strategy, change and governance directorate is helping to reduce the total level of forecast overspend at this stage of the year.

Environment, Culture & Tourism

- 4.23 The delivery of the Parks and Grounds Maintenance services is severely impacted by the high inflationary pressures on utility and fuel costs. There is a pressure of £230,000 for these elements as well as £50,000 from the pay award. Vehicle and machine hiring and leasing costs are creating a further pressure of £100,000 and income is expected to be £60,000 below target this year.
- 4.24 A number of significant Development Control and Building Control applications have come into the Council this year which has seen a considerable amount of income received in the first 4 months of the year. With this additional income and work it is expected that some additional resources will be required to support it. However, it is anticipated that the net impact on the income budget will be a surplus of approximately (£130,000). There are also forecast underspends within ICT systems and vacant posts within the team.
- 4.25 Culture and Tourism are currently reporting a forecast overspend of around £1.04M. Increased energy costs account for £646,000 and expected pressure from the pay award accounts for a further £104,000, as outlined in paragraphs 4.12 and 4.15.
- 4.26 There is an in-year pressure of £154,000 on recovery of income from the leisure contract but this is temporary as Fusion Lifestyle have agreed that the income will be recovered in 2023/24.
- 4.27 Other, smaller, pressures are caused by the provision of barricades for the Queen's Jubilee baton relay event and repairs and maintenance on aging assets, such as the Cliff Lift.

Public Protection

- 4.28 As a result of changes in people movements and consumer habits (increased time spent or working at home, coupled with a significant increase in home deliveries) there is an increase in the volumes of waste generated from residential properties. Although some of this increase will be recyclable material, there is also an increase in residual waste.
- 4.29 As the waste disposal authority this increased tonnage is resulting in an estimated extra disposal cost pressure of around £1,200,000. Any increase in recycling performance will negate some of this additional cost.
- 4.30 The crematorium refurbishment programme is due to commence later in the year. As a result of the works a temporary cremator will be used and services will be reduced. This is expected to contribute significantly to an estimated income shortfall in the region of £575,000. Inflationary pressures on gas and electricity consumption are estimated to be approximately £170,000 although this may reduce as a result of reduced service in the latter part of the year.

Adult Social Care & Health Integration

- 4.31 Adult Social Care are reporting a forecast overspend of £2.2m; which is predominantly due to the delivery of statutorily required care and support to people with physical or learning disabilities aged 18-64. There is an expected pressure from the pay award accounts for a further £274,000, as outlined in paragraph 4.12.
- 4.32 As expected, levels of service use have increased with clients who have not received care over the last two years now restarting their care, which in some cases is now more complex and therefore more costly. This increase in demand and/or complexity is estimated to account for circa. £600,000 of the pressure on the service.
- 4.33 Another driver of increased demand, and therefore cost, is the transition of clients into Adult Social Care from either Children's Services or an Educational placement. These are currently being forecast to cause a pressure of circa. £500,000.
- 4.34 Further cost pressure comes from the Adult Social Care market, where inflation is driving up the cost of existing provision as individual providers respond to the increased cost of living.
- 4.35 Alongside increased demand/complexity and market forces there are several national policy and funding changes that present a financial risk to the authority. The Department for Health and Social Care (DHSC) are currently consulting on the distribution of funding for adult social care charging reform in 2023/24, which is worth £772 million nationally. The essence of the reforms is to open access to local authority-funded care to households with more assets, through the cap on care costs and the extension on the means tested thresholds, which has the potential to increase demand on Council service provision even further.

- 4.36 The Government has also stated its intention to review its approach to distributing the £600 million to be allocated through the Market Sustainability and Fair Cost of Care Fund in 2023/24.

Asset Management & Inward Investment

- 4.37 There is significant pressure on the Property and Commercial budget caused by the forecast impact of increased energy costs relating to Civic 1 and 2 and the Tickfield Centre. The Corporate Management Team is currently considering what action can be taken to mitigate these costs in the short- to medium-term.
- 4.38 With the completion of the new care home, Brook Meadows House, several properties across the Council's estate have been vacated by services which have relocated to the new facility. There are costs associated with holding these properties vacant and these are being reported as a pressure. The asset management team are working to minimise the period that these properties are held vacant and expedite the process of preparing the sites for sale in order to maximise the capital receipt to the Council.

Children & Learning and Inclusion

- 4.39 What is quickly now becoming a national issue, Children Social Care has opened up in 2022/23 with a significant overspend of £6.617M excluding the one off £2.5M specific children earmarked reserve for 2022/23, and this is unfortunately mainly due to the now very high cost of residential care placements and in particular for children with complex needs. Market forces impacted by increased demand nationally outstripping supply haven driven up residential placement costs dramatically.
- 4.40 As reported in the final position report for 2021/22, it was highlighted that during the last quarter of 2021/22 children in care numbers had started to rise, and an increased opening spend pressure was expected due to this rise and the resultant increased requirement of external foster care placements, and as agreed through the 2022/23 budget a one off £2.5M specific ear marked reserve was created to support Children Social Care in the recognition of cost pressures continuing. However, in addition, what has also now materialized was the unanticipated and significant increased cost of residential care placements for new complex placements in 2022/23.
- 4.41 On average from 2021/22, residential care numbers have increased by six to 32 as at the end of July 22 which is equivalent to 10% of the children in care placements as at the end of July 22, 312 in total. Even though this remains a small cohort of children placed in residential care compared to the total number of children placements, it is again both the cost of each new residential placement and the now average of cost of residential placements that has driven up this pressure. The average residential care placement cost to social care directly is now running at £270,000 per annum, which is an average increase of £70,000 per placement compared to 2021/22.

- 4.42 Work continues within Children Social Care to seek to reduce these costs where possible and safe for the child, including working with health where a child's needs can meet assessment for health contributions, but equally, it has to be noted any further required residential care placements will add further cost pressure to this current position.
- 4.43 Work also continues on building and sustaining capacity within the Inhouse foster carer provision and engaging regionally with the risks of the costs of the care market to Councils.
- 4.44 Other smaller financial pressures within Children Services remain from 2021/22, and this includes continued reliance on temporary agency staff to cover critical social work or operational posts. Again, Councils now having to rely on agency workers to cover vacant Social Work posts is a national problem. There are also further smaller but continuing pressures on Unaccompanied Asylum Seeking children placements where the young adults have now turned 18 and Home Office support funding reduces, the cost of placements supporting children with disabilities, and some now very high and complex placements within the care leaver provision where these now young adults have transitioned from previous residential care placements.

Economic Recovery, Regeneration & Housing

- 4.45 As part of the 2022/23 budget there was an agreed permanent investment of £200,000 to fund several staff in the Housing Register and Housing Solutions teams. Recruitment has been challenging for these roles and only recently have candidates been sourced for some of these roles. As a result of the posts being vacant for the early part of the year there is an expected underspend of (£100,000) for this year only.

Highways, Transport and Parking

- 4.46 Before COVID-19 there was a slow decline in the use of cash, but the pandemic sped that up considerably. As a result, 81% of parking payment transactions are now made by card or phone app and the impact of that is higher costs for card transaction and processing fees. The overspend for this is expected to be in the region of £235,000. Cash collection costs have not reduced to offset some of this as there is still cash to be collected, just less of it.
- 4.47 Across our entire estate, street lighting energy costs are the highest cost area for electricity. Although the rate is fixed for 12 months until April 2023, the inflation on utility costs is resulting in an overspend of £350,000 in this area. This is after the significant LED conversion programme undertaken in recent years, without which the impact of increasing energy costs would have been even greater.
- 4.48 There are also a range of staffing pressures in the service and currently the most senior management role in the service is being temporarily filled by an interim member of staff whilst a permanent solution is sought within the labour market.

- 4.49 The operation of the Travel Centre in Chichester Road continues to bring with it additional cost pressures due to increased security, cleaning and utility costs totalling approximately £120,000 and the pressure of the anticipated pay award in this portfolio is £91,000.

Budget Virements

- 4.50 All budget transfers (virements) over £250,000 between portfolios or between pay and non-pay budgets are considered and approved by Cabinet. These budget transfers have a net nil impact on the Council's overall budget. The following budget transfers for Cabinet approval this period are:

£	
362,500	Planned transfer from the Passenger Transport Joint Venture Reserve
450,230	Planned transfer from the Technology Transition and Systems Modernisation Reserve
306,027	Planned transfer from the Public Health Reserve
616,200	Drawdown from contingency for annual inflation on existing contracts.
338,509	Increase in pay budgets and decrease in non-pay budgets funded by Dedicated Schools Grant.
254,300	Final opening 2022/2023 Public Health Budget (PFASCHI) funded by Public Health Grant (PFGENGRANT) and contingency (PFBTL)
<u>2,327,766</u>	<u>TOTAL</u>

5 Revenue – Housing Revenue Account

- 5.1 In February 2022, the Council approved a balanced 2022/23 Housing Revenue Account budget. This section of the report details the projected outturn position for this year based on actual activity and financial performance as at the end of July 2022 (Period 4).
- 5.2 The forecast for the Housing Revenue Account (HRA) at period 4 indicates that it will have a net deficit of £800,000 in 2022/23, a variance of around 2.9% of the gross operating expenditure.
- 5.3 This position is due to the inflationary pressures experienced by key contractors and anticipated rent losses due to the number of void properties held, primarily as part of the Queensway regeneration project.
- 5.4 The reduced supply of building materials and a shortage of specialist skills are increasing the unit costs on the repairs and maintenance contract. Whilst we have a duty to meet our regulatory and statutory requirements, the repairs programme is currently being reviewed in an attempt to reduce costs where possible, without compromising the safety of tenants.
- 5.5 Recommendation 2.3 earlier in this report is in response to these inflationary pressures on repairs and maintenance.

6 Capital

- 6.1 Successful and timely delivery of the capital investment programme is a key part of achieving the Southend 2050 ambition and delivering priority outcomes. The investment contributes to the five main themes in the following way:
- 6.2 Pride and Joy – the key investment areas are: the ongoing refurbishment and enhancement of Southend’s historic pleasure pier and the town’s cultural and tourism offer, including parks, libraries and museums.
- 6.3 Safe and Well – the key investment areas are: the construction and acquisition of new council homes and the refurbishment of existing ones via the decent homes programme.
- 6.4 Active and Involved – the key investment area is the Cart and Wagon Shed for the coastal community team to use as part of their community interest company.
- 6.5 Opportunity and Prosperity – the key investment areas are: the Launchpad at the Airport Business Park to deliver benefits for both local businesses and local communities, creating thousands of job opportunities and attracting inward investment; the schools high needs and special provision programmes to enhance the facilities and number of places available for children with special educational needs and disabilities or requiring alternative provision; refurbishment works at the Victoria Centre to make a significant contribution to the attraction and amenity of the centre and improve and enhance that end of the City Centre; the Levelling Up Fund projects at Leigh Port, the Cliffs Pavilion and City Beach.
- 6.6 Connected and Smart – the key investment areas are: the investment in the borough’s highways and transport network, including improvements funded via the Local Transport Plan and Local Growth Fund; investment in the Council’s ICT infrastructure and networks to enable and transform outcome focussed service delivery.
- 6.7 In February 2022 the Council agreed a capital investment programme budget for 2022/23 of £99.1M. The outturn for 2021/22 showed a final spend of £69.0M against a revised budget of £78.6M, an underspend of £9.6M. The proposed budget carry-forwards, accelerated delivery requests and other budget re-profiles and amendments at June Cabinet resulted in a revised budget for 2022/23 of £115.5M. Of this amount £89.7M is deliverable directly by the Council and £25.8M is to be delivered by South Essex Homes Limited, Porters Place Southend-on-Sea LLP and Kent County Council.
- 6.8 This amount should be considered in the context that there is a further list of schemes that are not in the approved programme but are subject to viable business cases. This includes schemes where the costs have been estimated, totalling £97M and schemes that are yet to be costed. There may also be urgent health and safety works that might occur that are as yet unforeseen.
- 6.9 All Councils are being affected by inflationary pressures and supply chain issues which will affect deliverability and affordability. There are multiple causes for the inflationary pressures:

- wage inflation due to scarcity of labour.
- base material price inflation due to global demand exacerbated by supply impacts in key areas due to the pandemic and the war in Ukraine.
- energy cost inflation impacting on all areas from production to logistics to on site energy costs.
- contractor risk pricing.

6.10 Forecasts suggest that Construction Price Inflation is currently in double figures with major spikes for certain materials and products sometimes in excess of 20%. This not only has an impact on the current capital investment programme but also on future projects for which the Council may bid for funding.

6.11 Given the above and the Council’s finite capacity to deliver capital schemes, the Capital Programme Delivery Board has been considering four options for assessing the ongoing delivery of projects:

No.	Option Description	Considerations
1	Increase the available budget to support the project to take into account inflationary pressures	The negative impact on the affordability of the programme as a whole and the resulting budget pressure that would need to be met from savings or income generation
2	Do less – understand and accept how much less the Council can delivery with existing budgets	The negative impact on the delivery of the Southend 2050 and recovery priorities
3	Stop project delivery	Requires effective prioritisation
4	Defer or slow down delivery	This could put pressure on the programme in later years and impact on the delivery of key priorities

6.12 A generic approach to the programme as a whole would not be appropriate, as each project is different in the way the impact of the inflationary pressures and supply chain issues will be felt. The way that projects are funded also needs to be considered as grant and third-party funding would have to be returned if not spent or if delayed beyond the agreed expenditure timeframe. It is also recognised that these options need to be considered alongside the MoSCoW review (categorising capital projects as ‘must have’, ‘should have’, ‘could have’ or ‘will not have’ (at this time)) and the forthcoming capital challenge sessions.

6.13 The capital investment programme should continue to be subject to continuous review and re-prioritisation to ensure resources are aligned to the Council’s Southend 2050, recovery priorities and joint administration priorities. This will inevitably lead to some difficult decisions having to be made regarding the programme with the delivery of some schemes being scaled back, delivered over a longer timescale, paused or removed.

- 6.14 Progress of schemes will be re-assessed and some schemes may be removed from the main programme entirely and others held as ‘subject to viable delivery plans’ until it can be demonstrated that there is the capacity and resources to deliver them in the timescales indicated. Schemes can then be brought back into the main programme as and when it is appropriate to do so. This approach follows the current approach introduced two years ago when schemes can enter the programme during the financial year and not just annually at budget setting.
- 6.15 As this review progresses via challenge meetings, the Capital Programme Delivery Board and the Investment Board, re-profiles and other adjustments to the programme for 2022/23 and future years will be put forward for approval.
- 6.16 The results of the early stages of this review are included in this report but the review is on-going and further changes will be included in the Period 6 performance report to Cabinet in November. Capital challenge sessions relating to the strategic schemes have been undertaken with the Cabinet Member for Asset Management and Inward Investment and the resulting requested changes to the capital investment programme have been included in this report. Further capital challenge sessions are due to take place with the Cabinet Member for Asset Management and Inward Investment in early October and the resulting requested changes to the capital investment programme from those sessions will be included in the Period 6 performance report to Cabinet in November.
- 6.17 Approximately 36% of the capital investment programme is financed by Government grants and external developer and other contributions and at the end of July nearly 60% of that had been received. The rest of the programme is funded by capital receipts, the use of reserves or by borrowing. Funding schemes by borrowing has a revenue consequence of approximately £70k p.a. for every £1M borrowed.
- 6.18 This report details the projected outturn position for 2022/23 based on information as at the end of July (period 4). The report includes details of progress in delivering the 2022/23 capital investment programme and in receiving external funding relating to that year.
- 6.19 This report includes any virements between schemes, re-profiles across years, new external funding, transfers from the ‘subject to viable business case’ section to the main capital investment programme and any proposed scheme deletions.
- 6.20 The progress of schemes for 2022/23 is detailed in sections 1 to 3 of Appendix 2 with Section 4 setting out the resulting requests to:

For schemes to be delivered by the Council:

- Carry forward £15,804,000 of 2022/23 scheme budgets, £11,892,000 into 2023/24 and £3,912,000 into 2024/25.
- Bring forward £120,000 of budget from 2023/24 into 2022/23.
- Add scheme budgets totalling £22,000 into 2022/23, £3,151,000 into 2023/24 and £3,151,000 into 2024/25 where new external funding has been received.

- Remove £104,000 from 2022/23 for scheme budgets no longer required.
- Action virements of budget between approved schemes.
- Move scheme budgets totalling £10,068,000 from the 'subject to viable business case' section up into the main Capital Investment Programme, £68,000 into 2022/23 and £10,000,000 into 2024/25;

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

- Carry forward £6,100,000 of 2022/23 scheme budgets, £5,100,000 into 2023/24 and £1,000,000 into 2026/27.

6.21 As at the end of July the capital outturn for 2022/23 is currently estimated at £73,984,000 for schemes to be delivered by the Council and £19,749,000 for schemes to be delivered by subsidiary companies, joint ventures and partners. The amount to be delivered by the Council is expected to reduce following the on-going review of the capital investment programme as highlighted in 6.13 to 6.15. An updated assessment will be included in the Period 6 performance report and presented to Cabinet in November 2022.

6.22 The 2022/23 capital budget is part of the wider capital investment programme spanning several years. The table below shows the revised programme if all the above requests are approved:

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

	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	Total £000
At June Cabinet	89,682	32,178	12,268	5,818	5,960	145,906
Amendments	(15,698)	14,923	17,063	0	0	16,288
Revised programme	73,984	47,101	29,331	5,818	5,960	162,194

Programme to be delivered by Subsidiary Companies and Joint Ventures:

	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	Total £000
At June Cabinet	25,849	17,062	9,598	3,250	0	55,759
Amendments	(6,100)	5,100	0	0	1,000	0
Revised programme	19,749	22,162	9,598	3,250	1,000	55,759

7 Corporate Performance

- 7.1 The Corporate Performance Dashboard July 2022 report (appendix 3) covers performance indicators that link to the Resourcing Better Outcomes financial report. The report shows our performance predominantly for the period July 2022, with some exceptions where data is unavailable at this time. Data has been RAG rated against targets where applicable and compares our current position to the previous month and previous year where data is available. It is presented by Portfolio Holder, with the intention to align against the new corporate priorities following the adoption of the new Corporate Plan in September.
- 7.2 The indicators currently showing as red on their RAG status, indicate that they are at risk of missing target. These indicators are noted below by way of exception:

Corporate matters and performance delivery

7.3 **SCC working days lost per FTE due to sickness - excluding school staff [Cumulative YTD]**

Staff sickness continues to perform under target across the council, tracking against the national trend of increased sickness from 2020 – 2021 noted by ONS in 2022, with rates being at their highest in more than 10 years. This may cause pressures within services that are finding it difficult to have staff in place; exacerbating the need for agency staff. The knock-on effect of this may be disruption to services and reduced performance, especially where service demand has seen an increase/is predicted to see an increase as highlighted in 3.11 and 3.14.

7.4 **Percentage of general complaints received answered within timescales (all stages) [Monthly Snapshot]**

Complaints continue to be under target primarily due to the amount overdue at stage 1 of the process and the record high backlog of complaints in April 2022. This service is due to be managed under the new business support hub which has been highlighted as overdue at 4.14; there will be renewed focus on improving in this area as part of the new structure.

Adult Social Care & Health Integration

7.5 **Proportion of those that received short-term service during the year where sequel was either no on-going support or support of a lower level**

This indicator has seen reduction against June 2022 (47.2%) and when compared against June 2021 (56%) with a value of 44.8%; this is attributed to the high level of service users requiring long term service, in line with the predicted increase in service demand for adult social care, highlighted in 4.31 and 4.32 and could be an indicator of the impact of increased service demand on the increase of budgeted spend highlighted in 3.5.

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

On face value the correlation of this indicator would be similar to that seen at 7.5, however this Performance Indicator has recently been updated to include all service users (where previously there were restrictions on the services used and referenced in the indicator). This has meant that the gap between target and value remains but that it is a more comprehensive view of all users.

7.7 Proportion of adults with a learning disability in paid employment

The impact of COVID-19 on disabled people in employment saw a widening gap when compared against people without disabilities as noted by the House of Commons Library 2022. 3.8 notes the impact of the pandemic against service provision; this measure brings the added context of the legacy impact of COVID-19, and the tensions between the two, that the council continues to navigate through.

7.8 Proportion of older people (65 and over) who were still at home 91 days after discharge from hospital into reablement/rehabilitation services

Although the council has limited control over this measure as the NHS lead on this, it does indicate the increased demand on public services as set out in 4.35.

7.9 Wellbeing referral Programme - Number of individuals completing 12 weeks of Wellbeing Referral Programme

This measure has not yet met target since its launch; the council is developing an improved programme alongside our partners Fusion Lifestyle and Everyone Health. This will support catering for a larger number of people in need than is currently provided.

7.10 Rate of children in care per 10,000 population under 18 years old

Service demand continues to outweigh provision, as more children enter care than leave. Children's care plans are to be reviewed to ensure service provision is appropriately provided, ensuring safety of children while balancing the budget pressures highlighted in 4.40 and 4.42.

Children & learning and inclusion

7.11 Percentage of children who have been in care for at least 5 working days, who have had a visit in the 6 weeks (30 working days), prior to the last day of the month

This indicator is linked to the increase of children in care (7.10) and persisting vacancies within social work teams, exacerbating the need for agency social workers to help fill the vacancy gap (7.14).

7.12 Percentage of children who have been in care for 2.5 years and in the same placement for 2 years OR are placed for adoption and their adoptive placement together with their previous placement together last for at least 2 years for CLA under the age of 16

Children's care plans are to be reviewed to ensure service provision is appropriately provided, ensuring safety of children while balancing the budget pressures highlighted in 4.40 and 4.42.

7.13 Percentage of placements in residential and PVI (private, voluntary, and independent sector) settings

There is a national shortage of placements able to care for children with complex needs, increasing the need for residential placements. The cost to the council for the ongoing need for residential placements is highlighted in 4.41.

7.14 Percentage of agency social workers (Children's)

The reliance on agency social workers is above the national average and our statistical neighbours, demonstrating the continued demand and increase of services. This compounds the overspend of the service, associated to children's placements (7.13) and the data showing we are not on track to meet target for related service provision (7.10, 7.11, 7.12, 7.13). Staff sickness rates in this area is the second highest for the council, adding to the need for agency staff at a local level, alongside the cover required for vacant Social Work posts at the national level, highlighted in 4.44.

8 Other Options

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

9 Reasons for Recommendations

9.1 The regular reporting of Revenue and Capital Budget Monitoring information provides detailed financial information to members, senior officers and other interested parties on the financial performance of the Council. It sets out the key variances being reported by budget holders and the associated management action being implemented to address any identified issues.

9.2 It also informs decision making to ensure that the Council's priorities are delivered within the approved budget provision.

- 9.3 It is important that any adverse variances are addressed in order for the Council to remain within the approved budget provision or where this cannot be achieved by individual service management action, alternative proposals are developed and solutions proposed which will address the financial impact. Members will have a key role in approving any actions if the alternative proposals represent significant changes to the service delivery arrangements originally approved by them.
- 9.4 The challenge of delivering a balanced financial outturn for 2022/23 is significant. Even at this very early stage of the year – urgent action is needed to try to reduce all non-essential expenditure and/or generate extra income. This priority must be achieved whilst ensuring that our most vulnerable residents are looked after appropriately, and our statutory responsibilities are effectively discharged. Improving efficiency and productivity is essential but the scale of the unprecedented financial pressures will inevitably lead to a reduction in the range, quality, cost and responsiveness of other discretionary Council services.

10 Corporate Implications

10.1 Contribution to the Southend 2050 Road Map

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

10.2 Financial Implications

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

10.3 Legal Implications

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

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

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

10.4 People Implications

As various mitigating actions are worked through for 2022/23 and also consideration of options for 2023/24 there is likely to be an impact on staffing. As and when these are assessed they will be taken through the necessary Council procedures and governance routes.

10.5 Property Implications

There will be an impact on the Civic Centre with the closure of the top five floors and also a potential impact on other administrative and operational businesses through closure and/or realignment of opening and closing times.

10.6 Consultation

Engagement has already been made with staff and cabinet members and now with full councillors and this will continue as options to mitigate for 2022/23 are progressed as well as options for delivering a robust balanced budget for 2023/24.

10.7 Equalities and Diversity Implications

Some of the actions may have equality and diversity implications and these will be considered as part of our normal equalities impact assessments.

10.8 Risk Assessment

Sound budget monitoring processes underpin the Council's ability to manage and mitigate the inherent financial risks associated with its budget, primarily caused by the volatility of service demand, market supply and price. The unprecedented levels of inflationary cost pressures and service demand experienced across almost every aspect of the Council's operations are adding significant risk to its future financial sustainability. This challenge is replicated across most upper tier local authorities right across the country.

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

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

10.9 Value for Money

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

10.10 Community Safety Implications

There may be impacts arising from options considered and the impact on Community Safety will be taken into account

10.11 Environmental Impact

The various options may have an environmental impact but again will be fully assessed before action is taken and also the difficult financial position may make investment difficult to support our climate change aspirations.

11 Background Papers

Approved 2022/23 Budget – Report to Council 24 February 2022

Medium Term Financial Strategy 2022/23 – 2026/27

12 Appendices

Appendix 1 Period 4 – July 2022 Revenue Budget Performance 2022/23

Appendix 2 Period 4 – July 2022 Capital Investment Programme Performance 2022/23

Appendix 3 Corporate Performance report – July 2022

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Budget Monitoring & Reporting 2022/23

Period 4 – July 2022 Capital Investment Programme Performance



Capital Investment Programme Performance Report

1. Overall Budget Performance by Investment Area

The revised Capital budget for the 2022/23 financial year which includes all changes agreed at June 2022 Cabinet is as follows:

Schemes	Revised Budget 2022/23 £'000
Total Schemes Delivered by General Fund (excluding those Funded by the Levelling Up Fund)	64,414
Total Schemes Delivered by General Fund Funded by the Levelling Up Fund	16,865
Total Schemes Delivered by Housing Revenue Account	8,403
Total Schemes Delivered by Subsidiary Companies and Joint Ventures	25,849
Total Capital Programme	115,531

Actual capital spend as at 31st July 2022 is £15,963 million representing approximately 14% of the revised budget. This is shown in section 5. (Outstanding creditors totalling £0.710 million have been removed from this figure).

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

Total Schemes Delivered by General Fund

Investment Area	Revised Budget 2022/23	Outturn to 31st July 2022	Current Variance to 31st July 2022	Expected outturn 2022/23	Latest Expected Variance to Revised Budget 2022/23	Amended Budget 2023/24 to 2026/27
	£'000	£'000	£'000	£'000	£'000	£'000
General Fund Housing	1,160	180	(980)	1,160	0	4,285
Social Care	263	615	352	263	0	0
Schools	5,170	209	(4,961)	2,026	(3,144)	6,760
Enterprise & Regeneration	11,646	2,805	(8,841)	11,646	0	10,000
Southend Pier	6,716	855	(5,861)	6,716	0	4,800
Culture & Tourism	593	100	(493)	593	0	0
Community Safety	784	274	(510)	784	0	0
Highways & Infrastructure	25,974	4,513	(21,461)	23,194	(2,780)	25,377
Works to Property	7,790	575	(7,215)	7,790	0	5,204
Energy Saving	572	208	(364)	572	0	200
ICT	3,132	1,491	(1,641)	3,132	0	1,070
S106/S38/CIL	614	192	(422)	532	(82)	201
Total	64,414	12,017	(52,397)	58,408	(6,006)	57,897

Total Schemes Delivered by General Fund – Funded by the Levelling Up Fund

Investment Area	Revised Budget 2022/23	Outturn to 31st July 2022	Current Variance 31st July 2022	Expected outturn 2022/23	Latest Expected Variance to Revised Budget 2022/23	Amended Budget 2023/24 to 2026/27
	£'000	£'000	£'000	£'000	£'000	£'000
Enterprise & Regeneration	16,865	433	(16,432)	8,943	(7,922)	14,702
Total	16,865	433	(16,432)	8,943	(7,922)	14,702

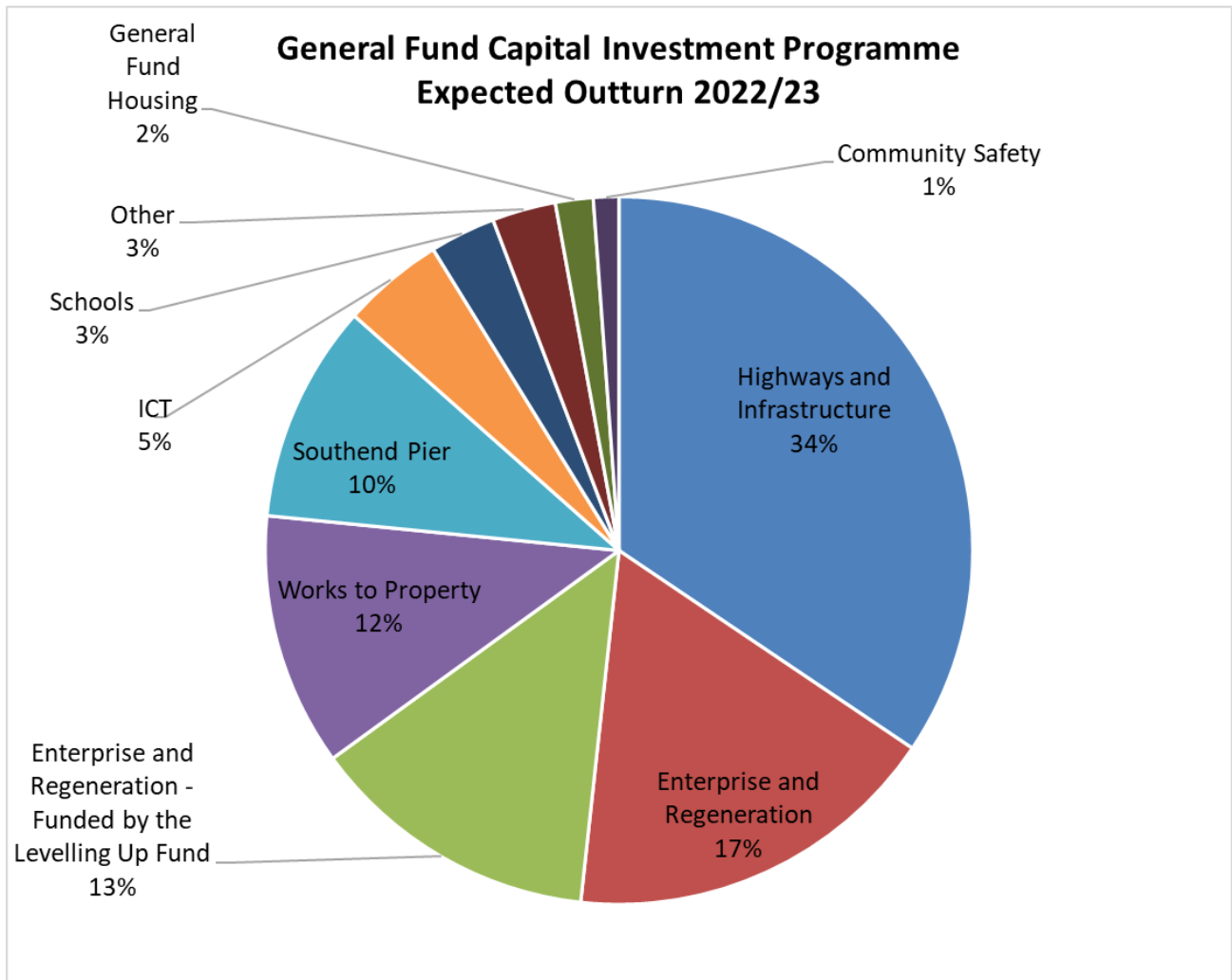
Total Schemes Delivered by Housing Revenue Account

