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SOUTHEND-ON-SEA CITY COUNCIL

**Policy and Resources Scrutiny Committee**

Date: Thursday, 1st February, 2024

Time: 6.30 pm

Place: Council Chamber, Civic Centre

Contact: Stephanie Cox (Principal Democratic Services Officer)

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

**AGENDA**

- 1 Chair's Introduction & Apologies for Absence
- 2 Declarations of Interest
- 3 Questions from Members of the Public
- 4 Minutes of the Meeting held on 7 December 2023 (Pages 3 - 6)
- \*\*\*\* **ITEMS REFERRED DIRECT BY CABINET - 11 JANUARY 2024**
- 5 Draft Housing Revenue Account (HRA) Budget and Rent Setting Report 2024/25 (Pages 7 - 52)
- 6 Draft Budget Proposals - 2024/25 to 2028/29 (Pages 53 - 246)

**Chair & Members:**

Cllr S Wakefield (Chair), Cllr L Burton (Vice-Chair), Cllr B Beggs, Cllr M Borton, Cllr S Buckley, Cllr O Cartey, Cllr T Cowdrey, Cllr M Dent, Cllr F Evans, Cllr N Folkard, Cllr S George, Cllr J Harland, Cllr R McMullan, Cllr M Sadza, Cllr C Walker, Cllr J Warren and Cllr P Wexham

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## SOUTHEND-ON-SEA CITY COUNCIL

### Meeting of Policy and Resources Scrutiny Committee

**Date: Thursday, 7th December, 2023**  
**Place: Committee Room 1 - Civic Suite**

# 4

**Present:** Councillor L Burton (Chair)  
Councillors M Sadza (Vice-Chair), B Beggs, M Borton, S Buckley,  
O Cartey, C Campbell\*, P Collins\*, D Cowan\*, T Cowdrey, F Evans,  
N Folkard, S George, J Harland, R McMullan and J Warren

\*Substitute in accordance with Council Procedure Rule 31.

**In Attendance:** Councillors T Cox and D Garston (Cabinet Members)  
J Chesterton, A Richards, C Shuter and S Cox

**Start/End Time:** 6.30 - 7.45 pm

#### 47 **Chair's Introduction & Apologies for Absence**

##### (a) **Chair's Introduction**

Prior to the consideration of the matters set out in the agenda, the Chair outlined their expectations of the standard of conduct and behaviour to be shown at the meeting.

##### (b) **Apologies for Absence**

Apologies for absence were received from Councillor S Wakefield, Councillor M Dent (substitute: Councillor D Cowan), Councillor C Walker (substitute: Councillor C Campbell) and Councillor P Wexham (substitute: Councillor P Collins).

In the absence of the Chair, Councillor L Burton (as the appointed Vice-Chair) Chaired the meeting with Councillor M Sadza acting as Vice-Chair.

#### 48 **Declarations of Interest**

The following interests were declared at the meeting:

- (a) Councillors M Borton, N Folkard, D Garston (Cabinet Member) – non-pecuniary interest, Minute 50 (Resourcing Better Outcomes) – concessionary bus pass holders.
- (b) Councillor N Folkard – non-pecuniary interest, Minute 50 (Resourcing Better Outcomes) – was a daily user of the swimming pool at Garon's Park (operated by fusion leisure).

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

The Committee noted the response of the Cabinet Member for Environment to a question presented by Mr Webb.

**50 Minutes of the Meeting held on 2 November 2023**

Resolved:

That the minutes of the meeting of the Committee held on 2 November 2023 be confirmed as a correct record and signed.

**51 Resourcing Better Outcomes - Financial Performance Report for September 2023 (Period 6)**

The Committee considered the report of the Executive Director of Finance and Resources which had been referred direct by the Cabinet from the meeting held on 20 November 2023.

The report summarised the current forecast position to the end of September 2023 (Period 6).

The Committee asking a number of questions which were responded to by the Leader of the Council.

The relevant Cabinet Members and Executive Directors undertook to provide written responses to questions raised by Members of the Committee, with regard to:

- a) Tree net gain in the City – why trees had been left over from the previous year and an update on planting for the current year.
- b) To share the final Grant Thornton report with Members, whilst noting the situation had moved on since its publication.

The Leader of the Council asked Councillors to raise any concerns about parking and parking enforcement through appropriate channels so that the relevant Director could review and take action as appropriate.