Investment Area	Revised Budget 2022/23	Outturn to 31st July 2022	Current Variance to 31st July 2022	Expected outturn 2022/23	Latest Expected Variance to Revised Budget 2022/23	Amended Budget 2023/24 to 2026/27
	£'000	£'000	£'000	£'000	£'000	£'000
Council Housing New Build Programme	3,490	436	(3,054)	1,598	(1,892)	10,392
Council Housing Acquisitions Programme	4,034	1,087	(2,947)	4,156	122	3,673
Council Housing Refurbishment – Disabled Adaptations	879	87	(792)	879	0	1,546
Total	8,403	1,610	(6,793)	6,633	(1,770)	15,611

Total Schemes Delivered by Subsidiary Companies, Joint Ventures and Partners

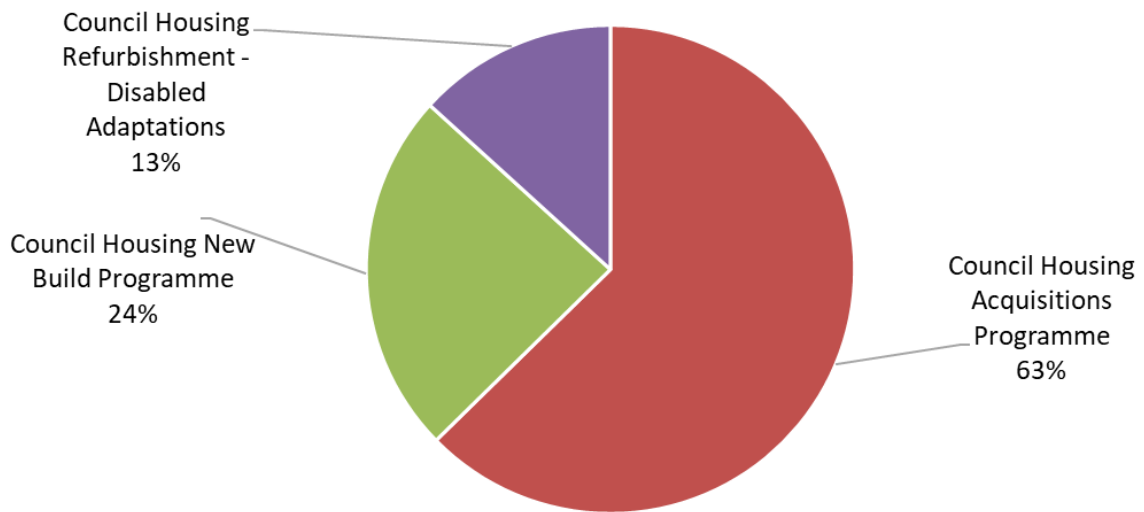
Investment Area	Revised Budget 2022/23	Outturn to 31st July 2022	Current Variance to 31st July 2022	Expected outturn 2022/23	Latest Expected Variance to Revised Budget 2022/23	Amended Budget 2023/24 to 2026/27
	£'000	£'000	£'000	£'000	£'000	£'000
Council Housing Refurbishment	9,949	1,453	(8,496)	9,949	0	13,235
Enterprise and Regeneration	15,900	450	(15,450)	9,800	(6,100)	22,775
Total	25,849	1,903	(23,946)	19,749	(6,100)	36,010

Total Capital Programme	115,531	15,963	(99,568)	93,733	(21,798)	124,220
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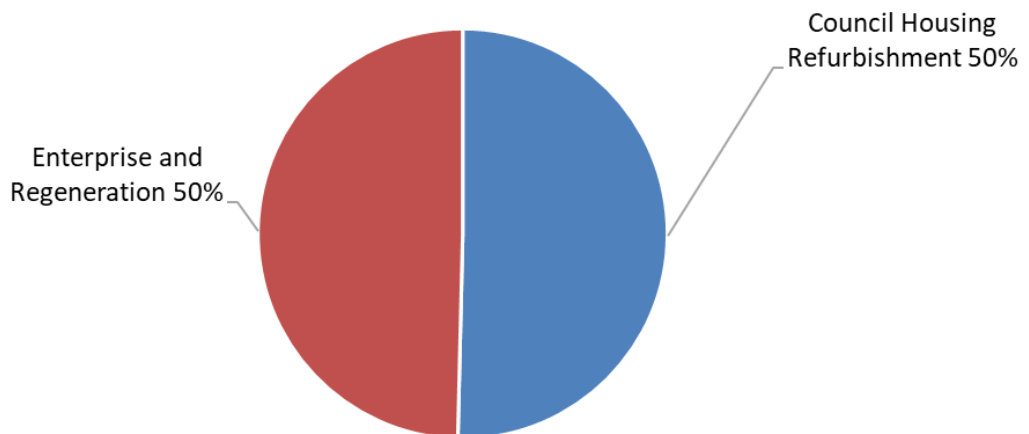


Other	Expected Outturn 2022/23
Culture and Tourism	£ 593
Energy Saving	£ 572
S106/S38/CIL	£ 532
Social Care	£ 263
	£ 1,960

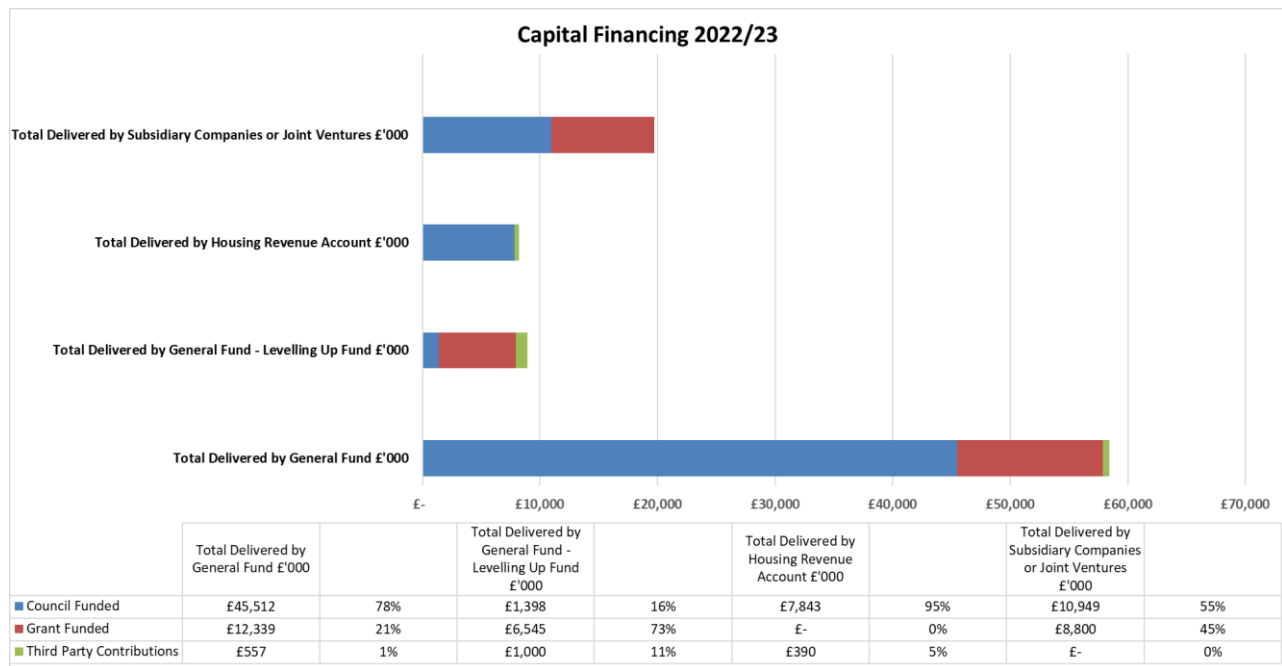
**Housing Revenue Account
Capital Investment Programme
Expected Outturn 2022/23**



**Capital Investment Programme Delivered by Subsidiary Companies,
partners or Joint Ventures
Expected Outturn 2022/23**



The capital investment for 2022/23 is proposed to be funded as follows:



Third party contributions are non-grant funding from external sources such as S106 contributions.

Of the £29.631 million of external funding expected, £18.493 million had been received by 31st July 2022.

2. Strategic Schemes

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

£91.766 million of this relates to strategic schemes and approximately 15% spend has been achieved to date for these strategic schemes.

Investment Area	Scheme	Revised Budget 2022/23 £000	Outturn to 31st July 2022 £000	Expected outturn 2022/23 £000	Latest Expected Variance to Revised Budget 2022/23 £000	Amended Budget 2023/24 to 2026/27 £000
Strategic Schemes						
Enterprise and Regeneration	Airport Business Park (including Local Growth Fund)	7,265	2,378	7,265	-	-
Enterprise and Regeneration	Better Queensway - Programme Management	1,281	176	1,281	-	-
Enterprise and Regeneration	Seaway Leisure	-	-	-	-	10,000
Enterprise and Regeneration	Victoria Centre	2,855	252	2,855	-	-
Social Care	Brook Meadows House	-	615	-	-	-
Schools	High Needs Provision	3,887	-	675	(3,212)	6,198
Southend Pier	Southend Pier schemes	6,716	855	6,716	-	4,800
ICT	ICT schemes	3,132	1,491	3,132	-	1,070
Highways and Infrastructure	Footways and Carriageways Schemes	11,526	2,527	11,526	-	17,546
Highways and Infrastructure	Parking Schemes	1,511	708	1,511	-	100
Highways and Infrastructure	Highways and Infrastructure - Local Growth Fund and Local Transport Plan Schemes	5,764	858	5,235	(529)	5,285
Total General Fund Strategic Schemes		43,937	9,860	40,196	(3,741)	44,999
Enterprise and Regeneration	Leigh Port Detailed Design	8,922	110	1,000	(7,922)	13,902
Enterprise and Regeneration	Cliffs Pavillion	7,178	323	7,178	-	800
Enterprise and Regeneration	City Beach	765	-	765	-	-
Total General Fund - Funded by Levelling Up Fund Strategic Schemes		16,865	433	8,943	(7,922)	14,702
Council Housing New Build Programme	Council Housing New Build Programme	3,490	436	1,598	(1,892)	10,392
Council Housing Acquisitions	HRA Affordable Housing Acquisitions Programme	3,007	854	3,009	2	2,000
Council Housing Acquisitions	Acquisition of Tower Block Leaseholds - Queensway	818	193	938	120	1,573
Total HRA Strategic Schemes		7,315	1,483	5,545	(1,770)	13,965
Council Housing Refurbishment	HRA Decent Homes Programme	9,949	1,453	9,949	-	13,235
Enterprise and Regeneration	Better Queensway - Loan to Joint Venture	2,000	450	1,000	(1,000)	10,675
Enterprise and Regeneration	Housing Infrastructure Funding	7,500	-	2,400	(5,100)	12,100
Enterprise and Regeneration	Better Queensway - SELEP	4,200	-	4,200	-	-
Total Delivered by Subsidiary Companies and Joint Ventures Strategic Schemes		23,649	1,903	17,549	(6,100)	36,010
Total Strategic Schemes		91,766	13,679	72,233	(19,533)	109,676
Other Schemes						
Other General Fund Capital Investment Schemes		20,477	2,157	18,212	(2,265)	12,898
Other HRA Capital Investment Schemes		1,088	127	1,088	-	1,646
Other Delivered by Subsidiary Companies and Joint Ventures Capital Investment Schemes		2,200	-	2,200	-	-
Total Schemes						
TOTAL GENERAL FUND SCHEMES		81,279	12,450	67,351	(13,928)	72,599
TOTAL HRA SCHEMES		8,403	1,610	6,633	(1,770)	15,611
TOTAL DELIVERED BY SUBSIDIARY COMPANIES AND JOINT VENTURES SCHEMES		25,849	1,903	19,749	(6,100)	36,010
		115,531	15,963	93,733	(21,798)	124,220

General Fund

Enterprise and Regeneration

The completion of the Launchpad at the Airport Business Park is progressing well with practical completion expected in September and the opening of the building expected later in 2022. The project is expected to complete within budget with the remaining capital expenditure recorded in the 2022/23 financial year with only some retentions needing to be raised as accruals at the year end.

For the Seaway Leisure scheme it was agreed that £10M of the Council's capital reserves would be used as equity in the proposed development to enable significantly improved commercial terms thereby significantly reducing the Council's financial risk and providing an improved annual income stream. Now that this scheme has been subject to significant due diligence and exchange of contracts has taken place, a request has been included as part of this report to transfer this sum from the 'Subject to Viable Business Case' section up into the main programme.

The refurbishment works to the Victoria Centre are progressing at pace with contracts let for some of the elements such as the atrium roof and the lift works. The budget is expected to be spent in 2022/23.

Social Care

Construction of the new care home Brook Meadows House was completed in 2021/22 with residents having moved into the building in early 2022. The Priory Care Home has been demolished and final landscaping works can now be completed. Works incurred during 2022/23 do not have a budget allocation and the 2021/22 works were overspent by £3.4M. The overspend has been incurred due to a number of issues including the performance of the design team. The Council is currently taking forward actions with a view to recovering significant costs incurred where these have been caused by the performance of third parties.

Schools

The High Needs Provision budget is financed by grant monies from the Department for Education to enhance the facilities and number of places available for children with special educational needs and disabilities or requiring alternative provision. There are currently three schemes at various stages of completion for autism resource bases with more potential scheme options being considered. The resource base at Southend High School for Boys is due to be completed soon, the one at Blenheim Primary School had been delayed and is unlikely to be finished by the end of the financial year end and the one at Thorpe Greenways Primary School is awaiting DfE approval. As a result a carry forward request into 2024/25 for £3,212k is included as part of this report.

Southend Pier

The pier schemes are progressing well at this point in the financial year. However, works are more difficult to complete in the autumn and winter months and the position will be kept under review, with any budget re-profile requests being included in the next available Cabinet report.

ICT Schemes

The ICT schemes are progressing and are at various stages of completion. The Core Application and Database Migration works to move to the Cloud are expected to be completed this financial year. The Digital Enablement works are underway but may need to continue into the next financial year. The position will be reviewed, with any budget re-profile requests being included in the next available Cabinet report.

Regarding the Implementation of the ContrOCC modules for Childrens and Adults Social Care it has been identified that additional payment modules will need to be implemented. Initially the works were planned over a 12-18 month period but there is now a requirement to change priorities and therefore to revisit the order of the works. The budget profile is being reviewed, with any budget re-profile requests being included in the next available Cabinet report.

Highways and Infrastructure

The Footways and Carriageway schemes are progressing well with plans to deliver the allocated budget by the end of the financial year. By the year end it is expected that approximately 25 road improvements will have been completed.

The Junction Protection works are progressing with the statutory process being worked through and works are expected to complete this financial year. The surveys for the Zebra Crossing Surfacing Replacement have been undertaken and works are expected to complete this financial year.

The works to East Beach car park are complete and it has now reopened. The scheme costs are being finalised and there is a potential budget pressure of circa £70k due to increased material costs. Other scheme budgets are being considered for a virement to fund this.

Some works on the Local Growth Fund A127 Growth Corridor scheme relating to the Bell Junction have been identified as being required in the next financial year. A carry forward request for £529k is included as part of this report.

The Southend Town Centre Interventions scheme if funded by Local Growth Fund monies which have a spend deadline of 31st December 2022. There were initially some delays due to supply chain issues but progress has been made with the equipment at Forum Square and an empty unit in the High Street is due to be opened next month. The spend deadline is therefore expected to be met.

Local Transport Capital Block funding allocations have been notified for 2023/24 and 2024/25 across the following funding streams: Integrated Transport Block, Highways Maintenance Block and the Potholes Fund. Requests to include new external funding of £3,151k in each of the years 2023/24 and 2024/25 have been included as part of this report.

General Fund - Funded by the Levelling Up Fund

Enterprise & Regeneration

The contract for the ground investigation for the Leigh Port project has been placed and the scheme design is progressing well. The sediment sampling procurement is taking longer than

estimated and the Marine Management Organisation licencing may be delayed causing he dredging to be delayed. As a result a carry forward request into 2023/24 for £7,922k is included as part of this report.

The preliminary design has been completed for the City Beach project but there is a potential delay to works starting due to the summer peak season.

The Cliffs Pavilion project has secured planning permission and a suitably qualified and experienced design and construction team have been appointed. The project is currently on hold to enable the commercial terms to be agreed between the Council and the current operator. When it resumes the anticipated costs of the project will have increased since it was initially budgeted therefore the commercial return on investment will require a comprehensive review.

Housing Revenue Account

Construction of New Housing on HRA Land

The procurement for the main contractor for Phase 3 was unsuccessful. The specification has been increased to encompass the Future Homes Standard and has been split into two smaller procurements. Costs plans are expected soon but it is anticipated that it will be possible that the contractor for the smaller portion of the scheme can be on site sooner but that the other part of the scheme will take longer to get underway. Therefore a carry forward request of £700k into 2024/25 is requested as part of this report.

Planning permission is being sought for Phase 4 and a further survey has been requested. As a result a carry forward request of £500k into 2023/24 is requested as part of this report.

In line with the revised housing construction programme a request to carry forward £400k of the Modern Methods of Construction budget into 2023/24 is also included in this report.

One purchase has been made from the Land Assembly Fund but no other purchases are expected this financial year. Therefore a request to carry forward £290k into 2023/24 is included as part of this report.

HRA Affordable Housing Acquisitions Programme

Seven properties have been purchased with a further 10 properties with solicitors. The budget is on course to be spent in 2022/23.

Acquisition of Tower Block Leaseholds – Queensway

Two leaseholds have been acquired so far this year, with a further seven leasehold acquisitions with solicitors or awaiting completion. An accelerated delivery of £120k from 2023/24 is requested as part of this report to cover these costs.

Subsidiary Companies and Joint Ventures

HRA Decent Homes Programme

The main programme works are contractually committed and progressing. The budget is expected to be spent during 2022/23.

The Sprinkler System Installation Pilot project has been completed. The feasibility study for the Remodelling of Tied Accommodation is approximately halfway through and the resulting recommendations will go to a future Strategic Partnership Board for a decision. The improvement and structural works to the Balmoral Estate is underway, with the first part completed and the 2022/23 budget is expected to be spent.

Housing Infrastructure Funding

The Housing Infrastructure Funding is grant funding which is to be drawn down from Homes England at the appropriate time and passported to Porters Place Southend-on-Sea LLP. During 2021/22 £500k was drawn down and passported to the LLP and Homes England are currently processing another drawdown of £2.4M which is due to be paid in September. The current spend deadline is March 2023 but an extension has been requested to December 2023. Therefore a request is included as part of this report to carry forward £5.1M into 2023/24. Depending on the outcome of the Homes England decision, the budget will be further re-profiled as appropriate.

Better Queensway SELEP

The current deadline for spending the £4.2M of SELEP monies is 30th September 2022. The LLP have signed a back-to-back agreement and have submitted a drawdown request of £2.5M. The rest of the monies are expected to be spent during 2022/23.

Better Queensway – Loan to Joint Venture

Project activity has slowed due to the timing of the forthcoming merger between Swan and Orbit and the awaited revised business plan from the LLP. Therefore a request is included as part of this report to carry forward £1M into 2026/27.

3. Progress of other schemes

General Fund

Schools

Projects within the Schools Improvement and Provision for School Places project are substantially complete and £400k of budget was moved from the main capital investment programme to the 'Subject to Viable Business Case' section as the service were awaiting the outcome of the local plan to assess whether these funds would be needed. A retention payment of £68k has since been notified and therefore a request is included as part of this report to bring that amount from the 'Subject to Viable Business Case' section back up into the main capital investment programme.

Highways and Infrastructure

The budget profile of the Belton Way East Cliff Slip project has been reassessed and part of the scheme will be delivered in 2023/24. A carry forward request for £2,251k is included as part of this report.

The tender for works on the Cliff Parade Cliff Slip project has been awarded and works were due to start in August.

There is no further spend for Tranche 1 of DfT's Emergency Active Travel Fund. A virement request has been included as part of this report to move £116k of budget to the DfT Active Travel – Tranche 2 scheme.

Works to Property

Planning permission has been granted for three café units at East Beach which would make a significant contribution to the attraction and amenity by enhancing the destination and providing facilities for locals and visitors to enjoy, year-round. The investment of £1,568k is for the construction of the three café units but there are many variables including tender costs, build cost inflation, rental levels, tenant demand, future business rates and parking levels all of which will impact on the final financial assessment and viability. The risk associated with the level of demand can be mitigated by building only two cafés initially, then a further unit could be built at a later date. The tender and marketing is being undertaken for two and three units so that the level of demand and market appetite can be gauged. Following the outcome of the above, the scheme will return to the Investment Board with a clear recommendation to progress with either two or three units. If the recommendation is for two units, the proportion of the budget not required would be deleted.

The crematorium refurbishment programme is due to commence later in the year. As a result of the works a temporary cremator will be used and services will be reduced.

S106/S38/CIL

£104k of unspent Section 106 funds relating to land to the west of Luker Road and South of Elmer Approach have been refunded to the South Essex College. A request to delete the associated expenditure budget has been included as part of this report.

A new expenditure budget of £22k is requested for the Whitegate Play Space at Milton Ward, funded by CIL Ward and S106 funds.

4. Requested Changes to the Capital Investment Programme

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

Scheme	2022/23 Budget £000	2023/24 Budget £000	2024/25 Budget £000	2025/26 Budget £000	2026/27 and future years Budget £000	Total Budget (all years) £000
Leigh Port Detailed Design	(7,922)	7,922				0
DFT - Belton Way East Cliff Slip	(2,251)	2,251				0
Local Growth Fund - A127 Growth Corridor	(529)	529				0
Housing Construction Scheme - Land Assembly Fund (S106)	(290)	290				0
Council Affordable Housing Development (Phase3) - Shoebury	(700)		700			0
Council Affordable Housing Development (Phase4) - St Laurence	(500)	500				0
Council Affordable Housing Development (MMC) - West Shoebury	(400)	400				0
High Needs Provision	(3,212)		3,212			0
Total Carry Forwards - programme to be delivered by the Council	(15,804)	11,892	3,912	0	0	0

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

Scheme	2022/23 Budget £000	2023/24 Budget £000	2024/25 Budget £000	2025/26 Budget £000	2026/27 and future years Budget £000	Total Budget (all years) £000
Better Queensway - Loan to Joint Venture	(1,000)				1,000	0
Better Queensway - Housing Infrastructure Funding	(5,100)	5,100				0
Total Carry Forwards - programme to be delivered by Subsidiary Companies, Partners and Joint Ventures	(6,100)	5,100	0	0	1,000	0

Accelerated Deliveries – programme to be delivered by the Council

Scheme	2022/23 Budget £000	2023/24 Budget £000	2024/25 Budget £000	2025/26 Budget £000	2026/27 and future years Budget £000	Total Budget (all years) £000
Acquisition of tower block leaseholds - Queensway	120	(120)				0
Total Accelerated Deliveries - programme to be delivered by the Council	120	(120)	0	0	0	0

Deletions from the Programme – programme to be delivered by the Council

Scheme	2022/23 Budget £000	2023/24 Budget £000	2024/25 Budget £000	2025/26 Budget £000	2026/27 and future years Budget £000	Total Budget (all years) £000
S106 Seec 0200500ful - Highway Works	(104)					(104)
Total Deletions from the Programme - programme to be delivered by the Council	(104)	0	0	0	0	(104)

Virements between schemes - programme to be delivered by the Council

Scheme	2022/23 Budget £000	2023/24 Budget £000	2024/25 Budget £000	2025/26 Budget £000	2026/27 and future years Budget £000	Total Budget (all years) £000
DFT - Emergency Active Travel Fund	(116)					(116)
DFT Active Travel - Tranche 2	116					116
Housing Construction Scheme - Land Assembly Fund (S106)	(2)					(2)
HRA Affordable Housing Acquisitions Programme	2					2
Total Virements between schemes - programme to be delivered by the Council	0	0	0	0	0	0

New External Funding - programme to be delivered by the Council

Scheme	2022/23 Budget £000	2023/24 Budget £000	2024/25 Budget £000	2025/26 Budget £000	2026/27 and future years Budget £000	Total Budget (all years) £000
CIL Ward NA and S106 - Milton - Whitegate Play Space	22					22
Highways Maintenance - Potholes		773	773			1,546
LTP (Integrated Transport block) - Better Sustainable Transport		470	470			940
LTP (Integrated Transport block) - Better Networks		429	429			858
LTP (Integrated Transport block) - Better Networks & Traffic Management Schemes		400	400			800
LTP (Integrated Transport block) - Better Operation of Traffic Control Systems		113	113			226
LTP (Integrated Transport block) - Bridge Strengthening		250	250			500
Local Transport Plan Maintenance		595	595			1,190
LTP - Maintenance - Street Lighting		121	121			242
Total New External Funding - programme to be delivered by the Council	22	3,151	3,151	0	0	6,324

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

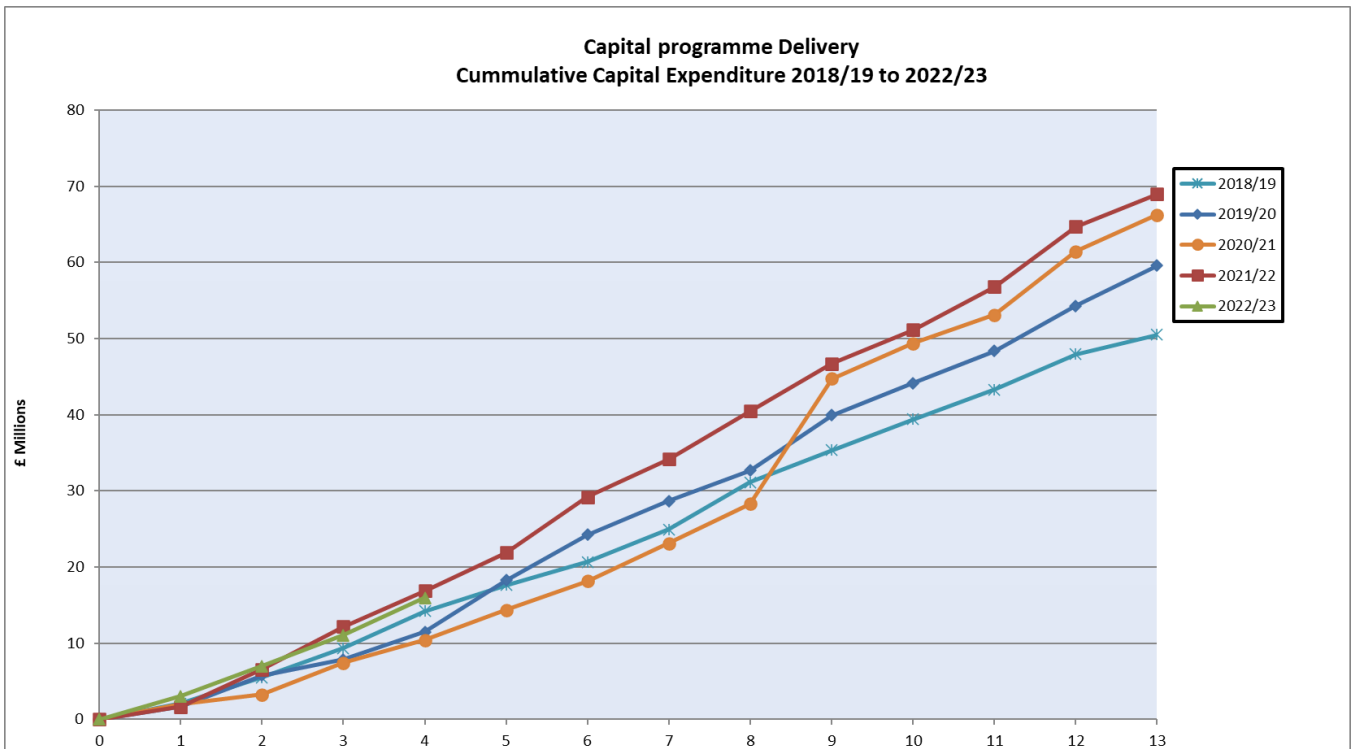
Scheme	2022/23 Budget £000	2023/24 Budget £000	2024/25 Budget £000	2025/26 Budget £000	2026/27 and future years Budget £000	Total Budget (all years) £000
Seaway Leisure			10,000			10,000
School Improvement & Provision for School Places	68					68
Total Transfers from 'Subject to Viable Business Case' Section - programme to be delivered by the Council	68	0	10,000	0	0	10,068

5. Summary of Capital Expenditure at 31st July

	Original Budget 2022/23	Revisions	Revised Budget 2022/23	Actual 2022/23	Forecast outturn 2022/23	Forecast Variance to Year End 2022/23	% Variance
	£000	£000	£000	£000	£000	£000	
General Fund Housing	1,017	143	1,160	180	1,160	-	16%
Social Care	203	60	263	615	263	-	234%
Schools	1,680	3,490	5,170	209	2,026	(3,144)	4%
Enterprise and Regeneration	7,228	4,418	11,646	2,805	11,646	-	24%
Southend Pier	6,300	416	6,716	855	6,716	-	13%
Culture and Tourism	145	448	593	100	593	-	17%
Community Safety	250	534	784	274	784	-	35%
Highways and Infrastructure	19,936	6,038	25,974	4,513	23,194	(2,780)	17%
Works to Property	6,337	1,453	7,790	575	7,790	-	7%
Energy Saving	425	147	572	208	572	-	36%
ICT	2,138	994	3,132	1,491	3,132	-	48%
S106/S38/CIL	35	579	614	192	532	(82)	31%
TOTAL PROGRAMME TO BE DELIVERED BY THE GENERAL FUND	45,694	18,720	64,414	12,017	58,408	(6,006)	19%
Enterprise and Regeneration	16,808	57	16,865	433	8,943	(7,922)	3%
TOTAL PROGRAMME TO BE DELIVERED BY THE GENERAL FUND - FUNDED BY THE LEVELLING UP FUND	16,808	57	16,865	433	8,943	(7,922)	3%
Council Housing New Build Programme	9,394	(5,904)	3,490	436	1,598	(1,892)	12%
Council Housing Acquisitions Programme	3,203	831	4,034	1,087	4,156	122	27%
Council Housing Refurbishment - Disabled Adaptations	770	109	879	87	879	-	10%
TOTAL PROGRAMME TO BE DELIVERED BY THE HOUSING REVENUE ACCOUNT	13,367	(4,964)	8,403	1,610	6,633	(1,770)	19%
Council Housing Refurbishment	9,008	941	9,949	1,453	9,949	-	15%
Enterprise and Regeneration	14,200	1,700	15,900	450	9,800	(6,100)	3%
TOTAL PROGRAMME TO BE DELIVERED BY SUBSIDIARY COMPANIES OR JOINT VENTURES	23,208	2,641	25,849	1,903	19,749	(6,100)	7%
Council Approved Original Budget - February 2022	99,077						
Programme to be delivered by the General Fund							
General Fund Housing	143						
Social Care	60						
Schools	3,490						
Enterprise and Regeneration	4,418						
Southend Pier	416						
Culture and Tourism	448						
Community Safety	534						
Highways and Infrastructure	6,038						
Works to Property	1,453						
Energy Saving	147						
ICT	994						
S106/S38/CIL	579						
Programme to be delivered by the General Fund - Funded by the Levelling Up Fund							
Enterprise and Regeneration	57						
Programme to be delivered by Housing Revenue Account							
Council Housing New Build Programme	(5,904)						
Council Housing Acquisitions Programme	831						
Council Housing Refurbishment - Disabled Adaptations	109						
Programme to be delivered by Subsidiary companies or Joint Ventures							
Council Housing Refurbishment	941						
Enterprise and Regeneration	1,700						
Council Approved Revised Budget - June 2022	115,531						

Actual compared to Revised Budget spent is 15.963M or 14%

6. Capital Programme Delivery



Year	Outturn £m	Outturn Against Budget %
2018/19	50.0	96.0
2019/20	59.5	83.8
2020/21	66.2	81.0
2021/22	69.0	88.0

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Corporate Performance Dashboard Report – July 2022

The Corporate Performance Dashboard July 2022 report covers performance indicators that link to the Resourcing Better Outcomes financial report. The report shows our performance predominantly for the period July 2022, with some exceptions where data is unavailable at this time. Data has been RAG rated against targets where applicable and compares our current position to the previous month and previous year where data is available. It is presented by Portfolio Holder, with the intention to align against the new corporate priorities following the adoption of the new Corporate Plan in September.

The total number of performance indicators included is 45. The summary of RAG status for PI's is as follows:



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In consideration of the financial challenges, highlighted below are the 12 PIs at risk of missing target.

- SCC working days lost per FTE due to sickness - excluding school staff [Cumulative YTD]
- Percentage of general complaints received answered within timescales (all stages) [Monthly Snapshot]
- Proportion of those that received short-term service during the year where sequel was either no on-going support or support of a lower level
- Proportion of adults in contact with secondary mental health services who live independently with or without support
- Proportion of adults with a learning disability in paid employment
- Proportion of older people (65 and over) who were still at home 91 days after discharge from hospital into reablement/rehabilitation services
- Wellbeing referral Programme - Number of individuals completing 12 weeks of Wellbeing Referral Programme
- Rate of children in care per 10,000 population under 18 years old
- Percentage of children who have been in care for at least 5 working days, who have had a visit in the 6 weeks (30 working days), prior to the last day of the month
- Percentage of children who have been in care for 2.5 years and in the same placement for 2 years OR are placed for adoption and their adoptive placement together with their previous placement together last for at least 2 years for CLA under the age of 16
- Percentage of placements in residential and PVI (private, voluntary, and independent sector) settings
- Percentage of agency social workers (Children's)

Corporate matters and performance delivery

Highlight report

- The current collection for Council Tax on 1st August 2022 is **35.4%**. This is 0.5% lower than the targeted collection for the month, and 0.7% lower than the collection for the same period in the prior financial year. In monetary terms on 1st August 2022 a total of £1,772,000 more tax has been collected at this time in the financial year in comparison to the previous financial year. This equates to a decrease in collection of £535,000 in comparison to the monthly target. The comparatively low figure is a result of delays in issuing summons in June for non-payment, which were then implemented in July at a capped level.

Given an annual target of 97.5%, in-month collection rates from August will need to average 7.76%. With an average in-month collection rate of 8.85%, annual target is expected to be achievable given consistent in-month collection.

- July 2022/23 service requests received via MySouthend total **9,638**, a decrease of 20.64% compared with June (12,144), and a decrease of 31.41% compared with July of the previous year (14,052). The overall percentage of self-serve requests made for July is 88.6%, a decrease of 3.42% compared with June (92.02%), and a decrease of 1.15% compared with July of the previous year (89.75%). The largest increase in MySouthend requests was for Bins, recycling, and waste, which saw an increase of 17%. This increase could be a seasonal trend as we saw a similar increase (19.7%) for July 2021. The highest proportion of this type of service request was for a missed collection (46%, 1,524), followed by 36% (1,193) for fly-tipping or street cleansing.
- SCC working days lost per FTE due to sickness - excluding school staff [Cumulative YTD] currently sits at **2.79**, above target of 2.18. This represents an increase of 29.17% compared with the same month of the previous year and places the forecast days lost per FTE for the year at 8.37 compared to a target of 7. This equated to 1,351.81 working days lost for July 2022. A notably high figure can be seen for Neighbourhoods & Environment, with working days lost per FTE due to sickness in this area currently sitting at 4.14, against a target of 1.8. As of August 2022, 4 out of 6 areas are projected to miss target for the year; Finance & Resources, Neighbourhoods & Environment, Children and Public Health and Adults & Communities.
- There were 33 corporate complaints that were responded to in July, of which 22 responses were sent out within relevant timescale, cumulatively achieving **60.23%** against the target of 85%. This is compared to 58.74% for June. This PI has been below target since April 2021 and has struggled to maintain above target for significant amounts of time since beginning monitoring in 2008.

All four areas receiving complaints have decreased in rate of on time responses compared with June, however compared to the previous year, responses meeting the relevant timescale have increased by 1.46%. Through weekly reporting, the team will shortly be increasing the awareness of managers of the position of their service with regards to complaint performance to encourage more timely completion.

Corporate matters and performance delivery

Indicator	Value	Target	Aim of indicator	Date range	Compared to last month (June 2022)	Compared to this time last year (July '21)
Percentage of Non-Domestic Rates for 2021/22 collected in year [Cumulative YTD]	41.60%	39.30%	Maximise	July 2022	23.30%	↑ 33.30%
	<p>The current collection for Non-Domestic Rates on 1st August 2022 is 39.3%. This is an increase of 8.3% on the achieved collection for the same period in the previous financial year, and an increase of 2.3% in comparison to the monthly target. In monetary terms on 1st August 2022 £6,227,000 more tax has been collected than at this stage last year in respect of the current year debt. This equates to an increase of £940,000 against the in-year target profile for this financial year.</p> <p>The collection in comparison to the last financial year is exceptional high due to the change in legislation. Retails business were entitled to receive 100% relief for three months followed by a 66% relief last year whereas in this financial year a 50% reduction is permitted only. Whilst this means that we have collected a great deal more, we have also had more businesses to collect from meaning the collection percentage is even more pleasing.</p>					
Percentage of Council Tax for 2021/22 collected in year [Cumulative YTD]	35.40%	35.90%	Maximise	July 2022	27%	↓ 36.10%
	<p>The current collection for Council Tax on 1st August 2022 is 35.4%. This is 0.5% lower than the targeted collection for the month, and 0.7% lower than the collection for the same period in the prior financial year. In monetary terms on 1st August 2022 a total of £1,772,000 more tax has been collected at this time in the financial year in comparison to the previous financial year. This equates to a decrease in collection of £535,000 in comparison to the monthly target.</p> <p>The impact within this month is expected as we had originally held recovery action (not issued summonses) in June for non-payment and this naturally impacts collection. We issued cases in July, but capped the number issued to assist with the workload. These decisions were made to assist with the unprecedented level of work experienced in the department in connection to the Council Tax Rebate scheme; the focus therefore has been high on providing this support to residents, the impact naturally being that the recovery of debts has suffered. Given the early stage of the year, I do not see that this presents a risk to collection.</p>					
Volume of calls received into the Council via the Silver numbers [Cumulative YTD]	89,991	-	Data only	July 2022	61,227	114,254
	<p>For July, there were a total of 28,764 calls via silver numbers, this includes: CS Agent - 18,376 Automated - 3,925 Back Office - 5,021 3rd Party - 1,442</p>					

Volume of service requests received via MySouthend	9,638	-	Data only	July 2022	12,144	14,052
	Total Forms Completed – 9,638 (8,539 self-serve and 1,099 assisted)					
SCC working days lost per FTE due to sickness - excluding school staff [Cumulative YTD]	2.79	2.18	Minimise	July 2022	-	↓ 2.16
	Adults & Communities – 2.71 against target 2.48 Children & Public Health – 3.29 against target 2.1 Finance & Resources – 1.95 against target 1.65 Growth & Housing – 1.89 against target 1.47 Neighbourhoods & Environment – 4.14 against target 1.8 Strategy, Change & Governance – 1.05 against target 2.12					
Percentage of general complaints received answered within timescales (all stages) [Monthly Snapshot]	60.23%	85%	Maximise	July 2022	↑ 58.74%	↑ 58.77%
	Total of 33 complaints closed, 22 of which were in timescale Growth & Housing - 7 complaints closed, 3 of which were in timescale = 42.86% Neighbourhood & Environment - 10 closed, 6 of which were in timescale = 60% Adults & Communities - 4 closed, 2 of which were in timescale = 50% Finance & Resources - 12 closed, 11 of which were in timescale = 91.67%					

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Southend-on-Sea City Council staff figures – as of 11th August 2022

	Permanent	Fixed Term	Casual*	Agency**
Total	1,619	165	53	213

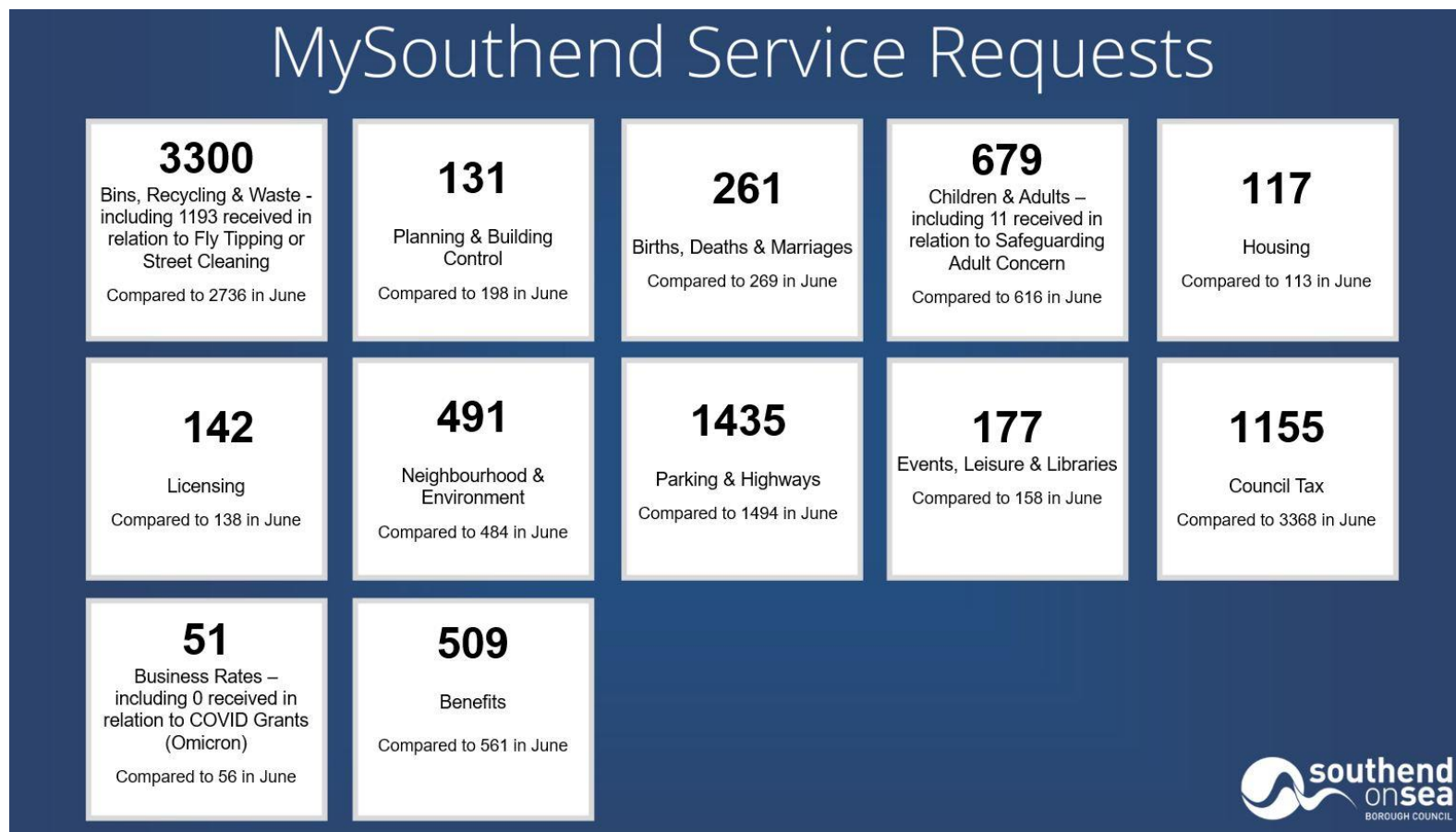
Total Employees: 1,837

Total Agency: 213

*Casual workers - paid as and when needed.

**Agency workers - employed by an Agency to work for the Council, so are not Council employees but do work alongside our employees and cover for Maternity, sickness and where additional workers are needed for a range of roles.

MySouthend Service Requests Infographic – July 2022



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	Bins, recycling, and waste	Planning and building control	Births, deaths & marriages	Children & adults	Housing	Licensing	Neighbourhood & environment	Parking & highways	Events, leisure & libraries	Council tax	Business rates	Benefits
July 2022	3,300	131	261	679	117	142	491	1,435	177	1,155	51	509
June 2022	↑ 2,736	↓ 198	↓ 269	↑ 616	↑ 113	↑ 138	↑ 484	↓ 1,494	↑ 158	↓ 3,368	↓ 56	↓ 561
July 2021	↓ 3,551	↑ 123	↑ 53	↑ 478	↑ 36	↓ 207	↓ 667	↓ 1,581	↑ 176	↓ 4,748	↓ 160	↓ 1,068

Adult social care & health integration

Highlight report

- The proportion of those that received short-term service during the year where sequel was either no on-going support or support of a lower level in July was **44.8%**, falling 13.2% below target of 58%. This demonstrates a 2.4% decrease compared to the previous month (47.2%), and an 11.2% decrease compared to the same month in the previous year (56%). Performance for this indicator has declined which we are relating to the high level of individuals coming through needing long term services, however this indicator will continue to be monitored in collaboration with the Commissioning service over the coming months.
- The proportion of adults in contact with secondary mental health services who live independently with or without support as at June 2022 was **38.5%**, 26.5% below target of 65%. This figure remains static from the previous month and demonstrates a 32.5% decrease compared to the same month in the previous year (71%). The definition of this PI was changed in May 2022, to remove the restriction of services used on CPA (Care Programme Approach) to include all service users on CPA and non-CPA. This amounts to roughly a tenfold increase in service users at the end of the reporting month, having a negative impact on percentage performance.
- The proportion of adults with a learning disability in paid employment missed its quarterly target of 10% and achieved **9.3%**, compared to 9.4% for quarter June, down 0.1%. In placement terms, Making it Work is supporting 47 paid employment placements, down from 48 in the previous month as a result of redundancy due to changes in working practices following COVID-19. Over the last 12 months, this indicator has struggled to maintain above target, with only 3 months out of 12 achieving at or above target of 10%.

The team have increased marketing and employment engagement and have negotiated placements in two companies which have the potential to lead into paid employment.

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- The proportion of older people (65 and over) who were still at home 91 days after discharge from hospital into reablement/rehabilitation services currently sits at **75.4%**, 4.6% below target of 80%. This represents a 0.2% decrease compared to June, and a 1.2% decrease compared to the previous year. The NHS continues to lead on discharge from hospital which means the local authority has reduced input and control over this measure.
- The number of individuals completing 12 weeks of the Wellbeing Referral Programme is at **24**, falling below target of 51. The programme has not yet achieved monthly targets since beginning, with the number of people starting and completing the programme remaining low. The council have recently met with Fusion Lifestyle and Everyone Health; both organisations are putting together a proposal, so that referral pathways and the programme itself is improved, to cater for a much larger number of people in need of this programme. The aim is for the improved programme to start later this year, however this timeframe is subject to change. The average in-month completion rate over the last 12 months is 7, with an average of 16-17 completions per month necessary to meet the current annual target of 200. For 22/23, completions will need to average 22 from August onwards in order to reach this year's target.

Adult social care & health integration

Indicator	Value	Target	Aim of indicator	Date range	Compared to last month (June 2022)	Compared to this time last year (July '21)
ASCOF 2D - Proportion of those that received short-term service during the year where sequel was either no on-going support or support of a lower level	44.8%	58%	Maximise	July 2022	↓ 47.2%	↓ 56%
Performance for this indicator has declined which we are relating to the high level of individuals coming through needing long term services, however this indicator will continue to be monitored in collaboration with the Commissioning service over the coming months.						
ASCOF 1H- Proportion of adults in contact with secondary mental health services who live independently with or without support	38.5%	65%	Maximise	June 2022	38.5% (May 2022)	71% (June 2021)
Performance against revised definition –38.5% for Jun-22.						
ASCOF 2A(1)- Permanent admissions into residential and nursing care, per 100,000 population (18-64)	1.86	2.79	Minimise	July 2022	-- 1.86	↑ 4.66
We remain on target for the number of people being admitted to residential care.						
ASCOF 2A(2)- Permanent admissions into residential/nursing care, per 100,000 population (65+)	137.41	168.25	Minimise	July 2022	92.54	↓ 98.15
Overall the total actual admissions into residential care for individuals over 65 is 48 against a target of 60.						
Of concluded section 42 enquiries where it was established that the individual was lacking capacity, percentage reported as being supported by an advocate, family or Friend	95.6%	94%	Maximise	July 2022	↑ 95%	↑ 91.5%
Adults involved in s42 enquiries have been supported by advocates, family members or friends wherever that was required. Connecting vulnerable people to the right level of advocacy and support is a priority for our service.						

<p>Percentage that were asked and safeguarding outcomes were Fully or partially achieved</p>	<p>97.6%</p>	<p>97%</p>	<p>Maximise</p>	<p>July 2022</p>	<p>-- 97.6%</p>	<p>↑ 97.3%</p>
<p>It would appear that the overwhelming majority of people agree that the outcomes of the safeguarding enquiry were in line with their expectations.</p>						
<p>ASCOF 1E- Proportion of adults with a learning disability in paid employment</p>	<p>9.3%</p>	<p>10%</p>	<p>Maximise</p>	<p>July 2022</p>	<p>↓ 9.4%</p>	<p>↓ 9.5%</p>
<p>One leaver was in paid employment, but the company made her redundant due to changes in working practices following on from Covid. We supported the client through the formal consultation process and in securing her redundancy package.</p> <p>We have increased our marketing and employment engagement and have negotiated placements in two companies to support work initiative programmes to develop skills and workplace competencies. There will be potential for these placements to lead into paid employment as both are large companies who regularly recruit.</p> <p>The team continues to support 47 paid employment placements with two clients securing paid employment awaiting training and recruitment process to be completed.</p>						
<p>ASCOF 1G Proportion of adults with learning disabilities who live in their own home or with their family</p>	<p>88.9%</p>	<p>85.5%</p>	<p>Maximise</p>	<p>July 2022</p>	<p>↑ 88.8%</p>	<p>↑ 87.6%</p>
<p>The LD Team's focus is supporting people with a Learning Disability to reside within tenanted arrangements which increases choice and control. There has been a small improvement over the past month.</p>						
<p>ASCOF 1F- Proportion of adults in contact with secondary mental health services in paid employment</p>	<p>8.9%</p>	<p>-</p>	<p>Maximise</p>	<p>June 2022</p>	<p>↓ 9% (May 2022)</p>	<p>↑ 12.2% (June 2022)</p>
<p>Performance against revised definition – 8.9% for Jun-22.</p>						
<p>ASCOF 2B (1)- Proportion of older people (65 and over) who were still at home 91 days after discharge from hospital into reablement/rehabilitation services</p>	<p>75.4%</p>	<p>80%</p>	<p>Maximise</p>	<p>July 2022</p>	<p>↓ 75.6%</p>	<p>↓ 76.6%</p>
<p>Performance is below target. It is important to note that the NHS continues to lead on discharge from hospital which means the local authority has reduced input and control over this measure.</p>						

<p>Falls Prevention Programme - Number of individuals completing a Falls Prevention Programme</p>	<p>113</p>	<p>250 (annual target)</p>	<p>Maximise</p>	<p>22/23 – as at July '22</p>	<p>-</p>	<p>127 (year end 21/22)</p>
<p>This is a 36-week programme which has only just commenced meaning the number of completers for July is currently at 0. However, the service has met their recruitment targets of 250 registered for 2022-23 so are on track. Final completion data will be provided post March 2023. There is a waiting list of 100 users, and we are looking to expand the programme to weave in additional capacity.</p>						
<p>Wellbeing referral Programme - Number of individuals completing 12 weeks of Wellbeing Referral Programme</p>	<p>24</p>	<p>51</p>	<p>Maximise</p>	<p>As at July 2022</p>	<p>20</p>	<p>↑ 21</p>
<p>The number of people completing the programme remains low. The Council are working closely with Fusion Lifestyle, to enable a programme that reaches many more people that would benefit from this programme.</p>						

Asset management & inward investment

Indicator	Value	Target	Aim of indicator	Date range	Compared to last month (June 2022)	Compared to this time last year (July '21)
Percentage delivery of Capital Programme [Cumulative]	14%	-	Data only	July 2022	10%	18%
Percentage delivery of the part of the programme identified as the 'Key Strategic Schemes' up to that month end	15%	-	Data only	July 2022	11%	20%
	No updates provided by Service areas. Meetings are being held over the next couple of weeks.					

Children & learning and inclusion

Highlight report

- The rate of children who were the subject of a child protection plan per 10,000 population under 18 years old currently sits at **35.48**, falling 2.52 outside of our goldilocks range of 38-48. This indicator has seen a 6.04 decrease compared to June, and a 3.27 decrease compared to the previous year.
- The rate of children in care per 10,000 population under 18 years old for July was **78.52**, falling 3.52 outside of our goldilocks range of 65-75. This demonstrates a 0.65% increase compared to the previous month (78.01) and a 12.64% increase compared to the same period in the previous month (69.71). The number of children in care as has reduced to 310, demonstrating a reduction of 4 children compared to the last month, however there are still more children coming into care than exiting. Permanency summits are due to be launched, which will involve reviewing children's care plans to ensure we are only caring for children who we should be.
- The percentage of children who have been in care for at least 5 working days, who have had a visit in the 6 weeks (30 working days), prior to the last day of the month missed its target of 95% and achieved **81.1%**, down 1.2% from June (82.3%), and down 9.1% from the previous year (90.2%). This indicator has been under target since October 2021 and may be considered alongside an increased rate of children in care and persisting vacancies within social work teams. Performance this month has also been impacted by social workers and foster carers annual leave, with vacancies in teams meaning these are more difficult to cover.
- The rate of children in need per 10,000 currently sits at **313.32**, 1.68 outside of our goldilocks range of 315-335. Figures for our children / young people have been gradually increasing certainly since Nov 2021, however for July's month of reporting, it is a slight decrease on previous months and has fallen into target category which is positive. We did carry out an exercise in July to either close or step-down a number of children who had been subject to CIN for a lengthy period of time. An exercise that we are looking to repeat in September, in order to ensure the correct families are receiving a service at the correct time.
- The percentage of children who have been in care for 2.5 years and in the same placement for 2 years or are placed for adoption and their adoptive placement together with their previous placement together last for at least 2 years for CLA under the age of 16 has missed its target for July 2022, achieving **60.2%** against the target of 70%. This is an increase of 0.7% from the previous month and 12.6% from the same time last year. A detailed look at individual children's care plans will commence in August 2022 when permanency summits are held. In addition, workshops will take place throughout August and September to support staff to understand better how we can achieve and maintain placement stability.
- The percentage of placements in residential and PVI (private, voluntary, and independent sector) settings achieved **51.6%** for July 2022, missing its target by 31.6% (target 20%). Although not much movement since last month (-0.7%), this indicator has seen a substantial increase since this time last year, 25.2%. There continues to be a national shortage of placements that can care for children with complex needs, especially foster placements which has created a dependency on residential placements. The review of individual care plans will commence in September 2022, and the service area will be actively looking to see if children can be stepped down from residential placements where it is safe and in their best interests to do so.
- The percentage of agency social workers (children's) achieved **16%** for July against the target of 8.3% (7.7% difference). This is above both the England average (15%) and our statistical neighbour average (13%). The re-introduction of the Workforce Transformation Panel will assist in strategically reviewing spend patterns for agency staff, recruitment, how we can grow our own talent and look at when and where we can redeploy talent and the use of succession planning to reduce costs. The panel will also explore how we can use our external partnerships, third sector, and social value to add capacity or reduce pressures where possible.

Children & learning and inclusion

Indicator	Value	Target	Aim of indicator	Date range	Compared to last month (June 2022)	Compared to this time last year (July '21)
Rate of children who were the subject of a child protection plan per 10,000 population under 18 years old	35.48	38 - 48	Goldilocks	July 2022	↓ 41.52	↓ 38.75
	There has been an increase in referrals which has resulted in more throughout in the system and impacted on an increase in the CP population.					
Rate of children in care per 10,000 population under 18 years old	78.52	65 - 75	Goldilocks	July 2022	↓ 78.01	↓ 69.71
	Performance has remained static although the number of children in our care has reduced to 310, there are still more children coming into care than exit. We will be launching permanency summits which means that we will be reviewing the individual care plans of every child we care for to ensure we are only caring for children who we should be. The Public Law Outline timescales have been reduced to 12 weeks to ensure we are considering children's circumstances' within reasonable timescales. We are also reviewing our PLO processes and have amended the timescales to 12 weeks to minimise risk.					
Percentage of Initial Child Protection Conferences that took place with 15 working days of the strategy discussion	94%	90%	Maximise	July 2022	↑ 93.8%	↑ 82.3%
	This indicator is on target. There were 2 Initial Child Protection Conferences held in June (for 3 children), and all meetings were held within timescales. There is always likely to be a small number of ICPCs that are held out of timescale for reasons of good practice. Careful tracking of requests is maintained to ensure timescales are met and this indicator remains on target.					
Percentage of children who have been in care for at least 5 working days, who have had a visit in the 6 weeks (30 working days), prior to the last day of the month	81.1%	95%	Maximise	July 2022	↓ 82.3%	↓ 90.2%
	Appropriate measures are in place in regards to monitoring progress - it is likely that the drop in performance is due to annual leave of social workers/foster carers given the time of year. The social work teams are still carrying vacancies which means it is difficult to cover when social workers are on annual leave.					
First time entrants to the Youth Justice System aged 10-17 (Cumulative from April)	12	17	Minimise	July 2022	9	-- 12
	This target is on course. There were 3 FTE in the month of July against the annual target of a maximum of 50.					

Rate of Children in Need per 10,000 (including CiN, CPP, CLA and Care Leavers)	313.32	315 - 335	Goldilocks	July 2022	↓ 321.62	↑ 307.78
<p>Figures for our children / young people have been gradually increasing certainly since Nov 21' - however for July's month of reporting, it is a slight decrease on previous months and has fallen into target category which is positive.</p> <p>We did carry out an exercise in July to either close or step-down a number of children who had been subject to CIN for a lengthy period of time. An exercise that we are looking to repeat in September, in order to ensure the correct families are receiving a service at the correct time.</p>						
Percentage of children in good or outstanding Schools	91.4%	88%	Maximise	July 2022	↓ 91.6%	↑ 87.6%
<p>Remains above target at 91.4% for July 2022. There are no Ofsted inspections pending due to School Summer Holidays until beginning of September.</p>						
Percentage of children who have been in care for 2.5 years and in the same placement for 2 years OR are placed for adoption and their adoptive placement together with their previous placement together last for at least 2 years for CLA under the age of 16	60.2%	70%	Maximise	July 2022	↑ 59.5%	↑ 47.6%
<p>Performance has remained static (only minimal increase). A detailed look at individual children's care plans will commence in August 2022 when we hold permanency summits. In addition, workshops will take place throughout August and September to support staff to understand better how we can achieve and maintain placement stability</p>						
Percentage of placements in residential and PVI (private, voluntary, and independent sector) settings	51.6%	20%	Minimise	July 2022	↑ 52.3%	↓ 26.4%
<p>Performance has slightly decreased - this is due to one child leaving a residential placement and returning home. There continues to be a national shortage of placements that can care for children with complex need especially foster placements which has created a dependency on residential placements. The review of individual care plans will commence in September 2022, and we will be actively looking to see if we can step-down children from residential placements where it is safe and in their best interests to do so.</p>						
Percentage of agency social workers (Children's)	16%	8.3%	Minimise	July 2022	↓ 14%	↑ 27.6%
<p>Is Calculated using the FTE of Agency workers divided by Budgeted establishment of Qualified SW posts for 2021/22 (138.8 posts) (n.b. Southend figure for 2020 as reported by DFE was 9.2%). 16% = 22 agency workers</p>						

Economic recovery, regeneration & housing

Highlight report

- The rates of major, minor and other planning applications determined within timescale are currently all above **99%**.
 - The rate of major planning applications determined within 13 weeks has remained at **100%** from the previous month, with the figure for the same period in the previous year also 100%. The service will continue to focus on delivering major developments, for the wider benefits that such schemes can often achieve. Major schemes are often key to supporting economic growth and recovery in the borough. The exceedance of this target is therefore particularly welcome. While no major applications were granted in July, four have been granted in the first quarter of this year.
 - The rate of minor planning applications determined in 8 weeks has increased by 1.13% compared to the same period previous year (July 2021), to **100%**. The strong performance of the service against this target reflects a persistent drive to deal efficiently with the particularly large volumes of often complex smaller-scale applications received in Southend. There were 50 minor planning applications received in July 2022.
 - The rate of other planning applications determined in 8 weeks has decreased by 0.34% compared to the previous month, to **99.66%**. Targets continue to be met in the context of the service dealing with the additional pressure of a number of complex major developments, such as Queensway and Fossetts Farm. However, the team's capacity is currently very strained as a result of this. For July 2022, there were 67 other planning applications received.

Economic recovery, regeneration & housing

Indicator	Value	Target	Aim of indicator	Date range	Compared to last month (June 2022)	Compared to this time last year (July '21)
Average time to process Housing Benefit new claims [Cumulative]	20.70	25.00	Minimise	July 2022	↑ 26.00	↓ 19.00
	Despite a slight increase in the number of claims managed to keep below target and process in a timely manner. For HB new claims the number received for the period is 275					
Average time to process Housing Benefit change in circumstances notifications. [Cumulative]	5.26	8.00	Minimise	July 2022	↑ 8.00	↓ 4.92
	After the higher peaks in May and June the number of changes is again at average for this time of year and still maintaining a high turnover of work.					

Total number of households in temporary accommodation	233	-	Data only	July 2022	210	209
<p>We have a total of 233 households in some form of TA, including 178 under usual homeless duties, and 55 being assisted by our Rough Sleeper Initiative team. We have additional people sleeping on the streets, but all commissioned and private B&B provision is full. During the recent extreme heat, to keep people safe, it was agreed to make additional shelter provision available, using an unused council owned premises. This has resulted in us subsequently working with some additional people.</p> <p>A 'move on taskforce' is being set up by the Rough Sleeping Coordinator, with the objective of moving existing people out of our Rapid Assessment Hub, or RSI funded private B&B, and into more settled accommodation.</p> <p>For all our households in TA, a shortage of low cost rented accommodation remains an extreme pressure.</p>						
Major planning applications determined in 13 weeks [Cumulative YTD]	100%	79%	Maximise	July 2022	-- 100%	-- 100%
<p>The service will continue to focus on delivering major developments, for the wider benefits that such schemes can often achieve. This is relevant to all applications to some degree, but major schemes are often key to supporting economic growth and recovery in the borough. The exceedance of this target is therefore particularly welcome. While no major applications were granted in July, four have been granted in the first quarter of this year. Monthly = 0</p>						
Minor planning applications determined in 8 weeks [Cumulative YTD]	100%	84%	Maximise	July 2022	-- 100%	↑ 98.87%
<p>The strong performance of the service against this target reflects a persistent drive to deal efficiently with the particularly large volumes of often complex smaller-scale applications received in Southend. Monthly = 50</p>						
Other planning applications determined in 8 weeks [Cumulative YTD]	99.66%	90%	Maximise	July 2022	↓ 100%	↑ 98.05%
<p>It is pleasing to see these ambitious targets exceeded once again in the context of the service dealing with the additional pressure of a number of complex major developments, such as Queensway and Fossetts Farm. However, the team's capacity is currently very strained as a result of this. Monthly = 67</p>						
Number of Properties purchased by SCC via the Acquisitions Programme	7	30 (annual target)	Maximise	July 2022	3	↓ 18
<p>The Affordable Housing Acquisitions Programme successfully purchased a further 3 properties in July bringing the total to value of properties acquired to £839,150 (incl SDLT). A further 9 properties are in solicitors' hands totalling £1.68M (incl SDLT). Completed and potential acquisitions total £2.52M (incl SDLT) and the team anticipates two further properties to complete in August.</p> <p>One property has also been purchased in July utilising the Land Acquisitions Fund (S106), the 3-bedroom family home was secured for £346k (inc SDLT).</p>						

Environment, culture & tourism

Highlight report

- As at the end of July, there have been **180,590** visitors to the pier in 22/23, surpassing the target of 165,000 and this PI has now been meeting target consecutively for four months, having been under target since pre-Covid-19 (January 2020-April 2022). The pier has had its second busiest July on record, with 53,627 visitors, demonstrating a 24.39% increase compared to the same month in the previous year.