A brief discussion took place on the take up of the voluntary redundancy scheme which had recently closed.

The Committee agreed to stop printing paper declaration of interest forms and public questions at meetings in the interest of efficiency and cost saving.

Resolved:

That the following recommendations of the Cabinet be noted:

1. Cabinet notes the continued unprecedented levels of reported financial pressure and challenges right across the local government sector (appendix 1).

That, in respect of the 2023/24 Revenue Budget Performance as set out in appendix 2 to this report, Cabinet:

2. Note the forecast outturn for 2023/24 for the General Fund and the Housing Revenue Account as at 30 September 2023.
3. Note the plans and intentions to try to reduce the forecast overspend of the Council's revenue budget for 2023/24 and agree that the Chief Executive and Executive Director (Finance & Resources) continue to explore all opportunities within their delegated powers and authority to improve the financial position by the year-end (section 5).
4. Approve the planned budget transfers (virements) of £2,710,000 from earmarked reserves, as set out in section 5.58.

That, in respect of the 2023/24 Capital Budget Performance as set out in appendix 3 of this report, Cabinet:

5. Note the expenditure to date and the forecast outturn as at 30 September 2023 and its financing.
6. Approve the requested changes to the capital investment programme for 2023/24 and future years, as set out in section 4 of appendix 3.
7. Note the Corporate Performance Report as at 30 September 2023 set out in appendix 4.

Notes: This is an Executive Function

Cabinet Members: Councillor T Cox, Leader and Cabinet Member for Special Educational Needs & Disability

## 52 Exclusion of the Public

During the aforementioned item the Committee agreed to move into Part 2 session to enable the Leader to respond to questions relating to Seaway.

Resolved:

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

*At 7.40pm the meeting moved into exempt session.*

**Chairman:** \_\_\_\_\_

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**Meeting:** Cabinet  
**Date:** 11 January 2024  
**Classification:** Part 1  
**Key Decision:** Yes  
**Title of Report:** Draft Housing Revenue Account (HRA) Budget and Rent Setting Report 2024/25

**Executive Directors:** Joe Chesterton, Finance and Resources and Alan Richards, Environment and Place,  
**Report Author:** Pete Bates, Director of Financial Services  
Glyn Halksworth, Director of Regeneration, Housing & Regulatory Services  
**Executive Councillor:** Councillor Garston, Cabinet Member for Housing and Planning

## 1. Executive Summary

- 1.1. To highlight how investment from the Housing Revenue Account (HRA) will contribute towards meeting housing needs in Southend-on-Sea. The planned investment programme and effective management of the Council's housing stock will also contribute to our ambition for everyone to feel safe and well and for everyone to have a home that meets their needs.
- 1.2. To present the outcome of Southend-on-Sea City Council's annual rent review and associated rent setting proposals for all council dwellings within the HRA for 2024/25. This report also sets out the HRA budget for 2024/25 – 2028/29, together with the information necessary to set a balanced budget as required by legislation.

## 2. Recommendations

**That Cabinet recommends to Council that, as part of the budget setting process, it approves the following increases with effect from 1 April 2024:**

- 2.1. **An average rent increase of 7.7% on all tenancies.**
- 2.2. **An average rent increase of 7.7% on shared ownership properties.**
- 2.3. **An increase of 10% for garage rents to £15.38 per week for tenants and £18.46 for non-tenants (being £15.38 plus VAT), a rise consistent with the standard approach taken across the range of City Council's fees and charges for 2024/25. All variants on a standard garage will receive a proportionate increase.**

**That Cabinet recommends to Council that, as part of the budget setting process, it approves:**

- 2.4. South Essex Homes core management fee be agreed at £7,678,000 for 2024/25.**
- 2.5. South Essex Homes proposals for average decreases of 3.1% in service charges to reflect the estimated costs incurred be agreed for 2024/25.**
- 2.6. South Essex Homes proposals for an average 7.4% decrease in heating charges for sheltered housing tenants and for hostel tenants to reflect the estimated costs incurred be agreed for 2024/25.**
- 2.7. The following appropriations be agreed:**
  - £60,000 to the Repairs Contract Pensions Reserve.**
  - £4,761,000 to the Capital Investment Reserve.**
  - £8,015,000 from the Capital Investment Reserve.**
- 2.8. Subject to the approval of items 2.1 through to 2.7 above, the HRA budget for 2024/25 as set out in Appendix 1 be agreed and**
- 2.9. The value of the Council's capital allowance from 2024/25 be declared as £57,098,000 as determined in accordance with regulation 16 of the Local Authorities (Capital Finance and Accounting) (England) Regulations.**