Environment, culture & tourism

Indicator	Value	Target	Aim of indicator	Date range	Compared to last month (June 2022)	Compared to this time last year (July '21)
Visitors to pier [Cumulative YTD]	180,590	165,000	Maximise	July 2022	126,963	↑ 123,297
	We have had our second highest July on record (53,627) - the highest was in 2018 with 57,038 visitors (-3,411). Compared to the same month last year (43,113) we have had 10,514 more visitors this year. The number of Jetstream Tours boat passengers are TBC and will be included as soon as they are available.					

Public protection

Highlight report

- The percentage acceptable standard of cleanliness: detritus July figure of **89.74%** demonstrates a lower-than-expected level of cleansing, which is being discussed with Veolia, it is still possible to achieve the 22/23 target of 95%. The increased impacts are likely due to occurrences of incorrectly presented waste and increase of waste due to residential spaces being used differently, such as working from home. There is also an impact from seasonal elements, such as higher visitor number due to the hot weather, which would impact on littering and general waste. The figure has however increased by 1.78% compared with the previous month.

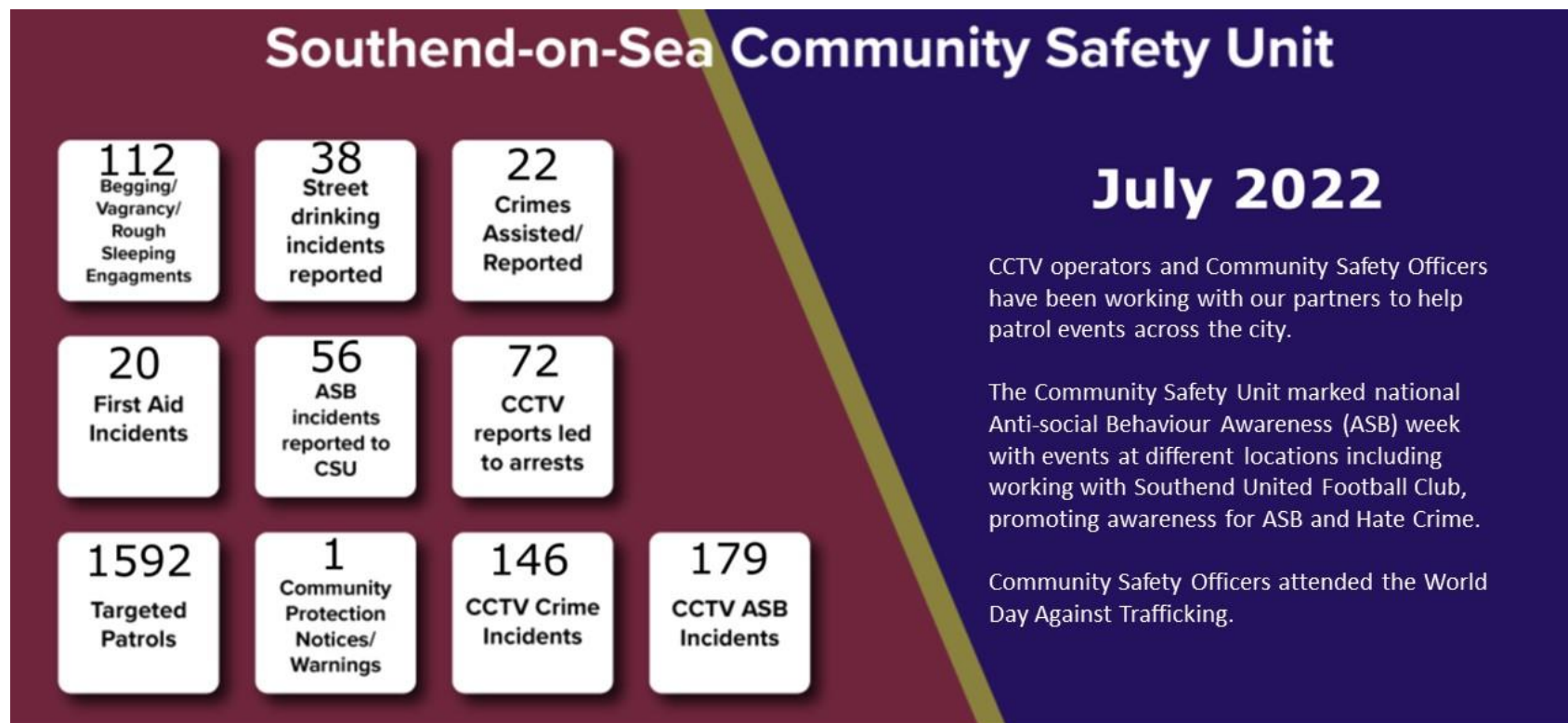
Community Safety Unit

- The rate of begging/vagrancy/rough sleeping engagements in July has decreased by 2.61% compared to June. Year-on-year, engagements have fallen by 9.68%.
- The number of street drinking incidences has increased in July by 11.76%, compared with the previous month, however the figure remains similar to the previous year (37) and low overall numbers means this percentage accounts for an additional 4 incidences across the month. The very slight increase is likely due to the weather and additional footfall to the city.
- The number of crimes assisted/reported to the Community Safety Unit has remained static month to month. Crimes assisted and reported are usually related to theft (mostly shoplifting), however community safety officers have noted a slight increase in disorder along Marine Parade. This intelligence is fed back into operation union. Year-on-year, the number of crimes assisted has fallen by 37.14%.
- The number of targeted patrols carried out by the Community Safety Unit has increased by 21.53% in July compared with the previous month. This increase is likely related to an increase in contract support throughout the summer months to accommodate for additional footfall to the city. Year-on-year, the number of targeted patrols has decreased by 3.69%.

Public protection

Indicator	Value	Target	Aim of indicator	Date range	Compared to last month (June 2022)	Compared to this time last year (July '21)
Violent crime with Injury (per 1,000 population)	1.14	-	Data only	July 2022	1.01	1.08
Reported rate of knife crime (per 1,000 population)	0.44	-	Data only	July 2022	0.5	0.36
Percentage acceptable standard of cleanliness: litter [Cumulative YTD]	97.32%	95%	Maximise	July 2022	↑ 96.91%	↓ 99.7%
	The July 22 figure of 97.32% demonstrates a good level of cleansing, the indicator is on track with the 22/23 target of 95%					
Percentage acceptable standard of cleanliness: detritus [Cumulative from April]	89.74%	95%	Maximise	July 2022	↑ 87.96%	↓ 100%
	The July 22 figure of 89.74% demonstrates a lower-than-expected level of cleansing, which is being discussed with Veolia, it is still possible to achieve the 22/23 target of 95%					
Percentage of waste collections carried out on schedule [Cumulative YTD]	99.93%	99%	Maximise	July 2022	↓ 99.94%	-- 99.93%
	The month value for July of 1524 reported missed collections is an increase of 211 on the previous month. To date 99.93% of collections have been carried out on time, this is above the annual target of 99.00%					

Community Safety Unit Infographic – July 2022



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Working to make
lives better
www.southend.gov.uk



	Begging/ vagrancy/ rough sleeping engagements	Street drinking incidences reported	Crimes assisted/ reported	First aid incidents	ASB incidents reported to CSU	CCTV reports led to arrests	Targeted patrols	Community protection notices/ warnings	CCTV crime incidents	CCTV ASB incidents
July 2022	112	38	22	20	56	72	1,592	1	146	179
June 2022	↑ 115	↓ 34	-- 22	↓ 14	↓ 48	↑ 123	↓ 1,310	↑ 6	↓ 82	↓ 138
July 2021	↑ 124	↓ 37	↑ 35	↑ 26	↑ 77	↓ 70	↑ 1,653	↑ 4	↓ 96	↑ 217

Highways, transport and parking

Indicator	Value	Target	Aim of indicator	Date range	Compared to last month (June 2022)	Compared to this time last year (July '21)
Percentage of CAT1 defects made safe within response times (highways)	90%	90%	Maximise	July 2022	↓ 100%	↓ 100%
	<p>3 Cat 1 defect were reported requiring repair within 2 hours and 2 (67%) were completed within the required timeframe.</p> <p>27 Cat 1 defects were reported requiring repair within 24 hours and 25 (93%) were all completed within the required timeframe.</p>					
Percentage of CAT1 defects made safe within response times (footways)	95%	90%	Maximise	July 2022	↑ 92%	↓ 100%
	<p>6 Cat 1 defects were reported requiring repair within 2 hours and 6 (100%) were completed within the required timeframe.</p> <p>54 Cat 1 defects were reported requiring repair within 24 hours and 51 (94%) were all completed within the required timeframe.</p>					

Southend-on-Sea City Council

Report of Executive Director
(Strategy, Change & Governance)

To

Cabinet

On

29 September 2022

Report prepared by: Stephen Meah-Sims, Executive Director
(Strategy, Change and Governance) and Adam Keating,
Strategic Communications Manager

Agenda
Item No.

6

City Council Corporate Branding Refresh

Policy and Resources Scrutiny Committee
Cabinet Member: Councillor Stephen George
Part 1 (Public Agenda Item)

1. Purpose of Report

- 1.1 The new City designation for Southend has provided an opportunity for the Council to consider options connected to the Council's existing corporate branding and updating it to reflect the new name of the Council.
- 1.2 This report follows on from 1st July 2022 Cabinet report and recommendations, and subsequent 4-week engagement exercise.
- 1.2 This report sets out the final option for Cabinet to agree on.

2. Recommendations

- 2.1 **The results and comments from the public engagement exercise are noted and that the favoured concept ('Shell' concept) is developed and implemented as the Council's new corporate logo and branding; and**
- 2.2 **Officers are delegated to carry out the development and implementation work required, along with the creation of full branding guidelines**

3 Background

- 3.1 Following the tragic death of Sir David Amess MP in October 2021, Southend-on-Sea, the Place, was granted the privilege of being granted City Status; a long-standing ambition which Sir David Amess fought for on behalf of Southend.
- 3.2 Southend, the Place, officially became a City at a Civic Commemoration Event on the 1st of March 2022, where His Royal Highness, The Prince of Wales and Her Royal Highness, The Duchess of Cornwall bestowed City Status, through the

handing of the Letters Patent to our serving Mayor at a Full Council meeting, as part of the Commemoration Event.

- 3.3 The current branding, known as the Council's Corporate Brand, should enable users of Council services to instantly recognise the Council. Corporate branding aims to identify the Council and the range of services that the Council is connected to across the City. Branding also raises awareness of Council services and makes the Council publicly accountable. Our branding also conveys our authenticity as a local authority, whether that is in council communication, policies, and strategies, to official correspondence from the Council.
- 3.4 The change of Southend to a City, includes the Council changing its name to Southend-on-Sea City Council to reflect its new status, within a new City. Looking forward as a strong, ambitious, and cohesive City; the Council needs to embrace the change of status by updating the corporate branding, which reflects where the Council sees itself in the City and how it wants to be perceived going forward. Whilst digital social media accounts and references in content have been changed to Southend-on-Sea City Council, the Council's current logo naturally refers to Southend-on-Sea Borough Council.
- 3.5 Developing a new corporate brand for any organisation comes with challenges as brands can mean different things to different audiences. It is important to emphasise that the Corporate Branding for the Council is not the same as the Place Branding that was developed for Southend as a whole, in 2021. The Corporate Branding for the Council is focused on the Council.
- 3.6 Drawing in ideas and preferences from across the Political spectrum was essential in working up the design brief. A Cross-Party Working Group, Chaired by the Leader of the Council, came together in January 2022 to start the conversation about a new corporate brand for Southend-on-Sea City Council. This engagement and other conversations with political group leaders outside of the Working Group informed the four options set out in the Cabinet reports of 14th March and 1st July 2022, and the four concepts that underwent a public engagement exercise in July 2022 and early August 2022 (see Section 4).
- 3.7 The issue of copyright was raised at the Policy and Resources Scrutiny Committee on 16th March 2022. Initial Legal advice was sought regarding this and as reported to Cabinet on 1st July 2022, "*the Council and Formara will enter into an appropriate deed of assignment once the final logo is decided upon*". Following entry into the deed of assignment, the Council would be able to rely on the warranties and associated indemnities contained therein which would significantly reduce risk exposure in this matter, although in any case, that risk is deemed very low.

4. Engagement

- 4.1 Following Cabinet on 14th March 2022 and subsequent Scrutiny Committee on 16th March 2022, Cabinet considered the matter again on 1st July 2022, agreeing that a four-week engagement would take place. An online poll with a free text box for comments was conducted over a four-week period from 6th July to 5th August 2022 on the 'Your Say Southend' engagement platform. In addition, local schools were sent a basic activity sheet to give their views (Appendix 3), with over

50 local schoolchildren taking part, along with the Children in Care Council and Southend Youth Council.

- 4.2 The opportunity to participate more generally was promoted through social media and e-newsletters. Across 11 posts, over 4,000 people viewed the short promotional video, with 353 clicks through to the survey.
- 4.3 Results from the public engagement exercise can be found in Appendix 1 and will be available on the Your Say Southend platform, but in summary:
- Over 630 people responded, with 575 comments made;
 - The favoured option (41%) was the 'Shell' concept, followed by the 'S and Pier' concept (29%). The seaside windmill was third with 22% and the modern coat of arms concept was the least favourite, with 46% placing it fourth.
 - There was a free text box with comments generally reflecting the outcome of the poll. These qualitative comments will be considered as the favoured concept is refined and implemented.
- 4.4 The Design Team that have worked up the concept options are the Council's contracted bespoke Design and Print Company. They are a local company that have worked with the Council since a procurement exercise in 2017, with a track record of high-quality design work across council services.

5. Implementation of Southend-on-Sea City Council New Brand

- 5.1 This report recommends taking the favoured Shell concept forward as the Council's refreshed corporate identity. Once agreed, officers will be able to undertake further work to refine and develop the concept based on the results and qualitative feedback from the public engagement and produce detailed branding guidelines that will ensure the new branding and logo are used correctly and consistently. These guidelines will cover more than just the logo itself (colours/design style/look and feel), ensure flexibility for a digital world, but also ensure the branding is clear, consistent, and recognisable.
- 5.2 In terms of implementation, given the scale and range of services provided by the Council, it is not advised to change the logo/branding across all areas at the same time. The costs associated with this approach would be expensive and will not represent Best Value.
- 5.3 The Council will prioritise areas to be updated with the new corporate logo and branding. Focussing on 'quick-wins' such as digital channels, stationery, and key signage in the first instance and take an 'as and when' approach to longer-term renewals. Taking opportunities to replace branding across service areas where it would be needed. This is a common approach across local government and other sectors. This will enable the Council to focus updated branding where it has the most impact and value for money.
- 5.4 This pragmatic approach to updating the Council's branding over time, is sensitive to budget challenges and demonstrates value for money.

6. Reasons for Recommendations

- 6.1 Not deciding at this stage will mean that the Council will continue to operate with an outdated logo and branding that does not reflect the areas new City Status or the Council's new name. It is important reputationally that the Council responds to its new City Status and has an up-to-date brand and logo that reflects the Council's new name, showcases a new visual identity for the Council, and demonstrates that we are a confident and bold new City Council delivering for its local community.
- 6.2 Significant and professional advice, support and work from Council Members, officers and a local company have been invested into this project, along with the view of local residents and stakeholders.

7. Corporate Implications

7.1 Contribution to the Southend 2050 Road Map

- 7.1.1 The Council is a major delivery partner of Southend 2050 and though the updated Corporate Branding will not affect the agreed outcomes in Southend 2050, the Council being perceived as a pro-active, engaging, and a forward-looking organisation is essential in successful leadership of Southend 2050.

7.2 Financial Implications

- 7.2.1 Financial implications up to this point total £4,338.75 and is based on 111.25 hours of work. This will increase following agreement of the recommendations, with final development, design, and implementation work to take place. There will also be costs to implement this digitally such as on the Council website which will require our external provider to change the logo and carry out user access testing (UAT) once complete, and other Council platforms. This is within the budget identified for Council rebranding, which was established to support the Council with its City Status programme of work. A further budget of c.£2,500 has also been allocated for advice provided on copyright on intellectual property and trademarking, following comments made at the March Scrutiny Committee, and as set out in 3.7 of this report.

7.3 Legal Implications

- 7.3.1 Legal advice and actions are set out in 3.5 of the main report.

7.4 People Implications

- 7.4.1 There are no People implications associated with this report.

7.5 Property Implications

- 7.5.1 Updated signage to electronic property, buildings, signs and vehicles will be required in due course.

7.6 Co-design/Production/Consultation

7.6.1 The results of market testing connected to perception of brand options is set out in section 4 of this report.

7.7 Equalities and Diversity Implications

7.7.1 It is essential to ensure that a new Corporate Brand is accessible and also contains no reference that could cause offence. The initial testing has been Equality Impact assessed.

7.7.2 An Equality Impact Assessment was carried out on the proposed logo and brand identity options. Initial assessment was that there would be a positive impact for the disability protected characteristic, particularly those with visual impairments who find certain colours inaccessible. The new logo and brand identity will follow accessibility best practice in terms of colour contrast and alt text will be used when using images and infographics. The potential impact for other groups with protected characteristics was anticipated to be low.

7.7.3 We consulted with groups representing the nine protected characteristics. A survey was run on 'Your Say Southend', between 6th July to 5th August 2022, inviting groups representing all nine protected characteristics to check the proposed logo options for any issues and vote on their preferred logo. In total, the survey was sent to 18 groups and organisations. Responses were received from the Council's BAME Staff Forum and Disability and Carers Staff Forum; Southend-on-Sea's Youth Council, and two external organisations representing age and disability characteristics. Analysis of the feedback did not identify any equality issues with the proposed logo options.

7.7.4 We will continue to monitor and review the equality impact of the logo and brand identity.

7.8 Risk Assessment

7.8.1 Legal advice has been sought regarding copyright and is covered in 3.7 of this report.

7.9 Value for Money

7.9.1 Please see 5.3 of this report.

7.10 Environmental Impact

7.10.1 There are no Environmental impacts associated with this report.

8. Background Papers

8.1 Cabinet Report, 14th March 2022 (item 780): [Agenda for Cabinet on Monday, 14th March, 2022](#)

8.2 Cabinet Report, 1st July 2022 (item 66): [Agenda for Cabinet on Friday, 1st July, 2022](#)

9. Appendices

9.1 Appendix 1 – Summary of engagement exercise.

9.2 Appendix 2 - Recommended concept.

9.3 Appendix 3 – Activity sheet sent to schools.

The Logo Consultation Analysis. – draft

Report prepared by Debee Skinner

Summary

A total of 1,600 people accessed the campaign which ran from 6th July to 5th August 2022 of that 636 responded online, the rest were aware, informed but chose not to comment or rank the logos, at the peak of the consultation it got over 500 visits per day. A few people did duplicate entries these were identified and removed. The consultation include a survey with a question to rank your favourite from four of the chosen logos below.



The Seaside Pinwheel



The Modern Coat of Arms



The S with Pier and Pavilion



The Shell

There was a free text box asking for the reason of choice or for further comments.

The consultation was promoted across social media and was available on the Councils interactive consultation portal <https://yoursay.southend.gov.uk/> it was also made available in a hardcopy format if requested. We also engaged with schools in the areas and Heycroft Primary School sent in responses.

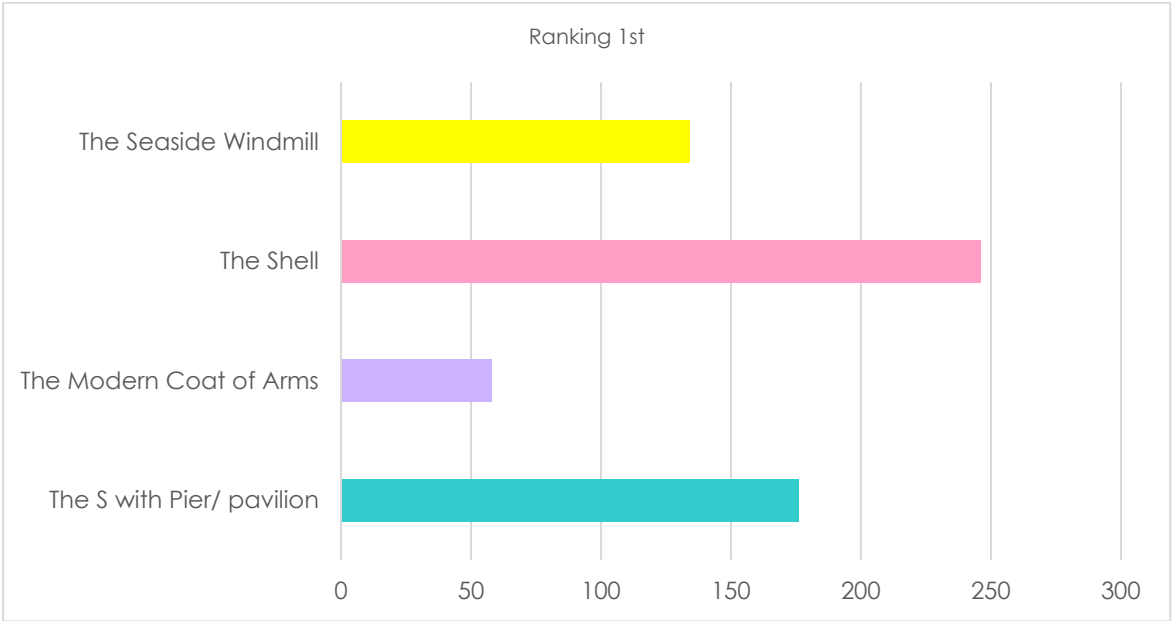
The overall consensus from those responding is that they there was a clear favourite from the four logos. Some of the individual comments received identified that the Pier represents Southend and the city's heritage and should be included in the logo. The City logo needs to reflect Southend's uniqueness, viability and its links to the sea, the Councils new logo should also be modern, simple and effective with a strong sense of brand identity.

Full Breakdown of questions

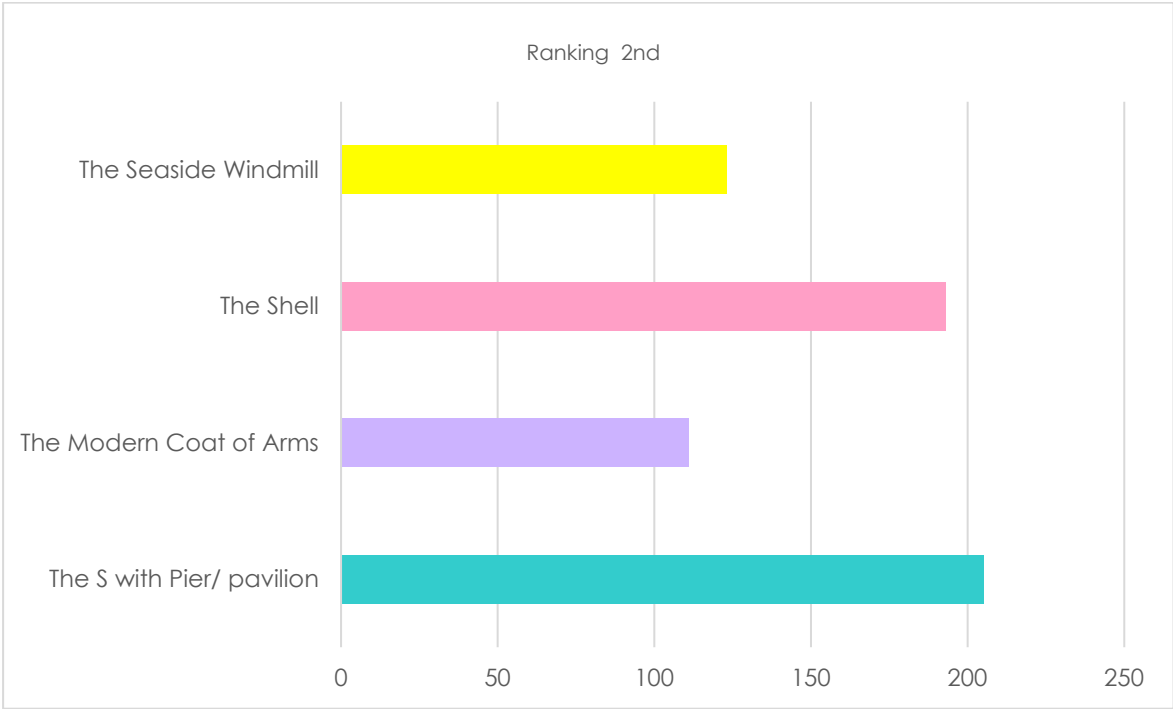
1. Please rank your preference - 1 being your first choice etc.

This was a question that requested you rank the logo choices in your preferred order, 665 people ranked them.

The majority of those responding 41% chose The Shell as their first preference with The S with Pier and Pavilion coming second at 29%. The schools also chose The Shell as their favourite but The S with Pier and Pavilion came in 2nd with a smaller margin. It was felt that The Shell was simple, modern and effective implying a strong brand identity and easy to reproduce.



The S with the Pier and Pavilion had 32% put this as their second choice, the responses included it represented Southend the best with the Pier. Many commented that the Pier is iconic and has strong links the Southend and should be present in the logo.



The chart below shows all the results in comparison with each other and the order of preference is

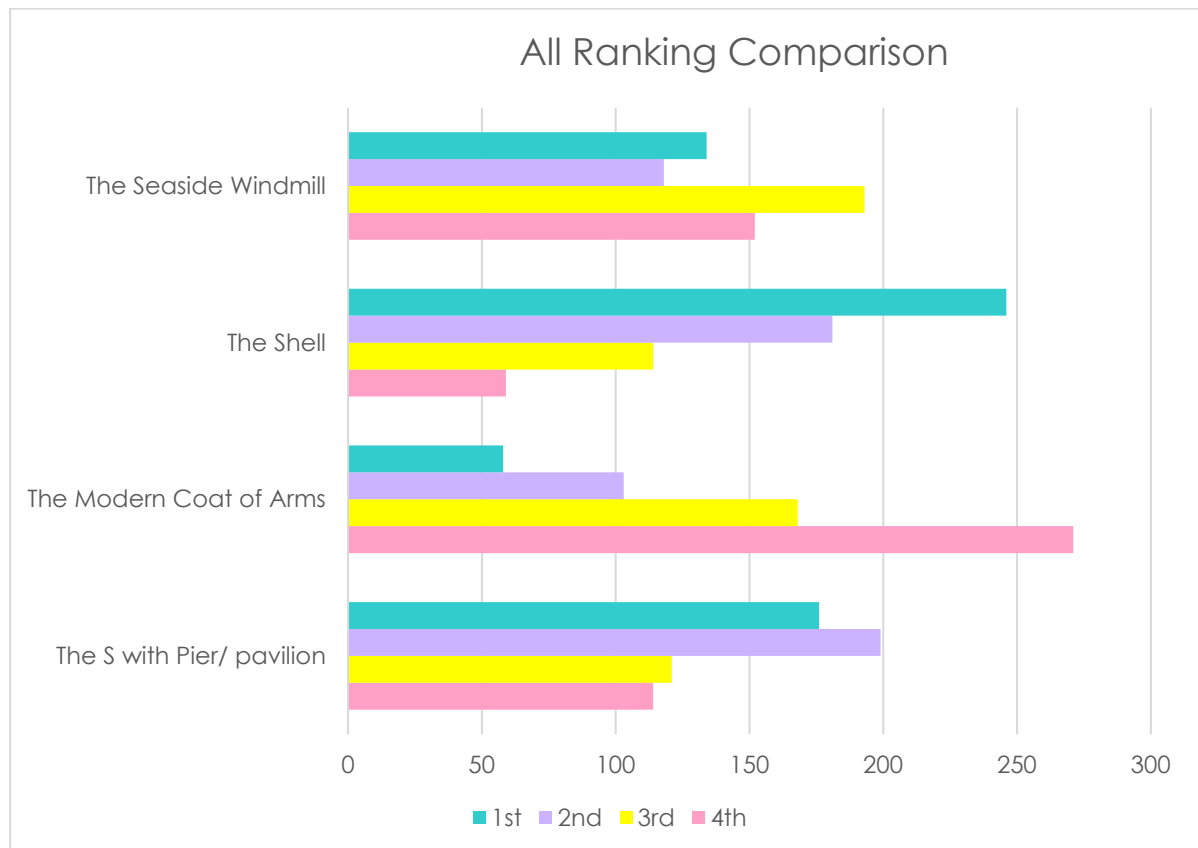
1. The Shell
2. The S with Pier and Pavilion
3. The Seaside Windmill
4. The Modern Coat of Arms

The Modern Coat of Arms was identified as least favourite, with 46% placing it in last place, the children mainly commented that they did not understand what the symbols meant. The online survey highlighted that the symbols were not clear or distinguishable

- The iron grate looks like a Christmas present.
- The trefoil looks like St Patrick's Day.
- Fussy with no clear message
- Dated imagery

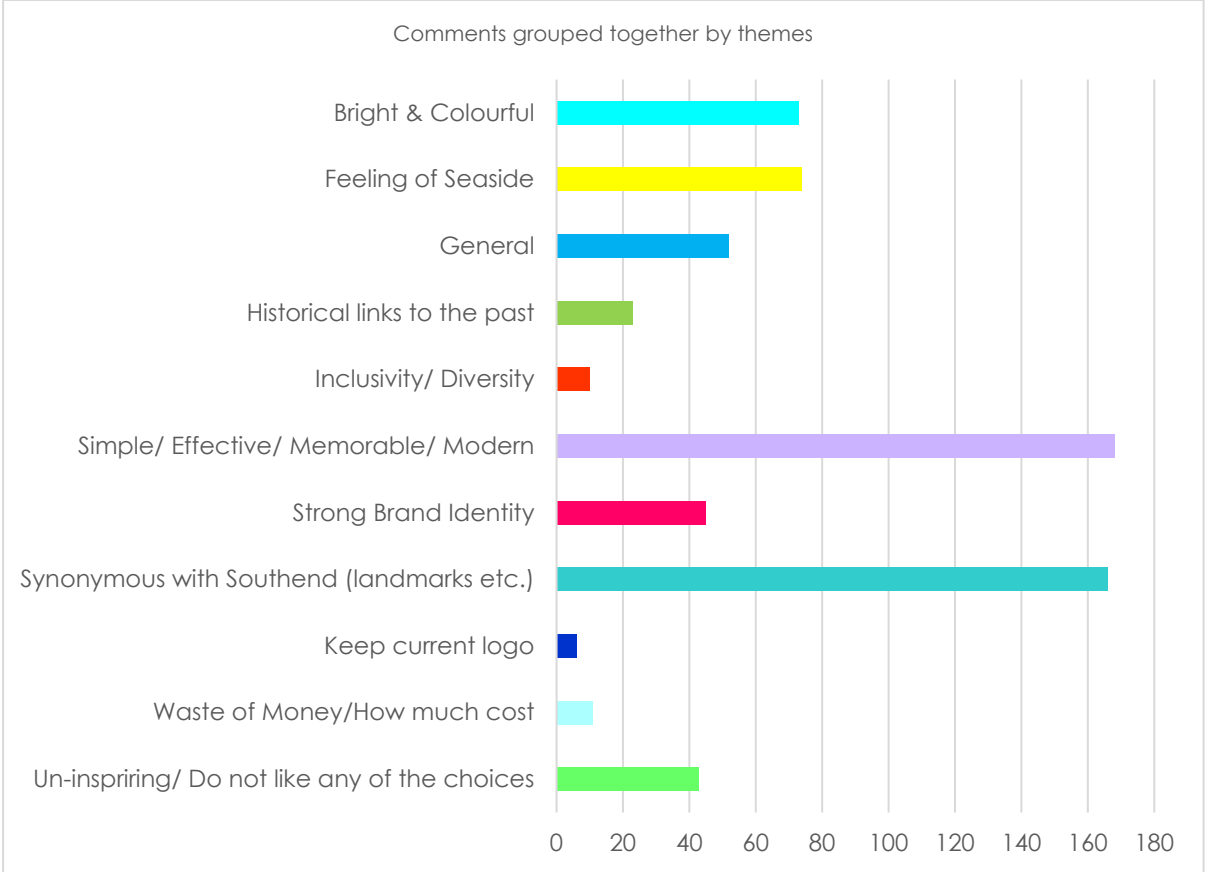
Only 9% made it their first choice giving the reasons of preserving the links to our historical past, traditional emblems.

The Seaside Windmill only 22% made this their first choice, with many commenting on the colours, its seaside feeling and its link to diversity and inclusion. Comments also identified that it looked rather childlike and was too generic and could identify or reflect many other cities and towns.



2. Please give your reasons for your choice*

This was an open text response following on from the ranking above with 575 individuals responding, the comments were linked together by themes and most people commented that the logos needed to be 'simple, memorable and modern, closing followed by it being synonymous with Southend with many quoting that we are famous for the Pier and it should be included in the logo somewhere.



General comments – included responses that included

- Southend was more than just a seaside town
- I think none of the options reflect the diversity of the city and are a little too 'kiss me quick' for my taste. However, if I was forced to pick one I believe the shell has the better appearance.
- The windmill has no relevance and the coat of arms is not distinctive.

**The full comments received from the online element of the consultation can be found in Appendix 1a, the responses from the school children can be found in Appendix 1b both at the end of this document.*



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CONCEPT 2 - SHELL DESIGN

Conch shell design that includes a subtle 'S' motif on the right hand section of the shell.

This icon is representative of the seaside and beach and also alludes to waves, water and the environment.

Again, we can use this in various colour ways and treatments as well as having different orientations.

This design works as a standalone device without supporting text, for social media.



SOUTHEND-ON-SEA CITY COUNCIL



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Social media banner

Document cover

Social media icon



Letterhead watermark

Uniform with mono logo on coloured shirt



Vehicle livery

Help us choose our new logo!

We are designing a new logo for Southend-on-Sea City Council and we want to know what you think.

A logo is an important badge for businesses or companies (like the one in the corner of this work sheet). It helps people know who they are just from one little picture, like Lego or Walt Disney.

In the boxes below, tell us what you think about each of the designs and which one is your favourite.

Write number 1 next to your favourite, 2 for your second best, 3 for your third best and 4 for the one you like the least.



Southend-on-Sea
City Council



Southend-on-Sea
City Council



Southend-on-Sea
CITY COUNCIL



Southend-on-Sea
City Council

Thank you for helping! 😊

Guidance for schools

Thank you for helping the council choose its new logo and branding.

Please print these worksheets and ask pupils to fill them in as per the instructions on the front of this sheet.

Once completed, please either scan and email them to media@southend.gov.uk

If this is not possible, please email media@southend.gov.uk and request that they are collected. Please tell us your school name and a relevant contact and best time for pick up.

Further information can be found here under item 7: <https://bit.ly/3P54oe1>

If you have any questions, please call Adam Keating on 07818 580319.

Get Involved!

We also want your view – please complete the short survey at:
yoursay.southend.gov.uk/potential-logo

Southend-on-Sea City Council

Report of Executive Director
(Neighbourhoods & Environment)

To

Cabinet

On

29 September 2022

Report prepared by: Joanne Stowell Director of Public
Protection

Agenda
Item No.

7

Draft Private Rented Sector Housing Enforcement Policy 2022

Relevant Scrutiny Committee – Policy & Resources Scrutiny Committee

Cabinet Member: Councillor Ian Gilbert – Economic Recovery, Regeneration and
Housing

Cabinet Member: Councillor Martin Terry- Cabinet Member for Public Protection

Part 1 (Public Agenda Item)

1. Purpose of Report

- 1.1 To present the Council's draft Private Rented Sector Housing Enforcement Policy 2022 (PRSHEP 22) for public consultation.
- 1.2 The Council has legal duties to ensure that accommodation in the private rented sector meets minimum housing management, health and safety standards, and further to deal with landlords and letting agents that fail to meet those standards.
- 1.3 In 2021, Neighbourhoods and Environment refreshed their overarching enforcement policy, and this is the parent policy that sets out the principles that Officers within Public Protection apply when undertaking regulation enforcement activities. However, given the range of enforcement options relating to the private rented housing sector, and the pressures within that area, a supplementary enforcement policy is warranted.
- 1.4 With the above in mind, this draft PRSHEP 2022 provides:
 - A transparent rationale as to how Regulatory Services provides the service to different tenures (Appendix 1 section 3);
 - The circumstances it considers should a service be withdrawn (Appendix 1 section 4);
 - The discretion that will be used when considering formal enforcement action against Category 2 Hazards pertaining to (amongst other issues) uncontrolled fire and smoke (Appendix 1 section 5.12 and 3.9 below);
 - The Electrical Safety Standards in the Private Rented Sector (England) Regulations 2020 ('the Electrical Safety Standards Regulations') (Appendix 1 Page 35);

- A statement of principles, so that the penalties under the Smoke and Carbon Monoxide Alarm (England) Regulations 2015) can be applied. (Appendix 1 page 36).

2. Recommendations

That Cabinet:

- 2.1 **Agree that the draft Private Rented Sector Housing Enforcement Policy 2022 attached to this report (Appendix 1), be approved for 6-week public consultation (14th September to 27th October 22).**
- 2.2 **Agree that delegated authority be given to the Executive Director of Neighbourhoods and Environment, in consultation with the Cabinet Members for Economic Recovery, Regeneration and Housing and Public Protection to make amendments to the Policy, following the consultation should it be required.**
- 2.3 **Agree that the finalised Enforcement Policy (post consultation) be presented to Cabinet in November 2022.**

3. Background

- 3.1 Southend-on-Sea City Council ('The Council') is responsible for enforcing a wide range of statutory provisions relating to private sector housing and environmental conditions affecting health, wellbeing, and safety, these include:
 - Reducing the number of properties with serious risks to health and safety;
 - Improving energy efficiency, warmth of homes and help reduce fuel poverty;
 - Improving standards in Private Sector (PS) and Private Rented Sector (PRS) accommodation;
 - Improving the standards in HMOs (houses in multiple occupation).
- 3.2 The Private Rented Sector (PRS) in Southend, is growing steadily and plays an important part in the housing provision within the Council. This sector often accommodates the most vulnerable of our residents, and whilst it is recognised that the majority of this housing is in good condition and well managed, there are landlords who allow their properties to fall below acceptable standards, and it is within this sector that the majority of enforcement takes place.
- 3.3 The draft PRSHEP 22 is specific to the investigation of housing conditions and enforcement action taken by Regulatory Services for this sector. Notwithstanding this, it is intended to be read in conjunction with the overarching Enforcement Policy 2021 (EP 2021), that was developed with regard to the Regulators' Compliance Code (RCC). The RCC requires a risk-based approach and proportionality to regulatory enforcement, together with relevant policy and guidance, and these principles also apply within this Policy. As such, the initial approach will still be to secure and encourage compliance through assistance education where possible and appropriate.
- 3.4 The purpose of the draft PRSHEP 22 is set out in para 1.4 above.

Service Offer to Tenure Groups

- 3.5 The enforcement of housing legislation is tenure neutral, however, the Council considers that owner-occupiers are usually in a position to take informed decisions concerning maintenance and improvement issues that might affect their welfare and are then able to set their financial priorities accordingly; tenants however, are not always able to do so. For this reason, the Council proposes that it is appropriate for its powers to be used according to tenure, as clearly set out in the draft PRSEP 22 (Appendix 1 Section 3).
- 3.6 In brief, save for exceptional circumstances that pertain to the vulnerability of the occupier/tenant, or imminent life and limb issues, the following enforcement response will be applied to the following tenure groups:
- Owner Occupiers: The Council will not generally take enforcement against this tenure (Appendix 1 section 3.2);
 - Private Tenants: Enforcement for this tenure group will only commence once tenants have notified their landlords of the problem, and given them an opportunity to rectify the problem, in accordance with legislation (Appendix 1 section 3.3);
 - Registered Social Landlords (“RSL”): This service will not normally take action against an RSL, unless the problem in question has been properly reported to the RSL, and they have failed to take the appropriate action and the tenant has been to the Housing Ombudsman without a satisfactory result (Appendix 1 Section 3.4);
 - Leaseholders: Other than in exceptional cases (on a case-by-case basis), the Council expects long leaseholders to invoke the terms of their lease to remedy problems of disrepair or nuisance themselves.

Situations Where the Service May Not be Provided

- 3.7 There may be occasions where an investigating officer cannot substantiate the complaint. When this arises, the person who has raised the issue will be informed that Council will not take any further action.
- 3.8 There are other circumstances that may result in the cessation of an investigation, or the withdrawal of service, these are listed in Appendix 1 section 4 and include (but are not limited to) situations where there is evidence to show:
- The landlord of the property has initiated legitimate eviction proceedings where there has been a breach of tenancy agreement;
 - The tenant(s) unreasonably refuse access to the landlord, managing agent or landlord’s builder, for works to be carried out;
 - The tenant(s) have, in the opinion of the Council, clearly caused the damage to the property they are complaining about, and there are no other items of disrepair;
 - A tenant does not want their present accommodation to be brought up to standard, and the only reason for contacting Regulatory Services is to secure rehousing;

- The tenant(s) have been aggressive, threatening, verbally or physically abusive or shown racist behaviour towards officers, or has made spurious and/or unsubstantiated allegations ;
- The tenant(s) make repetitive complaints and allegations which disregards the responses the Council has supplied in previous correspondence to the complainant or their representative(s)

HOUSING, HEALTH AND SAFETY RATING SYSTEM (HHSRS)

- 3.9 HHSRS is set out in Part 1 of the Housing Act 2004 , and the Council will base enforcement decisions in respect of residential premises on assessments made under that system. It is a risk-based approach consisting of 29 hazards. In undertaking an inspection of a dwelling, an Environmental Health Officer (or other suitably qualified Officer), undertakes an assessment of the potential risks to health and safety from any deficiencies identified in a dwelling. The officer will then determine whether any enforcement action is required depending upon the severity of the hazard, or whether there is a duty or discretion to act.
- 3.10 In the case of hazards determined under the HHSRS, the Council has a statutory duty to act in the case of Category 1 hazards, and a power to act in the case of Category 2 hazards (Appendix 1 Section 5).
- 3.11 This draft PRSHEP 22 proposes that the Council will exercise its power to deal with Category 2 hazards formally for those hazards that it considers to be significant. Whilst it is not possible to be prescriptive, factors that may be considered to assist in the determination of which hazards are deemed to be significant include one or more of the following:
- Whether the hazard pertains to threats from uncontrolled fire (and smoke);
 - Whether there are multiple hazards within the property;
 - Whether there is a vulnerable individual or group in occupation or likely to be in occupation;
 - Whether or not it is reasonable to assume the conditions are likely to deteriorate in the next 12 months.

Civil Penalties Under the Housing and Planning Act 2016

- 3.12 The Government announced the introduction of civil penalties (under the Housing and Planning Act 2016) for certain housing offences with a press release entitled: “Tougher measures to target rogue landlords – New rules will help crackdown on rogue landlords that flout the rules and improve safety and affordability for renters”. The aim is for more enforcement action to be taken against the small minority of landlords and letting agents who neglect their responsibilities and do not comply with the legislation.
- 3.13 These new powers were introduced to help local authorities take more enforcement action against rogue landlords; the civil penalties can be applied as an alternative to prosecution for certain housing offences, and these give the option to impose a penalty of up to £30,000 depending on the offence.
- 3.14 Local authorities are entitled to retain any monies collected, provided they are used to fund private sector housing enforcement functions. However, before any

financial penalties can be issued, statutory guidance requires the Council to develop and document a policy which sets out when it should prosecute and when it should impose a financial penalty, and the level of financial penalty it should impose in each case.

- 3.15 In order that the Council can impose these penalties, it is necessary to publish the decision-making process in determining them. The Civil Penalties Policy for Housing Enforcement was adopted by Cabinet in February 2022, and this set out how financial penalties would be imposed under the Housing Act 2004 and the Housing and Planning Act 2016. However, the contents of this policy have now been incorporated within the PRSHEP 22, so as to have all enforcement elements contained in one policy document. (See Appendix 1 page 26). However, as this element has already been adopted, it will be made clear that this particular element will not be reconsulted on.

The Electrical Safety Standards in the Private Rented Sector (England) Regulations 2020

- 3.16 The Electrical Safety Standards Regulations 2020 made under the Housing and Planning Act 2016 requires electrical installations to be safe and periodically inspected. The Council can impose a financial penalty of up to £30,000 for failing to do so. This Policy will be used to determine the financial penalty.
- 3.17 As mentioned in para 3.15 above, it is necessary to publish the decision-making process in determining this type of penalty, and the Council published the Civil Penalties policy in February 22. (See Appendix 1 page 35)

Statement of Principles Under the Carbon Monoxide Alarm (England) Regulations 2015

- 3.18 The Council is required under the Smoke & Carbon Monoxide Alarm (England) Regulations 2015 to prepare and publish a statement of principles which it proposes to follow when deciding on the penalty charge amount for failing to comply with a remedial notice served under these regulations.
- 3.19 This statement sets out the principles that the Council will apply in exercising powers to impose a financial penalty for failing to meet certain legislative requirements. The Council will impose a penalty charge where it is satisfied, on the balance of probabilities, that the landlord has not complied with the action specified in a remedial notice within the required timescale. (Appendix 1 page 36)

4. Other Options

- 4.1 Option 1 – To adopt the Policy in part rather than in full. The Policy is written in such a way that it targets the Council’s resources to the areas of greatest demand whilst ensuring that statutory responsibilities are still met with respect to other tenure groups. In addition, it clearly sets out how the Council will exercise its power to deal with significant Category 2 hazards, which includes threats from uncontrolled fire (and smoke), which seeks to protect tenants.

- 4.2 There is a risk that part adoption of the Policy will dilute the full effects and have an impact on Regulatory Service's ability to deliver, and ultimately protect those in greatest need.
- 4.3 Option 2 – To reject the Policy and fail to adopt it.
- 4.4 The risks are as above in para 4.3, with the addition of not providing a transparent and informative approach on enforcement.

5. Reasons for Recommendations

- 5.1 **To ensure that all landlords and managing agents renting out accommodation in the private rented sector are dealt with in a fair, transparent and consistent manner.**
- 5.2 **To target the Council's resources to the areas of greatest demand whilst ensuring that statutory responsibilities are still met with respect to other tenure groups.**
- 5.3 **To strengthen the enforcement response by formally enforcing against substantial Category 2 hazards.**
- 5.4 **To set out how the Council intends to apply penalties under the Electrical Safety Standards in the Private Rented Sector (England) Regulations 2020**
- 5.4 **To publish a statement of principle, so as to apply the financial penalties under the Carbon Monoxide Alarm (England) Regulations 2015**

6. Corporate Implications

- 6.1 Southend 2050 is the City's shared ambition for the future, it includes six themes, each with associated outcomes, the themes are:
1. Pride and Joy
 2. Safe and Well
 3. Active and Involved
 4. Opportunity and Prosperity
 5. Connected and Smart and
 6. Future Ways of Working
- 6.2 The PRSHEP 22 seeks to deliver outcomes that impact positively on our residents who live within the sector, through improvements in housing conditions, which in turn impact positively on health and wellbeing, as well as the amenity as a whole. As such, the Policy assists the Council in achieving the corporate vision set out in Southend 2050 and makes a particular specific contribution to themes 1 and 2.
- 6.3 Additionally, a by-product of achieving the above aims, is that the prosperity of the city is improved (details of this is provided in paras 6.24-6.27).

6.4 Financial Implications

6.5 It is not envisaged that the current level of enforcement activity is likely to increase because of the creation of this Policy. The existing staff within Regulatory Services will be responsible for applying the Policy in the course of their day-to-day work. and therefore, no additional costs are anticipated.

6.6 The introduction of Civil Penalty Notices will generate a means of recovering the Council's costs regarding this work stream as well as a deterrent for rogue landlords. Therefore, although potential penalties for non-compliance are significant, service managers anticipate that landlords are unlikely to remain non-compliant and this is not anticipated to result in a significant new source of revenue income. Any penalties that are levied would be retained by the Council and this activity will be kept under review as part of the budget monitoring process

6.7 Legal Implications

6.8 The PRSHEP 22 is intended to support the enforcement activities of the Regulatory Services Team.

6.9 The Smoke and Carbon Monoxide Alarm (England) Regulations 2015 also provide the ability for Officers to serve a notice should the required duties within these Regulations be contravened.

6.10 The draft PRSHEP 22 will be subject to public consultation and officers and members will carefully consider representations made.

6.10 People Implications

6.11 This paper's recommended approach has no specific People implications.

6.12 Property Implications

6.13 This paper's recommended approach has no specific Property implications.

6.14 Consultation

6.15 As required by the Regulators' Code, Regulators should have mechanisms in place to consult those they regulate in relation to the guidance they produce, as such; it is proposed that a public consultation exercise be undertaken through publishing the draft PRSHEP 22 and associated appendices on the Council's website and inviting comments.

6.16 Details of any representations and the result of the consultation will be considered within the final policy.

6.17 The proposed timetable for consultation is below:

Public Consultation	September 14 th to 27 th October 22
Considered by Cabinet	8 th November 22

6.18 Equalities and Diversity Implications

6.19 The Council wants to ensure that it provides services and strategies which address the needs of all members of the community. As such, the Council conducts Equality Impact Assessments as strategies, policies and services are developed to:

- Consider issues relating to age, disability, gender, gender reassignment, race, religion & belief and sexual orientation;
- Obtain a clearer understanding of how distinct groups may be affected;
- Identify changes which may need to be built into an initiative as it is developed;
- Comply with legislative requirements & identify good practice.

6.20 By working on the four priority areas identified, there will not be unlawful discrimination or contradictions under the European Convention of Human Rights; moreover, the overall impact of the Policy is to improve the housing standard for residents within this sector. Properties are inspected against statutory requirements and in conjunction with enforcement standards to ensure equal and fair treatment for all. There is no evidence to suggest that the Policy would have a negative impact on any vulnerable group.

6.21 Risk Assessment

6.22 A lack of enforcement is damaging to the reputation of the Council, and risks giving the perception that it is acceptable to rent substandard and unsafe accommodation, moreover, failure to deal with management, health and safety breaches in the private rented sector could leave the council exposed to legal action.

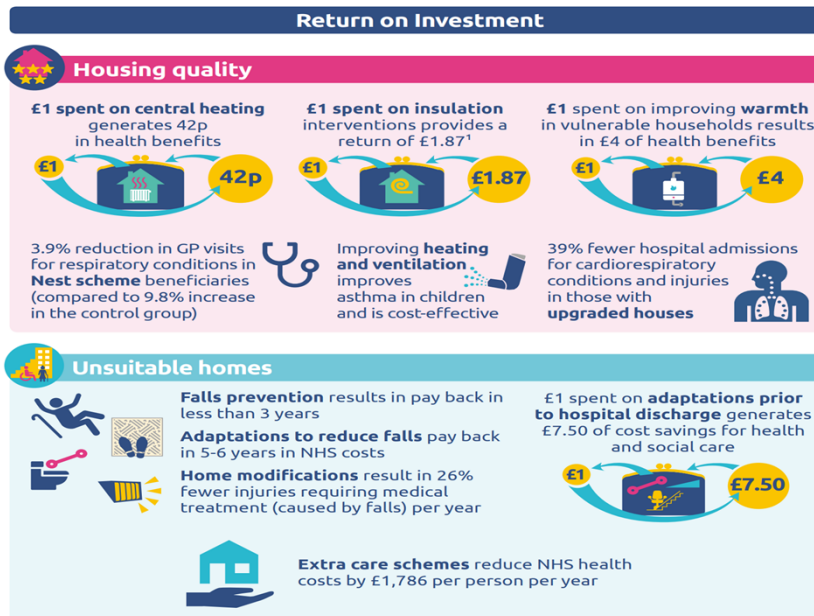
6.23 In addition to the above, there is a risk of legal challenge if the processes within the proposed Policy are not followed correctly, which could result in First Tier Property Tribunals overturning notices and penalty fines. These legal, reputational and financial risks will be mitigated through officers receiving training and updates and working closely with the legal services team.

6.24 Value for Money

6.25 Improvements in housing conditions supports the wider determinants of health, which in turn affords psychological and fiscal benefits to tenants, health services, society and the economy.

6.26 The infographic in figure 1 below, demonstrates the Return on Investment (ROI) achieved from investment in housing quality, and unsuitable homes.

Figure 1 Return on Investment



6.27 In addition to the ROI realised in partner services, the structural (internally or externally) improvements achieved from the service on Enforcement Notices, has the potential to boost the local economy, through the primary use of local contractors and traders. Moreover, reinvestment by the landlord into their asset, will likely lead to an increase of its inherent value, and further improves the amenity of an area.

6.28 **Community Safety Implications**

6.29 Offences covered by this Policy include criminal offences and the investigation and enforcement of legislation. This Policy will assist with reducing crime and disorder.

6.30 **Environmental Impact**

6.31 Whilst the Electrical Safety Standards Regulations are primarily focused on the electrical safety of rented properties, the energy efficiency is likely to be indirectly improved if the electrical installations are modern and effectively optimised from a safety perspective. It is, therefore, reasonable to conclude that where enforcement powers are used to ensure compliance with the Electrical Safety Standards Regulations, there will be a positive climate outcome, particularly in relation to fuel consumption. There is a strong likelihood of significant improvements for tenants on low incomes, with associated co-benefits such as improved physical health and mental wellbeing. Having said this, it is acknowledged that enforcement of the Electrical Safety Standards Regulations will not generate any potential opportunities for carbon offsetting or specific measures to improve resilience to climate related extreme weather events.

7. **Background Papers**

The Civil Penalties Policy for Housing Enforcement was adopted by Cabinet in February 2022
 Environment and Regulatory Enforcement Policy 2021 (ERP 2021.)

8. Appendices

8.1 Appendix 1 Private Rented Sector Housing Enforcement Policy 2022

Draft Private Rented Sector Housing Enforcement Policy 2022

Issued Date:	Review Date:
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Private Rented Sector Housing Enforcement Policy

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1.0 Introduction

1.1 Southend-on-Sea City Council ('The Council') is responsible for enforcing a wide range of statutory provisions relating to private sector housing and environmental conditions affecting health, wellbeing, and safety, these include:

- reducing the number of properties with serious risks to health and safety.
- improving energy efficiency, warmth of homes and help reduce fuel poverty.
- improving standards in private rented sector (PRS) accommodation.
- improving the standards in HMOs (houses in multiple occupation).
- Improving the standards of rented properties within the designated selective licensing area.

1.2 This draft policy is specific to the investigation of housing conditions and enforcement action taken by Regulatory Services; but is intended to be read in conjunction with the overarching Environment and Regulatory Enforcement Policy 2021 (ERP 2021). The policy cannot be absolutely prescriptive because the circumstances of each individual case and the evidence available must be taken into account. However, this policy should leave most readers in little doubt as to what they can expect by way of enforcement.

1.3 In determining this draft policy, stakeholders have been consulted and current government guidance and relevant codes of practices have also been considered. In particular the requirements of the Legislative and Regulatory Reform Act 2006 (the "2006 Act"), the Enforcement Sanctions Act 2008 and the Regulators' Code (2014) made under that Act have been taken into account. In doing so, this draft policy seeks to ensure that the application of any enforcement is founded around the principles of:

- Raising awareness;
- Proportionality and accountability;
- Consistency in approach;
- Transparency and
- Targeted.

1.4 The methodology and reasoning behind investigations, information requirements, Cautions, Prosecutions, Evidential Test, and the Public Interest Test are the same as stated within the ERP 2021.

2.0 Purpose and Scope

2.1 This draft policy contributes to the Council's 2050 Safe and Well key priority of ensuring that everyone has a home that meets their needs.

2.2 The Council will utilise a range of delegated powers to deal with statutory nuisance from property, hazards and amenity standards in the home which affect the health, safety, comfort and convenience of occupiers, visitors, and the public.

2.3 The purpose of this draft policy is to outline the areas of legislation used and to set out the Council's policy where the legislation permits discretion. It sets out the:

- investigative pathway associated with different tenures (section 3);
- how the team will respond to service requests in relation to enforcing housing standards, and the situations where a service may not be provided (Section 4);
- the enforcement actions that will be considered to secure housing improvements (Section 5);
- the range of proactive and statutory actions to improve housing standards that are available (Section 6);
- The Charges for Notices, and the use of Civil Penalties (Section 7);
- The complaints process (Section 9).

2.4 The extent of enforcement will be related to the risk posed by the condition or situation and the likely benefits achieved by compliance. In accordance with requirements, a policy and statement of intent on how Civil Penalties and smoke and carbon monoxide alarm requirements will be applied are set out in Appendix 3 (Civil Penalties Policy under the Housing Act 2004 and the Housing and Planning Act 2016), Appendix 4 (The Electrical Safety Standards in the Private Rented Sector (England) Regulations 2020) and Appendix 5 (Statement of Principles for the determining of financial penalties – The Smoke and Carbon Monoxide Alarm (England) Regulations 2015) respectively. **The Civil Policy 2022 (Appendix 3) has already been adopted by the Council in February 2022, as such, the details within this appendix do not form part of the consultation of the draft policy.**

3. Tenure Groups

3.1 The Council has investigative and enforcement powers relating to all housing tenure. All enforcement options are available to the Council regardless of whether the premises in question are owner-occupied, privately rented or belong to a Registered Social Landlord (RSL). South Essex Homes (SEH) is not subject to enforcement by the Council as it is an Arm's Length Management Organisation of the Council. Complaints regarding SEH properties are subject to a separate complaints process.

3.2 Generally, the Council considers that owner-occupiers are usually in a position to take informed decisions concerning maintenance and improvement issues that might affect their welfare and are then able to set their financial priorities accordingly; tenants however, are not always able to do so. For this reason, the Council proposes that it is appropriate for its use of powers to be prioritised according to tenure, as follows:

3.3 Owner Occupiers

As owner occupiers are ordinarily able to make informed decisions about maintenance or safety issues in their homes, formal enforcement action against this tenure group is ordinarily limited, however, there may be exceptions including:

- Vulnerable individuals who require the intervention of the Council to ensure their welfare is best protected.
- Hazards that might reasonably affect persons other than the occupants.
- Serious risk of life-threatening harm such as electrocution or fire.

Unless an identified hazard is judged to pose an imminent risk of serious harm, the Council will contact the owner to confirm its involvement, explain the nature of the hazard and confirm the action it is intending to take. The Council will take account of any proposals or representations made by, or on behalf of the owner. The Council will solicit and take account of the opinion of the relevant Welfare Authority in considering both the vulnerability and capability of such persons as well as in determining what action it will then take.

3.4 Private Tenants

Legislation covering landlord and tenant issues requires that tenants notify their

landlords of any problems with the property. This reasonably affords landlords an opportunity to carry out their obligations under the legislation. Where the matter appears to present an imminent risk to the health and safety of the occupants, it is expected that tenants will continue to try to contact their landlord, even if this is after they have contacted the Private Sector Housing Team. Copies of correspondence between the landlord and tenant should be provided for Officers. In certain situations, tenants will not be required to write to their landlord first, for example:

- where the matter appears to present an imminent risk to the health and safety of the occupants.
- Where there is a demonstrable history of harassment/threatened eviction/poor management practice.
- where the tenant could not for some other reason be expected to contact their landlord/managing agent.

For private tenants who rent through a Lettings Agency or Property Management company, there is a requirement for those agencies to belong to a Government approved redress scheme in accordance with the Enterprise and Regulatory Reform Act 2013. These tenants therefore have the right to complain to an independent person about the service they receive which should assist in settling disputes.

3.5 Registered Social Landlords (“RSL”)

These are usually housing associations, being a private, non-profit making organisation that provides low cost “social housing” for people in need. Their performance is scrutinised by the Regulator for Social Housing and the Housing Ombudsman. RSL’s have written arrangements for reporting problems and clear response times for addressing these issues, in addition to having systems for registering any complaints about service failure. This service will not normally take action against an RSL, unless the problem in question has been properly reported to the RSL, they have failed to take the appropriate action and the tenant has been to the Housing Ombudsman without a satisfactory result. The Council will consider enforcement action against an RSL where there are significant risks to the health and safety of tenants and/or the wider public.

3.6 Leaseholders

Other than in exceptional cases (on a case-by-case basis), the Council expects long leaseholders to invoke the terms of their lease to remedy problems of disrepair or nuisance themselves. Leaseholders may be able to get advice about how to settle a dispute about repair problems from the:

Leasehold Advisory Service –
31 Worship Street, London
E2CA 2DX, Telephone 020
7374 5380 info@lease-
advice.org.uk

Leaseholders may need to consult a solicitor specialising in leasehold law.

3.7 Caravan Sites

The use of land as a caravan site usually requires a caravan site licence under the Caravan Sites and Control of Development Act 1960 and the Council may impose site licence conditions. The Council can take enforcement action should a site be operating without a licence or where site licence conditions are not being met.

4. Reporting Poor Housing Conditions

- 4.1 The online reporting form can be used to report housing complaints through the MySouthend portal <https://www.southend.gov.uk>

You can also contact Southend City Council , by telephone on 01702 215000, by email to privatesectorhousing@southend.gov.uk or by letter to the following address:

Southend-on-Sea City Council
Civic Centre
Victoria Avenue
Southend-on-Sea
Essex SS2 6ER

When reporting an issue, it is useful for the Council to have as much information as possible, such as:

- Description and photographs of the disrepair issue and affected room.
- How long the item of disrepair has been present.
- When the responsible party (i.e. landlord or management agent) for the property was notified of the problem, and copies of the correspondence.
- Following notification, the response (if any) from the responsible party.
- Address of property concerned.
- Name/address/telephone number of owner/landlord/managing agent
- Name/address/telephone number of complainants.
- If rented when they started tenancy & type of tenancy agreement held.

Unless there is an imminent risk or danger, anonymous complaints will not be investigated; on receipt of the above the Council will contact the person responsible, allowing them 14 days to make representations and providing them an opportunity to carry out the works.