**That Cabinet notes:**

- 2.10. The developing draft 30-year Housing Revenue Account Business Plan (structure and text only) as set out in Appendix 4 and supports any minor amendments to be completed by the Executive Director (Environment and Place) in consultation with the Cabinet Member for Housing and Planning. The final version of the Business Plan will be submitted to Cabinet for approval in February 2024.**

### **3. Background**

- 3.1. The Housing Revenue Account (HRA) is the statutory "landlord" account for the authority. For Southend-on Sea City Council, this expresses in financial terms the level of housing service provided within agreed policy guidelines.**
- 3.2. The finance and corporate performance reports throughout 2023/24 have highlighted the significant challenges facing the country, local government generally and within this context Southend-on-Sea City Council. Given the volatility in price inflation and the continued squeeze on the cost of living there has been pressure on the HRA throughout the year which emphasises the importance of robust and regular reviews and an updated long term**



business plan to allow the Council to forward plan its resources efficiently and effectively.

- 3.3. Following the Grenfell tragedy in 2017, an independent review of Building Regulations and Fire Safety was undertaken. This body found that some of the current arrangements nationally were not fit for purpose, and this has led to some legislative changes, the Fire Safety Act 2021 and the Building Safety Act 2022. As a landlord, this legislation requires the Council to have in place a named Accountable Person for each High-Risk Residential Building (any building over 18 meters in height or 6 storeys). These officers will have direct accountability to residents for all aspects of safety management of the property. There are also significant additional compliance requirements resulting from this new legislative and regulatory framework which will require additional resources, both as a direct investment into the Council's housing stock, as well as additional staffing requirements.
- 3.4. The sector has also experienced unprecedented growth in regulation, with a range of specific areas of work required to respond to and comply with. The expansion of the duties and reach of the Housing Ombudsman and the Regulator of Social Housing, following such events as the avoidable death of Awaab Ishak due to damp, mould and condensation present in his social home, have contributed to growing expectations of the Council and South Essex Homes.
- 3.5. Inflation has been a significant issue for both businesses and individuals for the last 2 years, however the construction materials price index has been as high as 30% during this same time period. This has had a significant effect on the costs of the repairs and maintenance contract as the cost of materials has been considerably affected by this.
- 3.6. The current repairs and maintenance contract is due to end in June 2024 and a procurement process is currently underway for a new contract.
- 3.7. Under these unprecedented circumstances the Council is obliged by law to set rents and other charges at a level, to avoid a deficit on the HRA balance (i.e. the legal minimum balance at any time during the financial year must be greater than zero). This report proposes an HRA budget that avoids a deficit balance and complies with this requirement.
- 3.8. The estimates have been prepared alongside South Essex Homes and incorporate their proposed management fee for 2024/25.
- 3.9. The HRA Budget for 2024/25 is summarised at **Appendix 1**.

#### 4. Southend-on-Sea's Housing Ambition

- 4.1. South Essex Homes has a vital role to play in helping to deliver the Council's Housing, Homelessness and Rough Sleeping Strategy and our ambition, developed together with our local community, to ensure that 'everyone has a good quality, sustainable home that meets their needs'. The three key aims of South Essex Homes are:
- 1) To support the delivery of quality housing, including affordable housing to meet local needs and promote a sustainable and balanced housing market.
  - 2) To support improvement in the quality of the existing housing stock to achieve decent, healthy, and environmentally sustainable homes across all tenures.
  - 3) To support greater accessibility to different types of housing and promote independent living for our (most) vulnerable residents and continue to work to prevent homelessness.
- 4.2. This aspiration is being achieved through several initiatives including major investment via the HRA Capital programme of an estimated **£57,098,000** over the next five years. This will ensure that we maintain decent homes standards and improve those properties that need it. The types of works will include electrical rewiring, bathroom installations, new roofs, new kitchens, new windows and door replacements and installation of new, more economical and energy efficient boilers. Full compliance with the range of additional local requirements and responsibilities due to new building and fire safety legislation will remain a top priority.
- 4.3. A range of temporary accommodation services provide help and support to some of Southend-on-Sea's most vulnerable residents. Our Housing, Homelessness & Rough Sleeping Strategy aims to encourage good quality housing design, management, and maintenance, and this directly relates and supports a lot of the day-to-day work that South Essex Homes undertake.