4.2 Situations Where a Service May Not be Provided

There may be occasions where an investigating officer cannot substantiate the complaint. When this arises, the person who has raised the issue will be informed that Council will not take any further action.

There are other circumstances that may result in the cessation of an investigation, or the withdrawal of service, these include (but are not limited to):

- the complaint has been withdrawn and does not warrant further investigation.
- the tenant(s) are, shortly to move out of the property by their own choice.
- the complaint relates to minor disrepair only.
- the landlord of the property has initiated eviction proceedings where there has been a breach of tenancy agreement.
- the tenant(s) unreasonably refuse access to the landlord, managing agent or landlord's builder, for works to be carried out.
- the tenant(s) have, in the opinion of the Council, clearly caused the damage to the property they are complaining about, and there are no other items of disrepair.
- a tenant does not want their present accommodation to be brought up to standard, and the only reason for contacting the Private Sector Housing Enforcement Team is to secure rehousing.

- the tenant(s) has failed to follow the appropriate process.
- the tenant(s) have failed to keep an appointment and not responded to a follow up letter or appointment card.
- the tenant(s) unreasonably refuses to provide the Council with relevant documentation, e.g. a tenancy agreement or notice seeking possession.
- the Complainant has continually submitted additional complaints related in whole or in part to an initial complaint already submitted and under investigation or which has been fully investigated and the Council's duty discharged.
- the tenant(s) have been aggressive, threatening, verbally or physically abusive or shown racist behaviour towards officers, or has made spurious and/or unsubstantiated allegations.
- make repetitive complaints and allegations which disregards the responses the Council has supplied in previous correspondence to the complainant or their representative(s).

5. Enforcement Responsibilities and Options

5.1 In circumstances where enforcement responsibility is shared between or rests fully with external organisations, officers will have regard to protocols agreed with other enforcement agencies. Where appropriate, officers will ensure that referrals are passed to the appropriate enforcing authority promptly and in accordance with any agreed procedure.

5.2 The Council will minimise the costs of compliance for residents and landlords by ensuring that any action required is proportionate to the risks involved or seriousness of any breach. As far as the law allows, the circumstances of the case and the attitude of the owner or agent will be considered when determining what action to take. Regard to various courses of remedial action and consideration will be given to what is 'reasonably practicable'.

5.3 Housing, Health and Safety Rating System (HHSRS)

5.4 HHSRS is set out in Part 1 of the Housing Act 2004 (the Act), and the Council will base enforcement decisions in respect of residential premises on assessments made under that system. It is a risk-based approach consisting of 29 hazards. In undertaking an inspection of a dwelling, an Environmental Health Officer (or other suitably qualified Officer), will undertake an assessment of the potential risks to health and safety from any deficiencies identified in a dwelling. The officer will then determine whether any

enforcement action is required depending upon the severity of the hazard, or whether there is a duty or discretion to act.

5.5 Where a Category 1 hazard exists, The Council has a duty to act, however, with regards to Category 2 hazards, the power to act is discretionary, and there is an option to take informal action with a landlord where there is a low risk to health and safety and where there is no history of non-compliance from the landlord.

5.6 Action by the Council will be based on a three-stage consideration:

- The hazard rating determined under HHSRS;
- Whether the authority has a duty or power to act, determined by the presence of a hazard above or below a threshold prescribed by Regulations (Category 1 and Category 2 hazards); and
- The authority's judgement as to the most appropriate course of action to deal with the hazard.

5.7 The Act contains enforcement options, and the choice of the most appropriate course of action is decided having regard to statutory enforcement guidance.

5.8 Legislation, Action and Powers

5.9 In addition to HHSRS, there are other legislation and regulations under which the team's responsibilities as a Housing Authority will be considered, these include (but are not limited to):

- The Public Health Act 1936 and 1961;
- The Prevention of Damage by Pests Act 1949;
- Caravan Sites Act 1968 (as amended by the Mobile Homes Act 2013);
- The Local Government (Miscellaneous Provisions) Act 1976 and 1982;
- Protection from Eviction Act 1977;
- The Building Act 1984;
- The Housing Act 1985;
- The Environmental Protection Act 1990;
- The Housing Act 2004;
- The Regulatory Reform Order 2005;
- The Management of HMOs (England) Regulations 2006 and 2007;

- Enterprise and Regulatory Reform Act 2013;
- Deregulation Act 2015;
- The Energy Efficiency (Private Rented Property) (England & Wales) Regulation 2015;
- Smoke and Carbon Monoxide Alarm (England) Regulations 2015;
- The Housing and Planning Act 2016;
- The Electrical Safety Standards in the Private Rented Sector (England) Regulations 2020.

5.10 Authorised officers can inspect and survey the entire premises, take samples, and use equipment to take measurements and photographs where appropriate.

There are several actions officers may take and these will depend on the circumstances of the case:

- **Take no action** – Where premises are found to be satisfactory.
- **Take informal action** – Informal action will be taken where insignificant Category 2 hazards are found and recommendations are being made.
- **Take formal enforcement action** – This action will normally be the first course of action following the inspection where a Category 1 hazard, or where a significant category 2 hazard is identified.

Where an officer identifies an imminent risk of serious harm the officer will make every effort to contact the owner to give them the opportunity to remedy the situation within a short timescale.

5.11 Informal Action

This may include:

- Offering advice.
- Making recommendations verbally or by letter.
- Making written requests for action. These will include letter, schedule or a pro-forma requesting timescales for the start and completion of any works.
- Discussing options with owners.

5.12 Formal Action

In the case of hazards determined under the HHSRS the Council has a statutory duty to act in the case of Category 1 hazards and a power to act in the case of Category 2 hazards.

The Council will exercise its power to deal with Category 2 hazards formally for those hazards that it considers to be significant. Whilst it is not possible to be prescriptive in describing all hazards which the Council would deem to be significant, factors that may be considered to assist in the determination of which hazards are deemed to be significant include one or more of the following:

- Whether the hazard pertains to threats from uncontrolled fire (and smoke).
- Whether there are multiple hazards within the property.
- Whether there is a vulnerable individual or group in occupation or likely to be in occupation.
- Whether or not it is reasonable to assume the conditions are likely to deteriorate in the next 12 months.

Informal action is still an option to the Council where the Category 2 hazard is deemed to be insignificant by the Officer.

5.13 In relation to the above enforcement options for hazards, the following enforcement notices will be considered, depending on the severity and or number of the hazards identified:

- Serve a Hazard Awareness Notice.
- Serve an Improvement Notice requiring remedial works.
- Make a Prohibition Order, which closes the whole or part of a dwelling or restricts the number or class of permitted occupants or restricts its use.
- Serve an Emergency Prohibition Order; *
- Suspend any of the above, until a date or time specified.
- Take Emergency Remedial Action; *
- Make a Demolition Order; **
- Declare a Clearance Area**

** Only in respect of Category 1 hazards*

***Circumstances for these Notices are stated in Appendix 1 (Demolition Orders*

and Clearance Areas)

5.14 In addition to the above, alternative or additional Notices may be considered under the legislation listed in 5.9 depending on the circumstances. This includes all legislation that pertains to gathering information as part of a PSH enforcement investigation, these include (but are not limited to)

- Section 16 Local Government (Miscellaneous Provisions) Act 1976, (Requisition for Information Notice);
- Section 235 Housing Act 2004 - (Requisition for Documents Notice).

Failure to respond to either of the above notices within the specified time frame is an offence and may lead to prosecution. These notices do not register as a Land Charge and are not included on the Council's Enforcement Register.

5.15 Enforcement Considerations

5.16 In determining which of the above courses of action to take, the Council may take the following factors into consideration:

- The current occupiers, if any, and their views as to what should happen.
- Likely regular visitors and any vulnerabilities.
- The turnover of tenancies.
- The risk of excluding vulnerable groups of people from the private rented sector.
- The size, type, and location of the property.
- The sustainability of an area – if it has been identified for potential demolition within an Area Action Plan.
- The views of the owner(s).
- In the case of demolition or clearance, the views of residents, businesses and Councillors will also be considered.

5.17 In the event that a Notice is Suspended, these will be reviewed at least annually, and The Council will consider requests to vary or revoke an improvement notice or a prohibition order. In doing so they will have consideration to some or all of the following factors:

- The views of the Fire Authority, where appropriate.
- The risk presented by the hazard and the potential effect of any variation.
- The level of confidence in the recipient to respond and their history

of compliance or otherwise.

- The progress made with any other work specified in the Notice or Order.
- The costs of any works in relation to the benefit to be derived from them.
- Any additional unforeseen works which become apparent during the course of remedial works.

If the Council considers that there are special circumstances in relation to a Prohibition Order or an Improvement Notice, it may revoke the order or notice.

5.18 Entering A Property and Powers of Entry

5.19 Where practicable, landlords and/or agents will be given 24 hours' notice of the Council's intention to carry out an inspection of the property as per the requirements of section 239 Housing Act 2004.

5.20 If the landlord/agent or representative wishes to attend the inspection, they must also provide the tenant with the necessary notice. After the inspection, whilst onsite, the Council will discuss the findings of the inspection and the possible options to reduce or remove the hazards, if requested to do so by the landlord/agent or representative and it is practicable to do so. This is only available when the landlord/agent or representative attends the property for the inspection. The Council will rate the hazards using the HHSRS and serve any relevant notices as soon as is practicable. It should be noted, however, that any works discussed with the landlord/agent or their representative will be before the deficiencies have been scored using the HHSRS and this could impact upon the assessment.

5.21 In the case of a HMO, an authorised officer has a right of entry at any reasonable time, and without giving any prior notice

5.22 There may be times where Officers need to enter a premises without notification to the owner or occupier, in these cases, a warrant will be sought under the appropriate Act being used, this can include powers of entry under:

- The Housing Act 2004 section 239;
- The Environmental Protection Act 1990 – Schedule 3, para. 2;
- Prevention of Damage by Pests Act 1949 – Section 22;
- The Public Health Act 1936 – Section 287;
- The Building Act 1984 – Section 95, and

- The Local Government and Housing Act 1989 – Section 97.

5.23 The power of entry is to enter the land or premises at any reasonable hour for the purpose of carrying out an inspection and/or investigation either required by the legislation or in order to ascertain if any part of the relevant legislation should apply. When using a power of entry, the associated advanced notice as required by the various Acts will be provided to the owner/landlord/responsible party.

5.24 If officers are refused entry, the Council has the right to apply to the Magistrates Court for a warrant to enter the land/property. This course of action will only be taken in cases where it is considered both necessary and proportionate to the matter under investigation. Any person who willfully obstructs an authorised officer acting in exercise of a right of entry commits an offence and may be liable on summary conviction to a fine, the level of which is specified by the respective legislation:

6.0 Charges for Notices and Financial and Civil Penalties

6.1 Charges for Notices

6.2 Enforcement means an action carried out in exercise of or against the background of enforcement powers. This is not limited to formal enforcement action such as prosecution, service of legal notices, and application for a rent repayment order or the issue of civil penalty notices. It includes inspections or investigations related to property or land and any relevant person where the purpose is checking compliance with legislation or to give advice to help comply with the law.

6.3 Having regard to the relevant statutory power, and where the law allows, a financial charge will be made for the service of all Housing Act notices and the making of Prohibition Orders. There is no maximum charges, and the final charge will be based on the full cost to the Council of taking the action including inspection, preparation, and service of the notices. Any action to recover costs and expenses will be in accordance with the requirements of the relevant Acts. (See Appendix 2 Charges for Notices).

6.4 In respect of formal notices served in relation to significant Category 2 hazards, this charge may be waived at the Council's discretion when required works as specified within the Notice are completed to the satisfaction of the Officer within the specified timeframe (See Appendix 2 Charges for Notices).

6.5 Costs incurred carrying out Work in Default or Remedial Action will be charged

separately. When the charge demand becomes operative, the sum recoverable will be a local land charge. Costs will be charged at an hourly rate for the enforcement officer, administration and management costs. For more information see the Council's Works in Default Procedure. (See Appendix 2 Charges for Notices)

6.6 Civil Penalties

The Government has introduced legislation that gives the Council the option to impose a financial penalty of up to £30,000 as an alternative to prosecution for certain housing offences. These powers were introduced to help local authorities take more enforcement action against rogue landlords. The Council adopted a policy for applying Civil Penalties for Housing Offences in February 22.

6.7 Specifically, the Housing and Planning Act 2016 Act gives the Council the power to issue Civil Penalty notices of up to £30,000 as an alternative to prosecution, where there is evidence beyond reasonable doubt of certain offences i.e. failure to:

- Comply with an improvement notice;
- License a property which requires a licence;
- Comply with licence conditions or occupancy requirements;
- Comply with an overcrowding notice;
- Comply with HMO management regulations requirements;
- Failing to licence a house in multiple occupation ("HMO");
- Knowingly permitting the over-occupation of a licensed HMO;
- Failing to comply with the condition of an HMO licence;
- Failing to comply with an overcrowding notice in respect of a non-licensable HMO;
- Failing to comply with HMO management regulations; and
- Breaching a banning order.

6.8 Local authorities are entitled to retain any monies collected, provided they are used to fund private sector housing enforcement functions. However, before any financial penalties can be issued, statutory guidance requires the Council to develop and document a policy which sets out when it should prosecute and when it should impose a financial penalty, and the level of financial penalty it should impose in each case.

6.9 Civil Penalties can be used where a breach is serious and the Council may determine

that a significant financial penalty (or penalties if there have been several breaches), rather than prosecution, is the most appropriate and effective sanction in a particular case. The government have issued statutory guidance to Councils on the use of Civil Penalty notices under the 2016 Act. The Council has published its own policy on how it will decide on the level of financial penalty which is in accordance with the government guidance. This policy has already been adopted by the Council in February 22, and is included in this policy at Appendix 3 (Civil Penalties Policy for imposing financial penalties under the Housing Act 2004 and the Housing and Planning Act 2016). **However, as it has already been adopted, this element will not be considered again in the consultation for this draft policy.**

The decision when to prosecute, agree a simple caution or when to issue a civil penalty will be made on a case-by-case basis in line with this adopted policy and current guidance.

- 6.10 The upper limit for fines in the magistrates' court has been removed; this means if found guilty of an offence, there is no maximum fine. In some cases, the Council can apply to court to recover rent from a landlord if a property has been let illegally. Officers will provide Legal Services with all the relevant information to enable the recovery of costs to be sought at court. Any costs application made is likely to include the time officers have spent investigating a case and the legal costs involved.
- 6.11 Verdicts and sentences in criminal cases are given in open court and are a matter of public record. The Council will decide whether to publicise sentences following prosecution on a case-by-case basis. Publicising guidance has a presumption in favour of publicising outcomes of criminal cases and basic personal information about convicted offenders.
- 6.12 In addition to charges for Notices served under the Housing Act 2004 other Notices served under other legislation or regulations have penalties attached, usually where the Notice served has been contravened. These include (but are not limited to):
- The Electrical Safety Standards in the Private Rented Sector (England) Regulations 2020 (£30,000 maximum) (See Appendix 4);
 - The Smoke and Carbon Monoxide Alarm (England) Regulations 2015 (£5000 maximum) (See Appendix 5 Statement of Intent);
 - The Energy Efficiency (Private Rented Property) (England and Wales) Regulations 2015 (£5000 maximum).

- 6.13 Each case will be considered on its own merits and the relevant statutory appeal rights are provided with any notice served.

7.0 Options Regarding Licensing of Houses in Multiple Occupation (HMO)

7.1 Southend-on-Sea City Council currently operates the Mandatory HMO Licensing scheme. From 1st October 2018 HMO licences are required for all HMOs of any storey height that are occupied by five or more persons, who form two or more households and share facilities (such as kitchens, living rooms and bathrooms), unless they are exempt. OR Purpose-built flats where there are up to two flats in the block and one or both flats are occupied by 5 or more persons in 2 or more separate households. This will apply regardless of whether the block is above or below commercial premises.

7.2 The HMO licensing regime includes arrangements for assessing the suitability of the premises for the number of occupants, including the adequacy of the amenities. It also provides for the assessment of the fitness of a person to be the licence holder and the potential management arrangements of the premises.

7.3 Licensable HMOs operating without a licence

7.4 It is a criminal offence if a person controlling or managing a licensable HMO does not have the required licence. Failure to comply with any condition attached to a licence is also an offence. The Council will consider all available enforcement options when dealing with unlicensed HMOs and breaches of the licence conditions.

7.5 The Council has an intelligence-led, targeted approach to housing enforcement and the identification of licensable HMOs that are operating without a licence. It will vigorously pursue anyone who is controlling or managing a licensable HMO without a licence and, where appropriate, it will prosecute them or impose a civil penalty.

7.6 Consideration will be given to any representations that are received from landlords in relation to exceptional circumstances that may have resulted in a 'duly made' HMO licence application not being submitted on time.

7.7 If a landlord responds quickly to the Council's notification that an HMO requires an HMO licence and they co-operate fully with the Council to ensure that the HMO is licensed as soon as practicable, the Council may decide (at its sole discretion) not to prosecute the landlord or impose a civil penalty. Each case will be determined on its individual

merits and circumstances.

7.8 As mentioned above, it is an offence to operate a HMO without a licence and penalties are set out in Appendix 3 (Civil Penalties Policy for imposing financial penalties under the Housing Act 2004 and the Housing and Planning Act 2016).

7.9 All decisions in respect of HMO licensing will be taken in accordance with the Council's published policy and the appropriate legislation and guidance.

8.0 Options Regarding Selective Licensing (SL)

8.1 Southend-on-Sea City Council has adopted a selective licensing scheme. From 1st December 2021 SLs licences are required for all rented properties within the designated area. Where a property is an HMO, the mandatory licensing of HMO regime will apply (see Section 7.0).

8.2 The SL regime includes arrangements for assessing the suitability of the premises for the number of occupants, including the adequacy of the amenities. It also provides for the assessment of the fitness of a person to be the licence holder and the potential management arrangements of the premises.

8.3 Licensable properties with the adopted area operating without a licence

8.4 It is a criminal offence if a person controlling or managing a property within a selective licensable area does not have the required licence. Failure to comply with any condition attached to a licence is also an offence. The Council will consider all available enforcement options when dealing with unlicensed SL property and breaches of the licence conditions.

8.5 The Council has an intelligence-led, targeted approach to housing enforcement and the identification of properties within the selective licensing area that are operating without a licence. It will vigorously pursue anyone who is controlling or managing a licensable property without a licence and, where appropriate, it will prosecute them or impose a civil penalty.

8.6 Consideration will be given to any representations that are received from landlords in relation to exceptional circumstances that may have resulted in a 'duly made' licence application not being submitted on time.

- 8.7 If a landlord responds quickly to the Council's notification that a property requires a licence and they co-operate fully with the Council to ensure that the property is licensed as soon as practicable, the Council may decide (at its sole discretion) not to prosecute the landlord or impose a civil penalty. Each case will be determined on its individual merits and circumstances.
- 8.8 As mentioned above, it is an offence to rent a property within a selective licensing areas without a licence and penalties are set out in Appendix 3 (Civil Penalties Policy for imposing financial penalties under the Housing Act 2004 and the Housing and Planning Act 2016).
- 8.9 All decisions in respect of selective licensing will be taken in accordance with the Council's published policy and the appropriate legislation and guidance.

9. Related policies and Supporting Documents

- 9.1 **A copy of the guidance on civil penalties can be accessed via:**
**[https://www.gov.uk/government/publications/civil-penalties-under-the- housing-
andplanning-act-2016](https://www.gov.uk/government/publications/civil-penalties-under-the-housing-andplanning-act-2016)**

A copy of the Guidance on rent repayment orders can be accessed via:
[https://www.gov.uk/government/publications/rent-repayment-orders-under- the-
housingand-planning-act-2016](https://www.gov.uk/government/publications/rent-repayment-orders-under-the-housingand-planning-act-2016)

A copy of the Smoke and Carbon Monoxide Alarm (England) Regulations 2015: Q&A booklet for the private rented sector – landlords and tenants can be downloaded from:
[https://www.gov.uk/government/publications/smoke-and-carbon-monoxide- alarms-
explanatory-booklet-for-landlords/the-smoke-and-carbon-monoxide- alarm-england-
regulations-2015-qa-booklet-for-the-private-rented-sector- landlords-and-tenants](https://www.gov.uk/government/publications/smoke-and-carbon-monoxide-alarms-explanatory-booklet-for-landlords/the-smoke-and-carbon-monoxide-alarm-england-regulations-2015-qa-booklet-for-the-private-rented-sector-landlords-and-tenants)

A copy of the Electrical Safety Standards in the Private Rented Sector (England) Regulations 2020 <https://www.legislation.gov.uk/ukdsi/2020/9780111191934>

A copy of the Energy Efficiency (Private Rented Property) (England and Wales) Regulations 2015 <https://www.legislation.gov.uk/ukdsi/2015/9780111128350/contents>

A copy of the Regulators Compliance code can be downloaded from:

<https://www.gov.uk/government/publications/regulators-code>

A copy of the Enforcement Concordat: Good Practice Guide can be downloaded from

http://webarchive.nationalarchives.gov.uk/http://www.berr.gov.uk/files/file101_50.pdf

10.0 Complaints Relating to this Draft Policy

10.1 Should you feel that your request for service or that undertakings in relation to housing enforcement from the Council has not been adequately considered, you may make a formal service complaint by contacting our Corporate Complaints Team.

Prior to doing, the Council must have received your complaint directly and you are encouraged to discuss the matter initially with your case Officer first and where necessary the Service Manager or Head of Service.

Corporate complaints may be contacted via:

Corporate Complaints
GH-NE-Complaints@southend.gov.uk
Southend-on-Sea City Council
Victoria Avenue
Southend-on-Sea
Essex SS2 6ER
Tel: 01702 215000

Appendix 1 Demolition Orders and Clearance Areas

Making a Demolition Order under section 265 (Housing Act 1985 as amended by section 46 Housing Act 2004)

This action will be taken when it is considered to be the most appropriate course of action, usually when there are one or more serious category 1 hazards, the property is usually detached or there is a building line separating it from other properties, the adjacent properties will be stable and weatherproof or can readily be made so, it is in a potentially unsustainable area or it is causing severe problems to the amenity of the neighbourhood and repair would be very costly, it is not listed or of other historical interest.

Declaring a Clearance Area under section 289 (Housing Act 1985 as amended by section 47 Housing Act 2004)

This action will be considered where similar circumstances to those for determining if a demolition order exist but where it is necessary for the Council to acquire the land either for its own purposes or to sell on for either new build or other purposes favoured by the majority of persons affected. Area committee views will be relevant to any decision to declare a clearance area. This action will be followed by seeking a compulsory purchase order or voluntary acquisition.

Appendix 2 Charges for Notices

Section 1: Enforcement Fees

Section 49 of the Housing Act 2004 provides the Council with a power to make such reasonable charge as it considers appropriate as a means of recovering certain administrative and other expenses incurred in connection with its enforcement activities under the Act. Other legislation, detailed within this Draft policy, also imposes fees and penalties:

<p>Service of Statutory Notices – Housing Act 2004* <i>In respect of formal notices served in relation to significant Category 2 hazards, this charge may be waived at the Council’s discretion when required works as specified within the Notice are completed to the satisfaction of the Officer within the specified timeframe</i></p>	<p style="text-align: right;">PRICE OF NOTICE</p> <p style="text-align: center;">Charges contained on Fees and Charges published on Council’s webpage.</p>
<p>Works in Default and Remedial Action</p>	<p>Based on cost - charged at an hourly rate for the enforcement officer, administration and management costs, in addition to the cost of the works. For more information see the Council’s Works in Default Procedure</p>
<p>HMO Management Order including Interim Order</p>	<p>Based on cost- charged at an hourly rate for the enforcement officer, administration and management costs,</p>
<p>Variation Notices</p>	<p>No charge unless there are additional units.</p>
<p>Revocation Notice</p>	<p>No charge</p>
<p>Energy Efficiency Contravention Penalties</p>	<p>See Part 7 and regulation 38 of the Regulations</p>
<p>Housing Offences subject to a Civil Penalty Notice</p> <p>Section 30 – Failure to comply with an Improvement Notice.</p> <p>Section 72 – Licensing of HMOs (House in Multiple Occupation).</p>	<p>See Appendix 3 Civil Penalties Policy for imposing financial penalties under the Housing Act 2004 and the Housing and Planning Act 2016</p>

<p>Section 95 – Licensing of houses under Part 3.</p> <p>Section 139(7) – .Failure to comply with overcrowding notice.</p> <p>Section 234 – Management regulations in respect of HMOs.</p>	
<p>Maximum fine if convicted in court for these offences</p>	<p>If the offender was to be prosecuted and convicted of the same offence for which, the financial penalty could be imposed as an alternative, the maximum fine the court could consider is unlimited.</p>

Appendix 3 Civil Penalties Policy for imposing financial penalties under the Housing Act 2004 and the Housing and Planning Act 2016 (Adopted February 2022)

Civil Penalties Policy for Housing Offences

1. Introduction and Overview

The Council's Regulatory Services team regulates the private rented sector for Southend-on-Sea City Council. Landlords of privately rented properties are required to comply with the law, to ensure the health, safety and welfare of occupiers are protected and their properties, and activities at their properties, are not having a negative effect on the neighbouring population.

Landlords will be assisted by Regulatory Services to comply with the law through the provision of advice, guidance, and signposting. Where landlords are not complying with the law, or proactively managing their properties, Regulatory Services can use enforcement powers to require landlords to take the necessary action to do so. The main legislation that Regulatory Services have available to use is the Housing Act 2004. Amendments to this Act were introduced by Section 126 and Schedule 9 of the Housing and Planning Act 2016. This amendment enabled Councils to impose a Civil Penalty, as an alternative to prosecution, for specific offences. These offences are detailed in section 3 on specific offences below.

The process that the Council must follow for Civil Penalties to be applied is detailed in statutory guidance (April 2018). This outlines the factors that must be considered when determining the level of Civil Penalty to be imposed, which can be up to £30,000. A Civil Penalty (or Penalties if there have been several breaches), can be used if the Council considers their use the most appropriate and effective sanction in a particular case.

The purpose of this policy is to set out the framework within which decisions will be made by the Council regarding issuing Civil Penalties for these specific cases. The Civil Penalties Policy is a supplement of the Council's Environment and Regulatory Services Policy.

This policy may be departed from where the circumstances so justify and each case will be dealt with on its own merits, having regard to those circumstances.

2. Aim of the Use of Civil Penalties

The aim of the service is to develop landlords to become more professional and knowledgeable in their role of protecting the health, safety, and welfare of their tenants.

Where Civil Penalties are used as enforcement action the aim will be to protect the health of occupiers and improve housing standards by:

- Promoting professionalism and resilience with the private rented sector.
- Providing transparent and consistent regulation within a private market.
- Providing a 'light touch' for compliant landlords and create a level playing field by tackling non-compliant landlords within the sector.
- Changing behaviours, by seeking legal punishment of those who flout the law.
- Eliminating financial gain or benefit from non-compliance.

The statutory guidance is clear that the intention of a Civil Penalty is to act as a deterrent. The Council will apply Civil Penalties to ensure that landlords (as defined by the Housing Act 2004 as the owner, person having control or the licence holder) and HMO managers do not benefit from their failure to comply with the relevant legislation.

3. Specific offences where a Civil Penalty can be used

Civil Penalties can only be used as alternative to prosecution for the following specific offences:

- Section 30 - failure to comply with an improvement notice
- Section 72 – mandatory licensing of houses in multiple occupation (HMO)
- Section 95 – licensing under Part 3 of the Housing Act 2004 (Selective Licensing)
- Section 139 – failure to comply with an overcrowding notice
- Section 234 – breach of management regulations in respect of HMO.

4. Determination of Level of Civil Penalty to be applied.

The statutory guidance details the factors that must be considered when determining the level of Civil Penalty to be applied. The Council has developed a matrix (Appendix 1) from this guidance having considered the following:

- Level of culpability
- Level of harm
- Severity of the offence
- Aggravating factors
- Mitigating factors
- Penalty to be fair and reasonable
- Penalty to be a deterrent and remove the gain derived through the failure to comply
- Landlord's income (as appropriate)

- Financial gain from failure to comply.

Determination of the level of Civil Penalty to be applied will be on a case-by-case basis and have regard to the Environment and Regulatory Services Enforcement Policy, local circumstances, and the relevant statutory guidance.

Each of the rows in the matrix considers the factors set out in the guidance. At the end of every row the officer will have to justify the most appropriate score chosen based on evidence in each case. The final total of the scores from each of the 4 rows determines the actual fee to be applied.

Score Range across all 4 dimensions	Fee
1 – 5	£1,000
6 – 10	£1,500
11 – 20	£2,500
21 – 30	£3,500
31 – 40	£5,000
41 – 50	£8,000
51 – 60	£12,000
61 – 70	£16,000
71 – 80	£20,000
81 – 90	£25,000
91 – 100	£30,000

Officers using the matrix will at no point be setting the Penalty amount themselves as it is calculated by the matrix, dependent on their assessment and scores in each of the 4 rows.

The fee to be applied from the total calculated in the matrix is detailed in the table below.

For example, a matrix total of 17 would result in a Penalty of £2,500, a score of 55 would result in a Penalty of £12,000 etc.

5. When to use a Civil Penalty

When determining the appropriate sanction, the Council will satisfy itself that if the case were to be prosecuted there would be a realistic prospect of a conviction. This is determined by adhering to the Code for Crown Prosecutors. The Code requires two tests

to be applied:

- the evidential test; and
- the public interest test.

Regulatory Services will use the attached flow diagram (Appendix 2) to assist with the decision making on whether to apply a Civil Penalty or to proceed with to prosecution.

6. Burden of Proof for Prosecution

The same criminal standard of proof is required for a Civil Penalty as for a criminal prosecution. This means that before a Civil Penalty can be imposed, the Council will have satisfied itself beyond reasonable doubt that the landlord or manager committed the offence(s) and that if the matter were to be prosecuted in the Magistrates' Court, there would be a realistic prospect of conviction.

In doing this the Council will satisfy itself that:

- Enforcement is in accordance with the Environment and Regulatory Services Enforcement Policy
- There is sufficient evidence to prove beyond reasonable doubt that the offence was committed by the landlord in question
- The public interest is properly served by imposing a Civil Penalty
- Evidence has been reviewed by a senior manager and where required legal services.

7. The Totality Principle

Where a landlord has committed multiple offences, and a Civil Penalty could be imposed for each one, consideration will be given to whether it is just and proportionate to impose a Penalty for each offence. Where there are multiple similar offences, or offences which arose from the same incident consideration will be given to whether it would be more appropriate only to impose Penalties for the more serious offences being considered and to prevent any double-counting. Only one Penalty can be imposed in respect of the same offence.

Having regard to the above considerations, a decision will be made about whether a Civil Penalty should be imposed for each offence and, if not, which offences should be pursued.

8 Notice of Intent

Before imposing a Civil Penalty, the Council will give notice of intention of the authority's proposal to do so.

The notice of intent will set out:

- The amount of the proposed financial Penalty
- The reasons for proposing to impose the Penalty
- Information about the right of the landlord to make representations.

9. Representations

Any landlord who is in receipt of a notice of intent has the right to make representations against that notice within 28 days of the date on which the notice was given. Representations can be against any part of the proposed course of action. All representations from landlords will be considered by the local authority and responded to.

Where a landlord challenges the amount of the Civil Penalty, it will be for the landlord to provide documentary evidence (e.g., tenancy agreements, rental income, etc) to show that the calculation of the Penalty amount is incorrect. Where there is no such supporting evidence provided, the representation against the amount will not be accepted.

Written responses will be provided to all representations made by the recipients of a notice of intent. No other parties have an automatic right to make representations but if any are received, they will be considered on a case-by-case basis and responded to where the Council considers it necessary.

10. Final Notice

Once the representation period has ended, the Council must decide, taking into consideration any representations that were made, whether to impose a Civil Penalty and the final Penalty fee. This can be a lower amount that was proposed in the notice of intent, but it cannot be a greater amount.

The imposing of a Civil Penalty requires the service of a final notice, which must contain the following information:

- The amount of the financial Penalty
- The reasons for imposing the Penalty
- Information about how to pay the Penalty

- The period for payment of the Penalty (28 days)
- Information about the rights of appeal, and
- the consequences of failure to comply with the notice.

The period of payment for the Civil Penalty must be 28 days beginning with the day after that on which the final notice was given.

11. Withdrawing or Amending Notices

The Council may withdraw the notice of intent or a final notice or reduce the amount of Civil Penalty at any time. This is done by giving notice in writing to the person on whom the notice was served.

Where a Civil Penalty has been withdrawn, and there is a public interest in doing so, the Council can still pursue a prosecution against the landlord for the conduct for which the Penalty was originally imposed. Each case will be considered on a case-by-case basis.

12. Appeals to the Tribunal

If a Civil Penalty is imposed on a landlord or manager, that person can appeal to the First-tier Tribunal (Property Chamber) against the decision to impose a Penalty or the amount of the Penalty. The Tribunal has the power to confirm vary (increase or reduce) the size of the Penalty imposed by the Council, or to cancel the Civil Penalty. The Penalty can only be increased to the maximum of £30,000.

The appeal must be made to the First-tier Tribunal within 28 days of the date the final notice was issued. Where an appeal has been made, this suspends the Civil Penalty until the appeal is determined or withdrawn.

13. Consequence of having a Civil Penalty imposed.

Where two or more Civil Penalties are given to a person over a 12-month period the Council may include the person's details in the database of rogue landlords and property agents. The rogue landlord's database is viewable by local housing authorities to help them to target their enforcement activities. The person will be advised where this is the case as this may be used to determine whether they are a fit and proper person to be a licence holder.

Where a landlord or manager receives a Civil Penalty, this action can be considered when assessing whether they are a fit and proper person to be the licence holder for a House in Multiple Occupation or property within a Selective Licensing area.

14. Recovering an unpaid Civil Penalty

The Council has a Debt Collection and Recovery Policy. Through this Policy all legal options available for the collection of unpaid Civil Penalties will be considered. Unpaid Penalties will be pursued through the County Courts. Some of the orders available to the Council through the County Courts are as follows:

- A warrant of control for amounts up to £5,000
- A third-party debt order
- A charging order
- Bankruptcy or insolvency.

A certificate, signed by the Chief Finance Officer for the Council and stating that the amount due has not been received by the date of the certificate, will be accepted by the Court as conclusive evidence of the payment due.

Where a Civil Penalty is appealed and the Council has a tribunal decision, confirming or varying the Penalty, the decision will be automatically registered on the Register of Judgements, Orders and Fines, once accepted by the County Court. Inclusion on this Register may make it more difficult for the Landlord to obtain financial credit.

15. Income from Civil Penalties

Any income from the Civil Penalties will be retained by the Council's Regulatory Services team. The Council will spend any income from Civil Penalties on its enforcement function in relation to the private rented sector.

Factors	Score = 1	Score = 5	Score = 10	Score = 15	Score = 20
1. Deterrence and Prevention	High confidence - that financial penalty will deter repeat offending. Informal publicity not required as a deterrence	Medium confidence that a financial penalty will deter repeat offending. Minor or informal publicity required for mild deterrence in the landlord community	Low confidence that a low financial penalty will deter repeat offending (e.g., no contact from offender) Some informal publicity will be required to prevent similar offending in the landlord community	Little confidence that a low financial penalty will deter repeat offending. Likely informal publicity will be required to prevent similar offending in the landlord community	Very little confidence that a low financial penalty will deter repeat offending. Informal publicity will be required to prevent similar offending in the landlord community
2. Removal of Financial Incentive	No significant assets. No or very low financial profit made by offender	Little asset value. Little profit made by offender	Small portfolio landlord (between 2-3 properties). Low asset value. Low profit made by offender	Medium portfolio landlord (between 4-5 properties) or a small Managing Agent. Medium asset value.	Large portfolio landlord (over 5 properties) or a medium to large Managing Agent. Large asset value. Large profit made by offender.
3. Offence and History	No previous enforcement history. Single low-level offence.	Minor previous enforcement Single offence	Recent second time offender. Offence has moderate severity or small but	Multiple offender. Ongoing offences of moderate to large severity or a single instance of a	Serial offender. Multiple offences over recent times. Continuing serious offence

			frequent impact(s)	very severe offence	
4. Harm to Tenant(s) (Score is doubled on this section in line with Statutory guidance)	Very little or no harm caused. No vulnerable occupants. Tenant provides no information on impact	Likely some low-level harm / health risk(s) to occupant. No vulnerable occupants. Tenant provides poor quality information on impact	Likely moderate level health / harm risk(s) to occupants potentially exposed. Tenant provides some information on impact but with no primary or secondary evidence.	High level of health / harm risk(s) to occupant. Tenant(s) will be affected frequently or by occasional high impact occurrences. Vulnerable occupants more than likely exposed. Small house of multiple occupancy (HMO) (3-4 occupants), multiple occupants exposed. Tenant provides good information on impact with primary evidence (e.g., prescription drugs present, clear signs of poor health witnessed) but no secondary evidence	Obvious high-level health / harm risk(s) and evidence that tenant(s) are badly and / or continually affected. Multiple vulnerable occupants exposed. Large HMO (5+ occupants), multiple occupants exposed. Tenant provides excellent information on impact with primary and secondary evidence provided (e.g., medical, social services reports).

Appendix 4 The Electrical Safety Standards in the Private Rented Sector (England) Regulations 2020

1.0 The Electrical Safety Standards in the Private Rented Sector (England) Regulations 2020 apply to private landlords in respect of any specified tenancy and require all private landlords to:

- ensure that the electrical safety standards (currently the 18th edition of the Wiring Regulations, published by the Institution of Engineering and Technology and the British Standards Institution as BS 7671: 2018) are met during any period when their property is occupied by a tenant as their main or only home;
- ensure every electrical installation in the property is inspected and tested at least every 5 years by a qualified person who will provide a written report;
- ensure the first inspection and testing is carried out before the tenancy and provide the inspection/testing report to tenants; and to the local authority within 7 days of receiving a written request for the report.;
- carry out any further or investigative work recommended by the report within 28 days or any lesser period specified in the report and obtain written confirmation that the work has been done to the correct standard.

1.1 Electrical Safety Enforcement

1.2 Southend on Sea City Council is responsible for enforcing the Regulations. Where the Council has reasonable grounds to believe that a private landlord is in breach of the regulations, it may, within 21 days of arriving at this belief, serve a remedial notice on the landlord setting out the breaches and action required to remedy them. That action must then be taken within 28 days of the notice being served. The landlord may make written representations in respect of the notice, in which case the notice will be suspended until the Council has considered those representations and informed the landlord of the outcome. If a landlord fails to carry out the required works, the Council may, with the tenant's consent, carry them out itself and charge the cost back to the landlord, to be paid within 21 days.

1.3 The landlord has a right of appeal against the authority to the First Tier Tribunal and there is dispensation for landlords who are prevented by tenants from gaining entry to the property to carry out works. The Council may impose a civil penalty, up to a maximum of £30,000 if satisfied beyond reasonable doubt that a landlord has breached the Regulations. These penalties may be appealed to the First Tier Tribunal,

Appendix 5 Statement of Principles – The Smoke and Carbon Monoxide Alarm (England) Regulations 2015

1.0 Introduction

- 1.1 This statement sets out the principles that the Southend-on-Sea City Council will apply in exercising its powers under the Smoke and Carbon Monoxide Alarm (England) Regulations 2015 (“the Regulations”).

2.0 Purpose

- 2.1 The Council is required under the Regulations to prepare and publish a Statement of Principles which it must follow when determining the amount of a penalty charge for failure to comply with a Notice.

3.0 Duties

- 3.1 The Regulations impose the following duties on certain landlords (Residential Social Landlords, HMO’s, long leaseholders, student halls, healthcare residences, hostels and live in landlords by agreement are excluded) of a residential property of a specified tenancy (defined in Section 2 of the Regulations), namely, to ensure that:

- a smoke alarm is installed on each storey of the premises where there is living accommodation (for these purposes living accommodation includes bathrooms and lavatories)
- a carbon monoxide alarm is installed in any room of the premises which is used wholly or partly as living accommodation and which contains a solid fuel burning combustion appliance.
- that at the start of any new tenancy, checks are made by the landlord, or someone acting on his behalf, that the alarm(s) serving the premises is/are in proper working order

- 3.2 Properties subject to Part 2 or Part 3 licensing under the Housing Act 2004 (i.e. as licensable Houses in Multiple Occupation or Selective Licensing) are exempt from the Regulations.

4.0 The Legal Framework

4.1 Where the Council has reasonable grounds for believing that a landlord is in breach of one or more of the above duties, we have a duty to serve that person with a Remedial Notice within 21 days detailing the actions that must be taken to comply with the Regulations.

4.2 For the purposes of this provision, 'reasonable grounds' may include being informed by a tenant, letting agent or Officer that the required alarms are not installed. The Regulations do not require that the Council enter the property or prove non-compliance in order to issue a remedial notice, however, the Council will aim to visit such properties to confirm that the required works have not been undertaken. Where the Council is satisfied on the balance of probabilities that a landlord has not taken the remedial action specified in the Notice, within the timescale stipulated in that document, the Council will:

- Arrange (where the occupier consents) to undertake the remedial action specified in the Notice within 28 days; and
Require the landlord to pay a penalty charge of such amount as the Authority may determine, not exceeding £5,000.

5.0 The purpose of imposing a financial penalty

5.1 The primary purpose of the Council exercising its regulatory power is to promote and protect the public interest. The primary aims of financial penalties are to: -

- lower the risk to tenant's health and safety by ensuring that the property has a safe means of escape in the event of a fire
- eliminate any financial gain or benefit from non-compliance
- reimburse the costs incurred by the Council in enforcing the regulations
- change the behaviour of the landlord and deter future non-compliance
- penalise the landlord for not installing alarms in line with the Regulations and after being required to do so, under notice
- proportionately address potential harm outcomes and the nature of the breach.

6.0 Principles to be followed in determining the amount of a Penalty Charge

- 6.1 Any penalty charge imposed should be proportionate to the risk posed by non-compliance, the nature of the breach in the individual case and set at such a level as to sufficiently deter the offender and others. It should also cover the costs incurred by the Council in administering and implementing the legislation.
- 6.2 Fire and Carbon Monoxide poisoning are two of the 29 hazards prescribed by the Housing Health and Safety Rating System. These risks are real and substantial: A bulletin issued by the Home Office in 2017 (Fire Statistics: England April 2015 to March 2016) reports that: "Fires where a smoke alarm was not present accounted for 28 per cent of all dwelling fires and 33 per cent (76) of all dwelling fire-related fatalities in 2015/16" and that, "Fires where a smoke alarm was present but either did not operate or did not raise the alarm, accounted for 31 per cent of all dwelling fires..." Moreover, according to the Office for National Statistics, there were 53 deaths from accidental carbon monoxide poisoning in England and Wales in 2015.
- 6.3 The Department of Communities and Local Government conducted an impact assessment prior to the introduction of the Regulations. That assessment suggested that the cost of the requirements imposed on landlords (i.e. the purchase of smoke detectors and carbon monoxide alarms) was £25 and estimated that the provision of smoke alarms would, over ten years, prevent 231 deaths and 5860 injuries, accruing a saving of almost £607.7 million, and that the provision of Carbon Monoxide Alarms would, over the same period, prevent a total of six to nine deaths and 306 to 460 injuries, accruing a saving of almost £6.8 million.
- 6.4 The Council considers that compliance with the Regulations do not place an excessive or unreasonable burden on a landlord. The cost of the alarms is low and, in many cases, can be self-installed without the need for a professional contractor. The risk and impact on occupiers resulting from a fire or carbon monoxide poisoning event far out-weighs the cost of compliance. While the imposition of the maximum potential fixed penalty charge of £5,000 may present an excessive financial burden on some landlords, this has to be balanced against the risk, the low cost of compliance, the fact that the offender will have been given all reasonable opportunity to comply prior to any penalty charge being levied and the offenders statutory rights of appeal.
- 6.5 For all of the above reasons, and so as to ensure that there is an effective incentive for landlord's to comply with the Regulations, the Council proposes to impose a penalty

charge of £5,000 for non-compliance with a Remedial Notice, with a reduction of 50% where payment is received within 14 days of service of the penalty charge notice.

- 6.6 Notwithstanding the above, the Council may, following a representation made by the landlord, exercise discretion and reduce the penalty charge further if it considers there to be extenuating circumstances.

This discretion will not however apply when:

1. The person served has obstructed the Council in the carrying out of its duties; and/or
2. The person served has previously received a penalty charge under this legislation.

7.0 Review and Appeals in relation to a penalty charge notice

- 7.1 If a landlord disputes the issue of a penalty charge notice, they can make a request to the Council for it to be reviewed. This request must be in writing and within the time specified in the penalty charge notice. Any representation received will be considered on its individual merit. Any extenuating circumstances will be considered by the Council in deciding whether to reduce the level of the penalty charge levied.

- 7.2 Potential mitigating factors –

- No previous convictions / charges
- Self-reporting, high level of co-operation with the investigation – where this goes beyond what would normally be expected
- The age health and other vulnerabilities of the offender
- Voluntary steps taken to address issue – submission of license application.

7.3 A landlord will not be in breach of their duty to comply with the remedial notice, if he can demonstrate that he has taken all reasonable steps to comply with the requirements of the remedial notice.

7.4 The Council may, on consideration of any representation and evidence, chose to confirm, vary, or withdraw a penalty charge notice and we are required to communicate that determination by issuing a decision notice on the landlord. If varied or confirmed, the decision notice must state that a further appeal can be made to a First Tier Tribunal on the following grounds:

- 1) the decision to confirm or vary the penalty charge notice was based on an error of fact.
- 2) the decision was wrong in law.
- 3) the amount of penalty charge is unreasonable; or
- 4) the decision was unreasonable for any other reason

7.5 Where a landlord raises an appeal to the Tribunal, the operation of the penalty charge notice is suspended pending its determination or its withdrawal. The Tribunal may quash, confirm or vary the penalty charge notice, but may not increase the amount of the penalty charge.

8.0 Recovery of Penalty Charge

8.1 The Council may recover the penalty charge on the order of a court, as if payable under a court order however such proceedings may not be started before the end of the period by which a landlord may give written notice for the Council to review the penalty charge notice and where a landlord subsequently appeals to the Tribunal, not before the end of the period of 28 days beginning with the day on which the appeal is finally determined or withdrawn.

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Southend-on-Sea City Council

To
Cabinet

On
29 September 2022

Report prepared by: Joanne Stowell Director of Public
Protection

Agenda
Item No.

8

Procurement Options for The Stray Dog Service

Relevant Scrutiny Committee – Policy and Resources Scrutiny Committee

Cabinet Member: Councillor Martin Terry- Cabinet Member for Public Protection

Part 1 (Public Agenda Item)

1. Purpose of Report

1.1 The stray dog service has 3 service elements, these being:

- The Animal Warden (Council Service)
- The Kennelling of Strays Until Re-united or Re-Homed (Contracted (Lot 1))
- The Acceptance Point Where Strays Are Held Out Of Hours Until Collected For Kennelling (Via an Agreement)(Lot 2)).

1.2 The contract for the Kennelling element was awarded to the current kennelling provider on the 1st April 2009 to the 31st March 2010. The contract was awarded on a 1 year basis with no option to extend, and had a schedule of rates for various elements that was applied on a 'per dog' basis.

1.3 There was no contract for the Acceptance Point, instead the provision of this element was secured via a written 'Agreement' with a separate provider on the 1st April 2008. This agreement had a scheduled rate that was applied on a 'per dog basis'. The Agreement did not have an end date. In February 2022 the provider informed the Council that they would cease furnishing this Agreement from July 2022.

1.4 There have been 2 separate compliant attempts to procure a replacement to the original contract, however, these failed due to circumstances beyond the control of the Council. Whilst the procurement exercise was not successful, it is important to note that due to arrangements with the current kennelling and acceptance point providers, the service never lapsed. Notwithstanding as the contract for the Kennelling has significantly lapsed, and as the Acceptance Point Agreement has now ceased, this report is necessary to determine the future extent of the Stray Dog Service and agree the options for the future procurement of the service.

2. Recommendations

That Cabinet:

- 2.1 Note the contents of the report and;
- 2.2 Agree to the proposed procurement of the Stray Dog Service, as outlined in Option five para 4.9 -10 of this report.

3. Background

Stray Dogs Legislative Framework

- 3.1 The Council has a statutory duty under sections 149 and 150 of the Environmental Protection Act 1990 (EPA 199) and the Environmental Protection (Stray Dogs) Regulations 1992 (the 1992 Regulations) to collect and detain stray dogs. Prior to April 2008, the Police also had a duty to accept and detain stray dogs and tended to facilitate this function out of hours.
- 3.2 There is no statutory definition of a stray dog. Any dog found in a public place, or a private place where it should not be, which appears to be without its owner and not under the control of its owner or a person representing them, may be seized and detained as a stray dog by an appropriate person.
- 3.3 On 6th April 2008, section 68 of the Clean Neighbourhoods and Environment Act 2005 (CNEA 2005) came into force. This removed from the legislation any requirement for the Police to seize stray dogs or to accept any brought to them. As a result, Local Authority duties were extended, and they now have sole responsibility for discharging all stray dog functions.
- 3.4 The Department for Environment, Food and Rural Affairs (DEFRA) produced comprehensive guidance on stray dogs for Local Authorities, within which it states that the minimum requirement of the Local Authority's extended duty is, that **where practicable, they provide a place to which dogs can be taken outside normal office hours** (referred to in this guidance as an 'acceptance point'). Authorities are not required to offer a night-time call-out service to seize and detain stray dogs seen or found by the public. However, contact numbers for out of hours cover should be widely publicised to enable 'finders' to take a dog to an acceptance point if one is provided in lieu of a warden service. Whilst there is no statutory requirement to provide an out of hours collection service for stray dogs, the provision of an Acceptance Point is expected (where practicable), and there is a risk to the reputation of the Council should the provision of an Acceptance Point be removed, as in declining to do so may result in dogs being left to roam the streets, and relies on the goodwill of residents to capture and detain dogs overnight.

Delegated Functions

- 3.5 The Council has a legal duty under the Environmental Protection Act 1990 s149 to appoint an officer for the purpose of discharging the functions imposed or conferred by the legislation for dealing with stray dogs found in the area of the authority. In Southend-On-Sea, the Executive Director of Neighbourhoods and Environment retains the overall responsibility for ensuring that the authority's stray dog functions are discharged correctly. The authority for discharging functions can be delegated to third parties such as contractors, as is the case for Southend.

Procurement History

- 3.6 The contract for the Kennelling element was awarded to the kennelling provider on the 1st April 2009 to the 31st March 2010, it was awarded on a 1 year basis with no option to extend, and contained a schedule of rates for various elements, and these were applied on a 'per dog' basis. This contract has completely lapsed, however, the provider continues to provide the service.
- 3.7 There was no contract for the Acceptance Point, instead the provision of this element was secured via a written 'Agreement' with a separate provider on the 1st April 2008; however, in February 2022, the provider informed the Council that in July 2022 they would cease this provision.
- 3.8 There have been 2 separate compliant attempts to procure a replacement to the original contract, however, these failed due to circumstances beyond the control of the Council. In round one, 1 bid was received, but then retracted due to TUPE implications associate with the Animal Warden role. However, in connection to this a technical response and commercial response from the kennelling provider was received.
- 3.9 A 2nd further procurement exercise was undertaken in 2020, whereby a shared service between Basildon, Castle Point, Rochford and Southend was explored. However, as Basildon Council eventually declined to continue, this arrangement did not proceed.
- 3.10 Following advice from Procurement, it has been established that these service elements must be formally re-procured. In the interim period, the Council's Legal Services have drafted an implied contract with the kennelling provider, and currently, they are also picking up stray dogs out of hours, as there is no acceptance point, and have agreed to continue for the immediate future.

Current Scope of the Stray Dog Service

- 3.11 The stray dog service has 3 service elements, these being:
- The Animal Warden (Council Service)
 - The Kennelling of Strays Until Re-united or Re-Homed (Contracted)
 - The Acceptance Point Where Strays Are Held Out Of Hours Until Collected For Kennelling (Via an Agreement)).

The Animal Warden

- 3.12 The Council has an in-house Animal Warden (1 FTE level 7) whose work covers animal welfare, licensing of animals, illegal imports of animals and nuisance complaints. The Animal Warden operates weekdays from 8:30 to 5:30, and collects and delivers the dogs to the kennels, and picks them up from the acceptance point. The responsibilities in this area equate to .8FTE, and the remaining .2FTE delivers to the stray dogs' service dog warden element. In brief, if a stray is reported by the public during office hours, it will be seized and detained by the Animal Warden. Checks are then undertaken to ascertain whether the dog can be identified and reunited with the owner. If reunification is not possible, the Animal Warden transports the dog to the kennelling provider, and also picks up those dogs that have been delivered to the Acceptance Point over night on a weekday.

The Kennelling Provider

- 3.13 The kennelling provider provides the following service:

- A collection service from the Acceptance Point (Monday to Friday daytimes)
- A collection service from the Acceptance Point (weekends)
- The provision of 6 reserved kennels 365 days a year
- Reuniting strays with owners
- Rehoming Strays
- Microchipping
- Statutory administration including the collection of statutory fees (kept by provider, and used to offset their cost)

- 3.14 On arrival, the dog is health checked and fed, and staff also attempt to identify the dog's owner by checking for a microchip or collar, if ownership is established, staff will attempt to reunite the dog with its owner. If the owner cannot be established, it is held for the statutory 7-day period. From day 1 of the dog being seized, under statute an owner has 7 days to claim the dog, and on full payment of fees plus satisfactory documentation for proof of ownership, the dog would be released back into the owner's care.

- 3.15 From day 8, the dog automatically becomes the property of the Council, and can be put forward for re-homing at this point, or be passed on to a stray dog establishment, or be euthanised. To be clear, euthanasia is only applied to dogs which are either a banned breed (in accordance with the Dangerous Dogs Act 1991) or unsuitable for re-homing due to behavioural or health issues, as determined by a vet.

- 3.16 Under current arrangements, once the statutory 7-day period has been reached, the dog becomes the property of the kennelling provider, and is accepted into their re-homing programme, and the Council is no longer liable for any costs associated with the dog.

- 3.17 The kennelling provider also covers the .2FTE functions of the Animal Warden on the weekends, bank holidays and during illness and annual leave.

The Acceptance Point

3.18 This element is a facility which receives dogs out of hours from 17:30 to 22:00hrs, during which time staff:

- Record a brief description of the dogs, when they were brought in and endeavouring to obtain information of where they were found together with details of the persons handing them in.
- Provide overnight kennelling of the dogs and tend to their basic needs of water and bedding.
- In the case of an emergency as determined by a vet, provide necessary medical and surgical treatment, to relieve pain, and render the dog as comfortable as reasonably possible.

Fees – Stray Dogs

3.19 Under Section 149(5) of the EPA 1990, the authority may charge the owner all expenses incurred during the dog's detention plus a further £25 as prescribed by the 1992 Regulations. The expenses are calculated as the per-day kennel cost, plus any costs involved in detaining the dog. Any additional charges authorities incur resultant from necessary veterinary treatment of injured dogs are also added. The fees are:

- Statutory fee - £25 which is payable in all cases.
- Transportation and return fee - £57.
- Daily kennelling charge - £17 per day.

All payments are made to the kennelling provider directly, and the statutory fees are deducted from the Council's monthly invoice. An authority is within its rights to detain a dog until the owner has paid the full amount, and as explained previously, the dog becomes the property of the Council after the statutory 7 days.

Performance Kennelling

3.20 The performance of the kennelling provider with regards to Lot 1 has been good, there have been no complaints made against the company. Additionally, audit checks on the designated kennels confirmed that the welfare of the animals was high, the facilities were clean and tidy, and that staff appeared to dedicate a considerable amount of time with each dog, all of which were walked at least twice a day.

Performance Acceptance Point

3.21 As with Lot 1, there have been no performance issues with regards to this element, which is undertaken at a Veterinary Practice.

Service Statistics

3.22 Using 3 years of statistics, on average, the service receives 120 stray dogs per annum

- 41.7% are received during office hours;
- 55% in the evening/weekends and
- 3.3% after 22:00hrs.

Current Contract Stray Dogs - Contract Term and Value – Kennelling

- 3.23 The current contract commenced on the 1st April 2009, the contract term was for 1 year, with no discretionary option to extend. The original contract contained a schedule of rates, pertaining to various elements specific to kennelling per day, standby call out charges, admin fees and microchipping etc. It also contained a fixed cost element of £3,024 for the reservation of 3 kennels of the summer period (July to September).
- 3.24 As the contract lapsed in 2010, the pricing and provision element (including the reservation of kennels) has increased. The Council now reserves 6 kennels a day covering 365 days, and the fixed cost for this element is currently £10,950 annually. Other variable elements such as admin charges are still applied on a per dog basis annually.
- 3.25 As the contract is lapsed, the current price has been determined by establishing an average annual cost (average over a 3-year period) which is a fixed cost of £10,950 and variable costs of £17,163.58, therefore totalling **£28,113 per annum**. On average, £2,105 of statutory fees are collected annually, and this amount is deducted from the final price. As such, the average annual cost of this element (Lot 1) is **£26,008**.

Current Contract Stray Dogs - Agreement Term and Value – Acceptance Point

- 3.26 The Agreement in relation to this element was signed on the 1st April 2008, and has remained in place, as there was no fixed term.
- 3.27 The extent of the agreement was to provide an acceptance point for stray dogs out of hours, up to 22:00hrs, 365 days a year, whereby members of the public could drop off strays to the agreed point. A fixed cost of £100 per dog was agreed, and included the elements stated in para 3.18.
- 3.28 With regards to the cost of carrying out any emergency treatment of dogs, this is subject to a maximum financial mandate of £100.00. Any treatment costs that exceed, or are likely to exceed the mandate, are subject to prior authorisation by an officer of SCC.
- 3.29 The annual cost for this element was established over a 3-year period, which gave an annual cost of £755. However, in February 2022, the provider for this element informed the Council that they would not continue with the arrangement from July 2022.
- 3.30 From July 2022, interim arrangements have been put in place, and the kennelling provider has agreed to receive dogs after 17:30hrs until 22:00hrs, 7 days week at a cost of £350.00 +VAT / month plus an additional cost of £30.00 if they are required to collect the dog. If this element remained in place the cost would be £4,200 + VAT per annum.

4. Other Options

4.1 Option One: Bring in house

4.1.1 The option to bring the service in-house has been discounted, as the capital and ongoing revenue costs would exceed those of the current arrangements. Moreover, the demand of the service would not warrant the financial commitment, and there would be no return on investment.

4.2 Option Two: Provide Collection and Kennelling Only – No Acceptance Point (One Lot)

4.2.1 Scope the service on the same basis as it is now, e.g. retain the collection, kennelling and reunification of dogs arrangements as they are, on a 3+2 year basis, but **do not provide an acceptance point**.

Positives

- No TUPE implications, as the Animal Welfare Officer is retained to undertake the .2FTE duties and is still available for the .8FTE additional licensing and welfare work;
- The service arrangements ran well;
- This arrangement would meet the need of the daytime, evening and weekend demand;
- This would be the lowest cost option (but still higher than current spend).

Risks

- This Option does not provide for an Acceptance Point after 22:00hrs. It could be argued that the low number of dogs accepted out of hours (3.3%) does not present a significant risk. However, dogs (including dangerous breeds) may be left straying, and the Council's reputation could be adversely affected should this element be removed.
- There is a risk that no bids will be received.

4.3 Option Three: As Per Option Two but Include Acceptance Point (One Lot)

4.3.1 Scope the service mainly as per option two, but include requirement to provide acceptance point, and tendered within one lot.

Positives

- Mainly as per option two, plus;
- Benefit of an out of hours acceptance point;
- Only one contract to manage;
- May offer Best Value.

Risks

- As the market is very narrow, a single supplier may not be able to provide both service elements. This was the Council's experience previously, as no bids were received;
- Higher costs than the previous arrangement.

4.4 Option Four: As Per Option Three, But Tendered As Two Separate Lots (Lot 1 Kennelling, Lot 2 Acceptance Point)

4.4.1 Scope the service mainly as per option three, and tendered within two separate lots.

Positives:

- Mainly as per option two, plus;
- Increased likelihood of a bid for the Acceptance Point Element.

Risks

- As per Option three, plus;
- Two Contracts to manage;
- Potentially more expensive.

4.5 Option Five: As Per Option Three but Offer the Acceptance Point Element as a Direct Award to South Essex Property Services (SEPS)

4.5.1 South Essex Property Services (SEPS) is part of the South Essex Homes Group (SEH), which has been providing services to the buildings, open spaces and communities of South Essex since 2005. SEPS is a stand-alone company, that is able to benefit from the Teckal exemption, which allows councils to run services without going through a procurement process.

Positives

- A direct award will save on time and procurement costs.

Risks

- There may be a challenge from external interested parties. This could however be negated if we can evidence best value.

4.6 Option Six: Shared Service with Other Boroughs

4.6.1 The option of exploring a shared service shared service has been discounted due to the previously failed exercise. However, this option can be explored further at a later date.

4.7 Preferred Option

4.7.1 All Options include keeping the Animal Warden in house, otherwise this would create a gap in service provision for animal welfare responsibilities and licensing, and would invoke TUPE rules, which previously led to a failed tender exercise (namely because an external supplier would need to become a member of the

Local Government Pension Scheme which carries costs and risk for small suppliers).

4.7.2 The preferred Option is 5, for the reasons 1-4 as set out in para 5.1 below.

4.7.3 Should a direct award for Lot 2 not be acceptable, Option 4 would be preferred, for the reasons 1-2 & 4 as set out in para 5.1 below.

4.8 Future Procurement Pathway Options

4.8.1 Following any agreement, Officers would initiate a formal tender process, and would publicise and carry out an open tender process for the provision of kennelling (Lot 1). It would be intended that the term of the contract would be for three years, with a discretionary 2-year (1+1) extension option built in.

4.8.2 With regards to Lot 2, Officers would make a direct award. However, should Option 5 be rejected, and Option 4 preferred, the formal tender process would include both Lot 1 (Kennelling) and Lot 2 (Acceptance Point).

4.8.3 Should an alternative Option be preferred, Officers would determine the appropriate route once the decision has been made.

5. Reasons for Recommendations

5.1 Southend-on-Sea City Council has a statutory duty to deliver a service that provides for the collection and kennelling of stray dogs. Current arrangements have lapsed, and it is necessary to re-procure the service. Option 5 as outlined in paras 4.7 is the preferred option for the following reasons:

- The current arrangements in term of service scope work well;
- The provision of an Acceptance Point is deemed necessary, as to remove this element leaves the Council open to reputational risks arising from a decision that would potentially allow stray dogs to roam;
- The ability to make a direct award for the Acceptance Point provides security and minimises procurement costs;
- The anticipated cost of an Acceptance Point is lower than the risk posed of removing this element.