## 5. Rent Levels

- 5.1. The Council reviews and sets all council house rents in line with national policy, guidance, and legislation. The average weekly rent charged for 2023/24 on HRA secure general needs tenancies was £100.82 and for sheltered accommodation was £87.82.



- 5.2. Since 2001, rents for social housing properties have been based on a formula set by Central Government, which was calculated based on the relative value of the property, relative local income levels and the size of the property. This created what is known as a 'formula rent'. The aim of this approach was to ensure that similar rents are charged for similar type of properties. In Southend, we have about 625 properties that are yet to convert to a formula rent basis. When tenants vacate a property the new rent agreement will be based on this 'formula rent' so the remaining properties will organically convert to this charging approach over time.
- 5.3. In 2011, Central Government introduced a new regime for defining affordable rents, which permitted rents (inclusive of service charges) to be set at up to a maximum of 80% of market rent for a local area. Only new properties (or new social housing) can be let at this new 'affordable rent' level. In Southend, the Council's Tenancy Strategy requires our affordable rent level to be set at the Local Housing Allowance (LHA) rates which is lower than the 80% level of market rents in line with our Tenancy Strategy. The council currently has 146 properties on the LHA rate, and all new HRA properties will be set at LHA levels and calculated on this basis.
- 5.4. The Local Housing Allowance (LHA) rates in the UK will be raised to the 30th percentile of local market rents from April 2024, as announced by the chancellor in his 22 November Autumn Statement. LHA rates are used to calculate housing benefit for tenants renting from private landlords and have been frozen since 2020, despite rising inflation and increasing rental prices. We perceive that for many people the unfreezing of LHA will provide some temporary relief and make some property more affordable for them through allowing more of people's rent costs to be met by housing benefits.

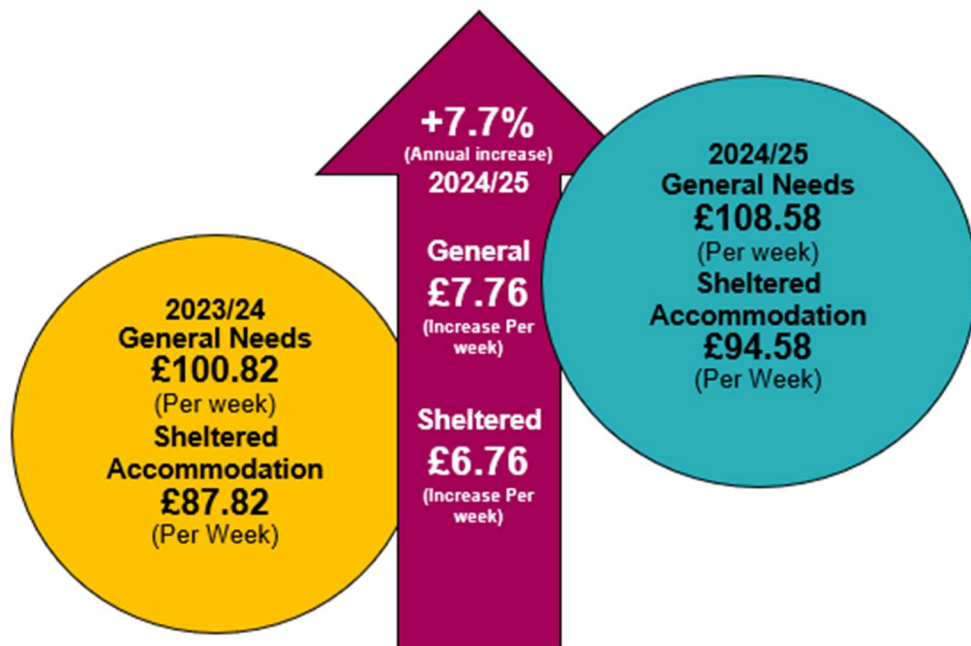
- 5.5. However, the benefit cap allowance rates have not increased, for some claimants this will likely mean that an increase in housing allowances may now mean they reach their benefit cap or will negate the increase in the LHA for anyone already capped. LHA is a calculation of private sector rents, but it is worth noting that **all rent levels of council accommodation is below that set by the LHA**. Housing benefit is not based on rental prices in the local area for social housing tenants.
- 5.6. In October 2017, the government announced its intention to set a long-term rent deal for both local authority landlords and housing associations. This would allow annual rent increases on both social rent and affordable rent properties of up to CPI at September each year plus 1 percentage point from the financial year 2020, for a period of at least five years ('the new policy'). This would have meant an 11.1% increase for 2023/24 (September 2022 CPI of 10.1% + 1%). The new policy, which came into effect from April 2020, recognises the need for a stable financial environment to support the delivery of new homes and to enable registered providers to plan effectively and have a viable future financial investment programme.
- 5.7. Due to the unprecedented high levels of inflation experienced in the UK through 2022/23, the Department for Levelling Up, Housing and Communities (DLUHC) issued a consultation on 31 August 2022 seeking the views of registered social housing providers on the impacts of limiting rent increases in 2023/24. Included within the 2022 Autumn Statement issued on 17 November 2022 was confirmation that social housing rents could increase by a maximum of 7% instead of 11.1% for 2023/24 and the Council's HRA budget was constructed on this basis. However, whilst this reduced the level of rent increases for 2023/24 and provided some positive news for tenants who were being squeezed due to other general cost-of-living increases, it did exacerbate the pressure on the future financial sustainability of the HRA though.
- 5.8. With a reduction in the level of inflation experienced during 2023/24, the original rent setting formula is back in place for the 2024/25 rent setting year and therefore rents will be increasing by 7.7% for the forthcoming year (September 2023 CPI of 6.7% + 1%).

- 5.9. The Council will be able to continue with its policy to move rents to formula level on change of tenancy. The rent increase for general needs and sheltered tenancies is summarised by the number of bedrooms per dwelling in the following table.

No. of bedrooms	No. of properties	Average Rent 2023/24 (£)	Average Rent 2024/25 (£)	Average weekly increase (£)	Average percentage increase
0	501	83.95	90.41	<b>6.46</b>	7.7%
1	2,512	89.21	96.08	<b>6.87</b>	7.7%
2	1,260	101.45	109.26	<b>7.81</b>	7.7%
3	1,559	120.46	129.73	<b>9.28</b>	7.7%
4	99	133.31	143.58	<b>10.27</b>	7.7%
5	2	123.96	133.50	<b>9.54</b>	7.7%
<b>Total Tenancies</b>	5,933				

- 5.10. The rents for the Council's 11 shared ownership properties have traditionally been set on the same basis as a full Council dwelling, on a pro-rata basis to the Council's ownership. It is recommended that these rents are also **uplifted by 7.7% in line with the social rent cap**, being consistent with the proposal for the main rent increase. Across the 11 properties, the Council's ownership ranges from 10% up to 75%.
- 5.11. Rent levied in the Council's hostels provision is currently charged at £191.43 per week. It is proposed that the increase remains consistent with the general rent increase. This is a fair and reasonable approach to take for the residents in our hostel accommodation, so it is recommended that hostel rents also **increase by 7.7% to £206.17**. This charge is inclusive of service charges but is subject to additional charges for heating and water.
- 5.12. Members are reminded that a proportion of tenants may be impacted by other welfare reforms. Where working age tenants are in under occupation of their home, any housing benefit payable will be reduced by 14% for one extra bedroom or 25% for two or more extra bedrooms. Some tenants may also be affected by the benefit cap, which limits the totality of all benefits to a maximum of £22,020 per year for a couple or a single person with children. Where total benefits, including housing benefit, exceed the cap, the housing benefit will have to be reduced to bring the total package back down to £22,020. Single people with no dependent children are capped at £14,753.

- 5.13. Based on work with South Essex Homes it is known that around **70% of all tenancies** will receive some form of housing support (Housing Benefit or Universal Credit) that will be funded by Central Government. Some of these tenants will receive 100% Government support to cover their rent in full, whilst some will receive partial support dependent upon individual circumstances.
- 5.14. The effective date of any change in rent will be 1 April 2024, being the first Monday of the new rent year. The illustration below shows the average rent increase for both general needs tenancies and for sheltered accommodation proposed for 2024/25.