6. Corporate Implications

6.1 Southend 2050 is the City's shared ambition for the future, it includes six themes, each with associated outcomes, the themes are:

1. Pride and Joy
2. Safe and Well
3. Active and Involved
4. Opportunity and Prosperity
5. Connected and Smart and
6. Future Ways of Working

- 6.2 As such, the provision of the stray dog service addresses nuisance issues potentially created by the presence of stray dogs and makes a particular specific contribution to themes 1 and 2.
- 6.3 Additionally, as it is likely that bids will be received from local companies, a by-product of procuring is that the prosperity of the City is enhanced.

7. Financial Implications

- 7.1 The Stray Dog Service is currently delivered on a fixed fee basis with an additional cost per dog. The variable element of this means that the cost of the service will flex in line with the number of strays collected (on average 120 per year).
- 7.2 The current budget provision of £33,500 will be used as a benchmark for the new procurement which will be scored against both quality and price.

8. Legal Implications

- 8.1 The Council has a statutory duty to deliver a service that provides for stray dogs, which the Council currently discharges using an outside contractor. In providing a service, there is no legal requirement to offer a night-time call-out service to seize and detain stray dogs seen or found by the public. Additionally, whilst there is no statutory obligation to provide an Acceptance Point, the minimum requirement of the Local Authority's extended duty is, that where practicable, they provide a place to which dogs can be taken outside normal office hours.
- 8.2 Should the provision of an Acceptance Point be removed, there is a risk to the reputation of the Council in not providing one, as residents may not be willing to accommodate dogs overnight, and strays may be left roaming.

9. People Implications

- 9.1 This paper's recommended approach has no specific People implications.

10. Property Implications

- 10.1 This paper's recommended approach has no specific Property implications.

11. Consultation

- 11.1 There is no requirement for consultation to take place ahead of procuring this contract.

12. Equalities and Diversity Implications

- 12.1 SCC wants to ensure that it provides services and strategies which address the needs of all members of the community. As such, the Council conducts Equality Impact Assessments as strategies, policies and services are developed to:

- Consider issues relating to age, disability, gender, gender reassignment, race, religion & belief and sexual orientation;
- Obtain a clearer understanding of how distinct groups may be affected;
- Identify changes which may need to be built into an initiative as it is developed;
- Comply with legislative requirements and identify good practice.

12.2 By working on the four priority areas identified, there will not be unlawful discrimination or contradictions under the European Convention of Human Rights.

12.3 There is no evidence to suggest that the terms of the contract for either lot 1 or 2, would have a negative impact on any vulnerable group.

13. Risk Assessment

13.1 Failure to maintain effective arrangements for the seizure and collection of stray dogs would place the Council in breach of its statutory obligations and potentially lead to an increase in stray dogs roaming in the City.

14. Value for Money

14.1 Should the procurement route via competitive tender, this will result in bids for both lots being scored for both quality and price. However, a direct award in respect of Lot 2 will provide efficiencies in costs and time.

15. Community Safety Implications

15.1 The preferred option provides a service both inside, and outside of office hours, and this level of provision has worked well to date. Should a reduced service be preferred, nuisance from stray dogs (including aggression and dog fouling), may increase.

16. Environmental Impact

16.1 There are no immediate sustainability or climate change concerns associated with this report, however, local environmental quality is improved through the control of stray dogs.

17. Background Papers

17.1 There are no background papers associated with this report.

18. Appendices

18.1 There are no appendices with this report.

Southend-on-Sea City Council

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

to

Cabinet

on

29 September 2022

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

Agenda
Item No.

9

Treasury Management Report – Quarter One 2022/23

Policy and Resources Scrutiny Committee

Cabinet Member: Councillor Paul Collins

A Part 1 Public Agenda Item

1. Purpose of Report

- 1.1. The Treasury Management Report for Quarter One covers the treasury management activity for the period from April to June 2022 and compliance with the treasury management strategy for that period.

2. Recommendations

That the following is approved:

- 1.1. The Treasury Management Report for Quarter One 2022/23.

That the following is noted:

- 1.2. 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 June 2022.
- 1.3. The loan and investment portfolios were actively managed to minimise cost and maximise interest earned, whilst maintaining a low level of risk.
- 1.4. £0.592m of interest and income distributions for all investments were earned during this three-month period at an average rate of 1.36%. This is 0.47% over the SONIA rate (Sterling Overnight Index Average) and 0.41% over the average bank rate. Also the value of the externally managed funds increased by a net of £0.916m due to changes in the unit price, giving a combined overall return of 3.46%. (Section 8).
- 1.5. 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 (HRA: £74.2m, GF: £273.1m) during the period from April to June 2022.

- 1.6. During the quarter the level of financing for 'invest to save' schemes decreased from £8.39m to £8.38m.

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 first quarterly report for the financial year 2022/23.
- 3.3. Appendix 1 shows the in-house investment position at the end of quarter one of 2022/23.
- 3.4. Appendix 2 shows the treasury management performance specifically for quarter one of 2022/23.

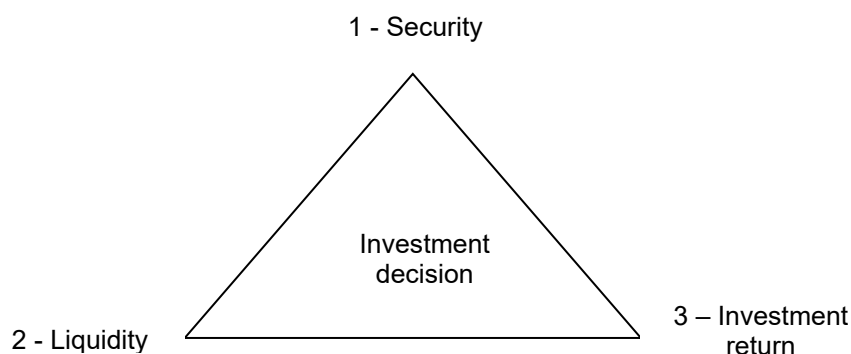
4. National Context

- 4.1. Given the ongoing economic and fiscal challenges UK gross domestic product (GDP) is estimated to have fallen by 0.1% in the quarter from April to June 2022. The Office for National Statistics has stated that this estimate is subject to more uncertainty than usual given the current conditions. Services fell by 0.4% with the largest negative contribution from human health and social work activities, reflecting a reduction in COVID-19 activities. There were positive contributions from consumer-facing services that did well as COVID-19 restrictions eased, such as travel agencies and tour operators, accommodation, food service, arts, entertainment and recreation.
- 4.2. The unemployment rate for the quarter from April to June 2022 was 3.8%. The number of people unemployed for up to 12 months increased during the latest three-month period. This increase was partially offset by a decrease in those unemployed for over 12 months.
- 4.3. The Consumer Prices Index including owner occupiers' housing costs (CPIH) was at 7.8% in April, at 7.9% in May and 8.2% in June. The largest upward contributors to the CPIH inflation rate in June came from housing and household services, principally from electricity, gas and other fuels and from transport, principally from motor fuels.

- 4.4. During the quarter the Bank of England increased the bank base rate from 0.75% to 1% on 5th May and further increased the rate to 1.25% on 16th June and maintained their Quantitative Easing (QE) programme at £895bn.
- 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 fixed term deposits matured, advantage could be taken of the increased rates when reinvesting those monies.

5. Investments

- 5.1. A prime objective of our investment activities is the security of the principal sums invested. To ensure this security before an in-house deposit is made an organisation is tested against a matrix of credit criteria and then other relevant information is considered. During the period from April to June 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 principal of all monies is minimised through the Annual Treasury Management Investment Strategy.
- 5.4. Pie chart 1 of Appendix 1 shows that at the end of quarter one; 41% of our in-house investments were placed with financial institutions with a long term credit rating of AAA, 17% with a long term rating of A+ and 42% with a long term rating of A.

- 5.5. As shown in pie chart 2 of Appendix 1 these monies were with various counterparties, 59% being placed directly with banks and 41% placed with a range of counterparties via money market funds.
- 5.6. Pie chart 3 of Appendix 1 shows the range of 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.

Liquidity:

- 5.7. At the end of quarter one £57.5m of our in-house monies were available on an instant access basis, £27.5m were held in notice accounts and £20m was invested in fixed term deposits. The table below shows the fixed term deposits during the period April to June 2022.

Table 1: Fixed Term Deposits

Counterparty	Date of Deposit	Return Date	Number of days	Interest rate (%)	Amount (£m)
Santander UK	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
Lloyds Bank Corporate Markets (NRFB)*	29/06/2022	29/12/2022	183	2.160	12.5
Goldman Sachs International	29/06/2022	29/12/2022	183	2.190	7.5

* NRFB – Non Ring-Fenced Bank

- 5.8. The maturity profile of our in-house 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 its behalf. An average balance of £5.0m was invested in these funds during the quarter. The table on the next page 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 1	£m	Investment return (%)
Value of fund at start of quarter	5.031	
Decrease in fund due to value of unit price	(0.040)	(3.25)
Value of fund at end of quarter	4.991	
Income distributions	0.013	1.04
Combined investment income (income distribution plus change in fund value due to unit price)	(0.027)	(2.21)

5.10. The Council had an average of £117.7m of investments managed in-house over the period from April to June 2022, and these earned an average interest rate of 0.78%. Of the in-house managed funds:

- an average of £20.4m was held in the Council's main bank account earning an average of 0.82% over the quarter. These monies were held in this account to ensure adequate cash resources to allow the council to operate.
- an average of £55.0m was held in money market funds earning an average of 0.94% 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 £27.5m was held in notice accounts earning an average of 0.66% over the quarter.
- an average of £14.8m was held in fixed term deposits and earned an average return of 0.37% over the quarter.

5.11. In accordance with the Treasury Management Strategy the performance of investments managed in-house during the quarter is compared to the SONIA rate. Throughout the quarter performance was lower than the SONIA rate (Sterling Overnight Index Average) which fluctuated between 0.690% and 1.190%. This was due to some of the monies being invested in notice accounts and fixed term deposits where the interest rate was either fixed or not rising in step with the increases in interest rates. The remaining fixed term deposits matured during the quarter and were reinvested towards the end of June at higher interest rates (see Table 1). The Council has given notice on its notice accounts and when those monies are returned at the end of the respective notice periods they can be reinvested at prevailing rates in quarters 3 and 4 respectively. The bank base rate started the quarter at 0.75%, increased to 1% on 5th May and increased to 1.25% on 16th June. Performance is shown in Graph 1 of Appendix 2.

5.12. 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

- 6.1. During the quarter two short-dated bond funds were used for the investment of medium term 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 price of bonds in the fund so these funds are invested over the medium term with the aim of realising higher yields than short term investments.
- 6.3. In line with the capital finance and accounting regulations the Council's Financial Instrument Revaluation Reserve will be used to capture all the changes in the unit value of the funds. Members should be aware that investment returns in some quarters will look very good and in other quarters there may be losses reported, but these will not impact the revenue account as only the distributions paid to the Council will impact that and not the change in the unit price.
- 6.4. An average of £7.5m 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 1	£m	Investment return (%)
Value of fund at start of quarter	7.518	
Decrease in fund due to value of unit price	(0.202)	(10.87)
Value of fund at end of quarter	7.316	
Income distributions*	0.034	1.83
Combined investment income (income distribution plus change in fund value due to unit price)	(0.168)	(9.04)

* This income distribution is an estimate and will be confirmed and distributed in quarter 2.

- 6.5. An average of £7.4m 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 1	£m	Investment return (%)
Value of fund at start of quarter	7.454	
Decrease in fund due to value of unit price	(0.296)	(16.04)
Value of fund at end of quarter	7.158	
Income distributions	0.045	2.45
Combined investment income (income distribution plus change in fund value due to unit price)	(0.251)	(13.59)

7. Property Funds

- 7.1. Throughout the quarter long term funds were invested in two property funds: Patrizia Hanover Property Unit Trust and Lothbury Property Trust.
- 7.2. The monies are invested in units in the fund, the fund is then invested as a whole by the fund managers into properties. An income distribution is generated from the rental income streams from the properties in the fund. Income distributions are paid to the Council. There are high entrance and exit fees and the price of the units can rise and fall, depending on the value of the properties in the fund, so these funds are invested over the long term with the aim of realising higher yields than other investments.
- 7.3. In line with the capital finance and accounting regulations the Council's Financial Instrument Revaluation Reserve will be used to capture all the changes in the unit value of the funds. Members should be aware that investment returns in some quarters will look very good and in other quarters there may be losses reported, but these will not impact the revenue account as only the distributions paid to the Council will impact that 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 1	£m	Investment return (%)
Value of fund at start of quarter	22.308	
Increase in fund due to value of unit price	0.981	17.64
Value of fund at end of quarter	23.289	
Income distributions*	0.175	3.14
Combined investment income (income distribution plus change in fund value due to unit price)	1.156	20.78

* This income distribution is an estimate and will be confirmed and distributed in quarter 2.

- 7.5. An average of £15.0m 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 1	£m	Investment return (%)
Value of fund at start of quarter	14.752	
Increase in fund due to value of unit price	0.473	12.68
Value of fund at end of quarter	15.225	
Income distributions*	0.096	2.58
Combined investment income (income distribution plus change in fund value due to unit price)	0.569	15.26

* This income distribution is an estimate and will be confirmed and distributed in quarter 2.

8. Overall Investment Position

- 8.1. An average of £117.7m of investments were managed in-house. These earned £0.229m of interest during this three-month period at an average rate of 0.78%. This is 0.11% below the SONIA rate and 0.17% below the average bank base rate.
- 8.2. An average of £5.0m was managed by an enhanced cash fund manager. During this three-month period this earned £0.013m from income distributions at an average rate of 1.04% and the value of the fund decreased by £0.040m at an average rate of -3.25%, giving a combined return of -2.21%
- 8.3. An average of £14.9m was managed by two short-dated bond fund managers. During this three-month period these earned £0.079m from income distributions at an average rate of 2.14% and the value of the funds decreased by £0.498m at an average rate of -13.44%, giving a combined overall return of -11.30%.
- 8.4. An average of £37.3m was managed by two property fund managers. During this three-month period these earned £0.271m from income distributions at an average rate of 2.91% and the value of the funds increased by £1.454m at an average rate of 15.65%, giving a combined overall return of 18.56%.
- 8.5. The total for interest and income distributions in paragraphs 8.1 to 8.4 above is £0.592m. The total change in external fund values due to the unit price is a net increase of £0.916m, which is set out in the table below:

Table 7: Externally managed funds – changes in unit price

Fund	Table Number	Amount (£m)
Payden Sterling Reserve Fund	2	(0.040)
AXA Sterling Credit Short Duration Bond Fund	3	(0.202)
Royal London Investment Grade Short Dated Credit Fund	4	(0.296)
Patrizia Hanover Property Unit Trust	5	0.981
Lothbury Property Trust	6	0.473
Total net increase due to changes in unit price		0.916

9. Borrowing

PWLB and short term borrowing

- 9.1. 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).

- 9.2. The Council began 2022/23 in the second of the above scenarios, with actual borrowing below CFR.
- 9.3. This, together with the Council’s cash flows, the prevailing Public Works Loans Board (PWLB) interest rates and the future requirements of the capital investment 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.
- 9.4. 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 quarter one. The average rate of borrowing at the end of the quarter was 3.46%. A profile of the repayment dates is shown in Graph 2 of Appendix 2.
- 9.5. The table below summarises the PWLB activities during the quarter:

Table 8: PWLB borrowing during quarter 1

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
<i>Of which:</i>					
General Fund	273.1	0	0	(0)	273.1
HRA	74.2	0	0	(0)	74.2

All PWLB debt held is repayable on maturity.

- 9.6. 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.
- 9.7. These figures exclude debt held by Essex County Council of £9.6m relating to assets transferred on 1st April 1998, which this Council is responsible for servicing. The debt is recognised as a deferred liability on our balance sheet.
- 9.8. Interest rates from the PWLB fluctuated throughout the quarter in response to economic events: 10 year PWLB rates between 2.38% and 3.44%, 25 year PWLB rates between 2.52% and 3.70% and 50 year PWLB rates between 2.24% and 3.47%. These rates are after the PWLB ‘certainty rate’ discount of 0.20%.

- 9.9. No short term loans for cash flow purposes were taken out or repaid during the quarter. See Table 4 of Appendix 2.

Funding for Invest to Save Schemes

- 9.10. 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.
- 9.11. To finance these projects in total 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 a period of four and five years with equal instalments to be repaid every six months. There are no net 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. £0.010m of these loans were repaid during the period from April to June 2022.
- 9.12. 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 one was £8.35m. There were no repayments during the period from April to June 2022.
- 9.13. Funding of these invest to save schemes is shown in table 5 of Appendix 2.

10. Compliance with Treasury Management Strategy

- 10.1. 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. See Table 7 of Appendix 2.

11. Other Options

- 11.1. 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.

12. Reasons for Recommendations

- 12.1. 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.

13. Corporate Implications

13.1. Contribution to Council's Ambition & Desired Outcomes

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

13.2. Financial Implications

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

13.3. Legal Implications

The 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.

13.4. People Implications

None.

13.5. Property Implications

None.

13.6. Consultation

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

13.7. Equalities and Diversity Implications

None.

13.8. Risk Assessment

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

13.9. Value for Money

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

13.10. Community Safety Implications

None.

13.11. Environmental Impact

None.

14. **Background Papers**

None.

15. **Appendices**

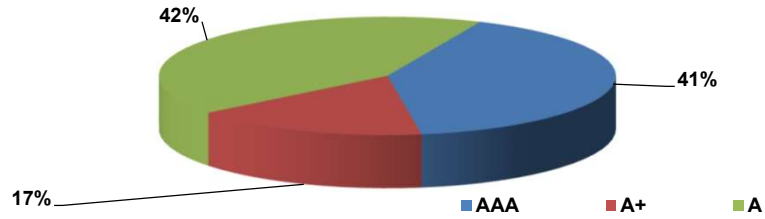
Appendix 1 – In-house Investment Position as at 30 June 2022

Appendix 2 – Treasury Management Performance for Quarter One - 2022/23

INVESTMENTS - SECURITY AND LIQUIDITY

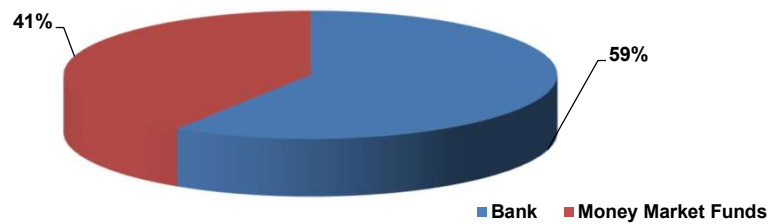
Pie Chart 1

Spread of investments by long term credit rating



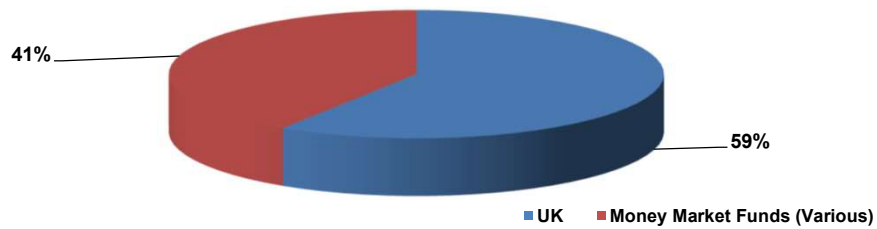
Pie Chart 2

Financial Sector invested in



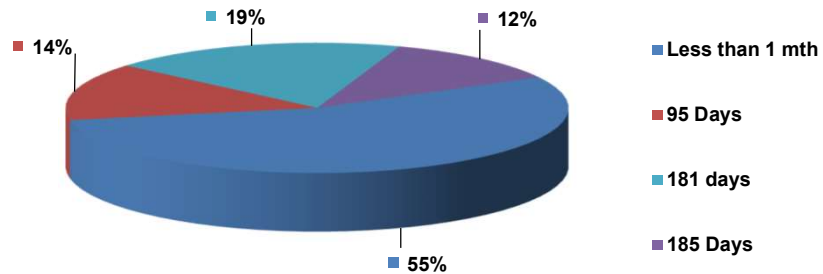
Pie Chart 3

Countries where parent company is registered



Pie Chart 4

Maturity profile of investments



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Appendix 2 – Treasury Management Performance for Quarter One - 2022/23

INVESTMENT

Graph 1 - Investment Return

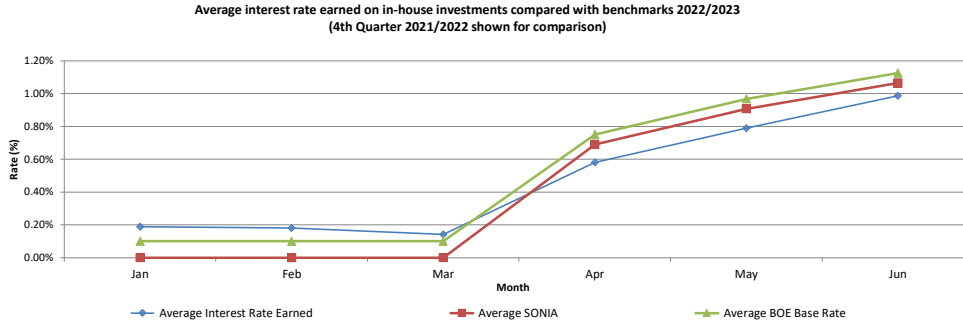


Table 1 - Property Funds

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 Property Investment Managers LLP	1	22,307,700.19	1,327.00	981,137.63	23,288,837.83	174,509.03	20.78
Lothbury Investment Management Limited	1	14,751,721.08	6,844.14	472,839.31	15,224,560.39	96,199.32	15.26

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 Asset Management	1	7,453,619.73	7,751,268.43	(295,323.33)	7,158,296.40	45,050.37	(13.59)
AXA Investment Managers UK Limited	1	7,517,980.14	7,406,876.99	(202,207.74)	7,315,772.40	34,144.84	(9.04)

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	1	5,031,512.97	501,591.35	(40,779.38)	4,990,733.59	13,041.38	(2.21)

Appendix 2 – Treasury Management Performance for Quarter One - 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

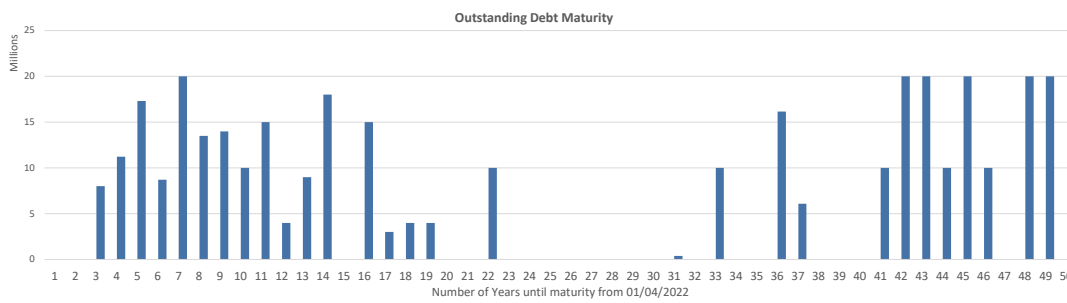
Financial Institution	Date	Period of loan	Final Repayment date	Amount borrowed £	Amount Repaid to Date £	Closing Balance Qtr 1 £	Rate of interest %
Salix Finance Ltd Energy Efficiency Programme	23/03/2017	5 Years	01/04/2022	82,017	(82,017.00)	0.00	0
	22/02/2019	5 Years	01/02/2024	64,148	(38,488.80)	25,659.20	0
	25/11/2019	5 Years	01/11/2024	8,200	(4,100.00)	4,100.00	0
	02/07/2020	5 Years	01/06/2025	6,171	(2,468.36)	3,702.54	0

L1 Renewables Finance Ltd

- 25 year reducing balance finance
- balance of £8.35m outstanding at the end of quarter 1
- there was no repayment in quarter 1

Table 6 - PWLB Borrowing

GRAPH 2 - Long Term Borrowing - PWLB



PWLB - New this quarter

None

PWLB - Repaid this quarter

None

PWLB Rates

	Lowest	Highest
Range of 10 years PWLB new loan rates this quarter (inc certainty rate)	2.38	3.44
Range of 25 years PWLB new loan rates this quarter (inc certainty rate)	2.52	3.7
Range of 50 years PWLB new loan rates this quarter (inc certainty rate)	2.24	3.47

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

Public Document Pack

SOUTHEND-ON-SEA CITY COUNCIL

Meeting of Economic Recovery, Regeneration & Housing Working Party

Date: Monday, 5th September, 2022
Place: Remote Meeting via Microsoft Teams

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Present: Councillor I Gilbert (Chair)
Councillors B Beggs*, M Berry, T Cox, C Mulroney, D Nelson,
M Sadza and M Terry

*Substitute in accordance with Council Procedure Rule 31.

In Attendance: Councillors M Borton, D Cowan, M Dent, S George, B Hooper,
K Mitchell and K Murphy
G Halksworth, T Harris, A Keating, E Lindsell, B Nemeth, S Newman,
T Nicola, C Oksuz, A Richards and S Tautz

Start/End Time: 6.30 pm - 8.00 pm

1 Apologies for Absence

Apologies for absence were received from Councillor M Davidson (Substitute: Councillor B Beggs).

2 Declarations of Interest

No declarations of interest were made by members of the Working Party.

3 Notice of Motion- Cost of Living Emergency

The Working Party received a presentation of the Interim Executive Director (Strategy, Change and Governance) in response to a Notice of Motion referred by the Council at its meeting on 22 August 2022, concerning the proposed declaration of a cost-of-living emergency in Southend-on-Sea.

Councillors were advised that residents of Southend-on-Sea were currently facing a cost-of-living emergency. Members were reminded that the rate of inflation in the United Kingdom had reached 10.1% in July 2022, the highest it had been since 1982, and that it was possible that inflation could reach 12% later in the year. It was reported that in October 2022, the new energy price cap would see average annual bills exceed £3,500, which would leave many residents facing an unaffordable cost to keep their homes warm during the Winter, and that the cap was also expected to increase further in January 2023 to over £5,300. Councillors were advised that, at the same time, food and housing costs were also increasing dramatically and that levels of vulnerability were illustrated by a record number of children in local schools that were currently eligible for free school meals. It was reported that, although no specific data was currently available for Southend-on-Sea, a University of Hull study had indicated that 64.4% of households would fall into fuel poverty in the East of England, with such rate spiking for people over sixty-five years of age, lone parents with two or more children and families with more than two children. Members noted that levels of fuel poverty might be higher

in Southend than across the East of England, based demographics and on the increasing number of residents accessing support services provided by Citizens Advice and the Council.

The Working Party was reminded that some financial measures to support households had been announced by the Chancellor of the Exchequer in February, March and May 2022 and that it was anticipated that further announcements in response to the cost-of-living emergency would be made later in September 2022, following the recent election of the new Prime Minister, to outline additional national support in relation to the crisis.

Members were assured that the Council recognised the effects of the cost-of-living emergency and the impact that it was having on local residents and businesses and that there had already been a concerted effort from the authority and its partners to respond to the crisis. The Working Party noted current and planned activity to address the specific areas of focus set out within the Notice of Motion, including the ongoing work of the tackling poverty workstream and wider strategic activity, but was reminded that it would be necessary to ensure that the Council's response to the cost-of-living emergency was considered with reference to the overarching budget principles introduced in 2022, in order to support the financial sustainability of the authority and that the delivery of a response to the crisis might need to be balanced in terms of 'trade-off' from other areas of service provision. Members were advised that a detailed report on the Council's budget position for the first four months of the year and how the authority was being impacted by the current economic position, was to be made to the next meeting of the Cabinet.

Councillors supported the establishment of a partnership task and finish group to deliver the response to the cost-of-living emergency, but considered that the Economic Recovery, Regeneration and Housing Working Party should fulfil this multi-agency role, with representation also including Group Leaders, Cabinet Members, representatives of the existing Economic Crisis Recovery Group and relevant stakeholders, to share intelligence and resources to maximise the impact of work in response to the cost-of-living emergency. The Working Party stressed that such multi-agency group should undertake initial scoping for the development of a co-produced action plan based on a 'thematic' response to the cost-of-living emergency as soon as possible, whilst also identifying 'quick wins' for priority implementation. Councillors suggested a number of such 'quick wins' that might be able to be introduced at pace and emphasised the vital role of communications activity in the delivery of the response to the cost-of-living emergency. Members also suggested several communication opportunities that could be investigated in this regard.

Resolved:

- (1) That the Notice of Motion seeking the declaration of a cost-of-living emergency in Southend-on-Sea be noted and that the recommendations set out within the Notice of Motion be supported by the Working Party.
- (2) That the following recommendations be made to the Cabinet:
 - (a) That a cost-of-living emergency be declared in Southend-on-Sea.

- (b) That the recommendations set out within the Notice of Motion be reviewed in line with the Council's budget principles already agreed, the most significant being the financial implications of response to the cost-of-living emergency.
- (c) That the proposed approach to the response to the cost-of-living emergency, alongside the tackling poverty workstream and wider strategic work to prevent duplication and improve consistency, be agreed.
- (d) That the Cabinet Member for Economic Recovery, Regeneration and Housing be designated as the member champion for the response to the cost-of-living emergency.
- (e) That the Economic Recovery, Regeneration and Housing Working Party act as the multi-agency partnership task and finish group to deliver the response to the cost-of-living emergency, and that representation on the Working Party also include Group Leaders, Cabinet Members and relevant partners and stakeholders, in order to pool resources and maximise the impact of this work.
- (f) That a co-produced action plan be developed as part of the response to the cost-of-living emergency, with clear lines of reporting and accountability to focus activity and prioritise tasks.
- (g) That the response to the cost-of-living emergency seek to improve access to support services, making them easier to access for all who need them, with particular focus on inclusivity.
- (h) That the response to the cost-of-living emergency consider the impact of the crisis on mental health and ensures that work activity takes account of this element of wellbeing.

Chair: _____

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CABINET

Thursday, 29th September 2022

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:

- 1.1 347 Daws Heath Road, Hadleigh
The disposal of the freehold of the above-mentioned residential property.
(Eligible for call-in to Policy & Resources Scrutiny Committee)
- 1.2 Airport Business Park Southend – HBD Speculative Development Scheme ‘The Quad’ – Updated Arrangements
Final pre-completion amendments to the terms for the HBD speculative development of ‘The Quad’ on Plot 14.
(Eligible for call-in to Policy & Resources Scrutiny Committee)
- 1.3 Porters Place Southend-on-Sea LLP Accounts
Approval of the Porters Place Southend-on-Sea LLP (“LLP”) accounts (“the Accounts”) for the Financial Year 2020/2021 that were due to be filed on or before the 31st March 2022.
(Eligible for call-in to Place Scrutiny Committee)

2. The Director of Regeneration & Growth authorised:

- 2.1 Greater Essex Careers Hub
Approval for the Council to enter into an agreement with The Careers and Enterprise Company to deliver the Greater Essex Careers Hub prior to the commencement of delivery of the programme on 1st September 2022.
(Eligible for call-in to People Scrutiny Committee)
- 2.2 Multiply Programme
Approval for the Council to enter into an agreement with the Department for Education (DfE) to receive its allocation of the Multiply funding, the total value being £999,755.14 and deliver this grant funding programme for Southend City.
(Eligible for call-in to People Scrutiny Committee)

3. The Interim Executive Director (Neighbourhoods and Environment) authorised:

3.1 Active Travel England – Local Authority Capability and Ambition Self-Assessment for Active Travel

The completion of the high-level Capability and Ambition Self-assessment for Active Travel before the deadline on noon on 22nd August 2022 as part of the Active Travel England bidding process for grant funding.

(Eligible for call-in to Place Scrutiny Committee)