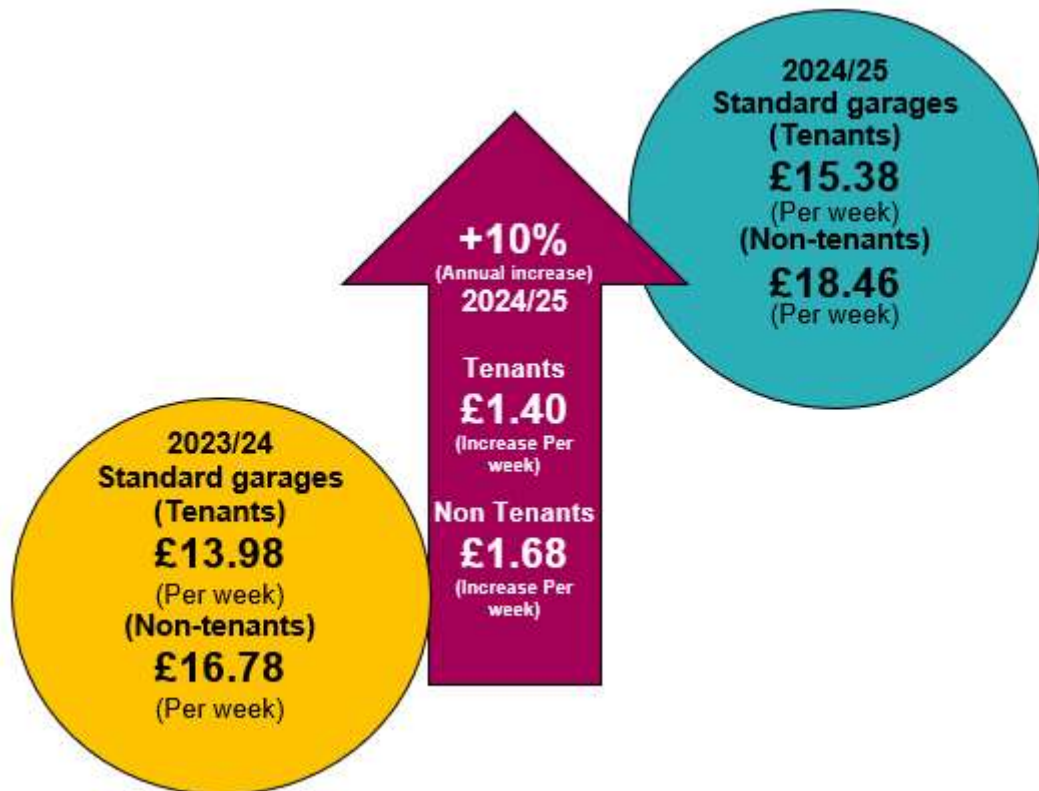


## 6. Other Fees and Charges

- 6.1. The HRA has several income streams other than dwelling rents, the majority of which are set by the Council and therefore need a formal resolution for any changes.

## Garages

- 6.2. Standard garages are currently charged at £13.98 per week for tenants and £16.78 for non-tenants (being £13.98 plus VAT). **It is proposed that both these charges be increased by 10%**, to be consistent with the standard approach taken across the council's fees and charges for the 2024/25 financial year as agreed at Cabinet on 31 October 2023. All variants on a standard garage will receive a proportionate increase. This is illustrated in the following graphic.



## Water Charges

- 6.3. The Council (acting as an agent) collects the water rates on behalf of Northumbrian Water Company (trading locally as Essex & Suffolk Water) in respect of all unmetered Council houses and then remits this to the water company in full, including void properties. The Council is compensated separately by the water company for collecting these water rates including an appropriate void loss allowance.

## 7. Management Fee to South Essex Homes

- 7.1. On an annual basis a management fee request for the following financial year is sent to the Executive Director (Finance and Resources) by the Board of South Essex Homes. This fee is calculated in line with the requirements placed upon South Essex Homes by the Council in the form of the Partnership Agreement in place between the two organisations. Following negotiations, the proposed fee below has now been agreed and has been set, mindful of the financial pressures and ambitions within the HRA. The recommended management fee for 2024/25 is summarised in the following table.

	<b>2023/24 Forecast £000</b>	<b>2024/25 Budget £000</b>
Management Fee	7,030	7,184
Inflationary Pay Pressures	393	232
Partial pay increase absorbed through charging	(239)	(77)
Inflationary Non-Pay Pressures	0	567
Partial Non-Pay pressures absorbed through charging	0	(228)
<b>Total Management Fee</b>	<b>7,184</b>	<b>7,678</b>

- 7.2. The inflationary pressures for South Essex Homes are in respect of the estimated national pay award impact for employee related costs and other inflationary pressures which cannot be absorbed through charging. The pay award estimate for 2024/25 is based on an anticipated 3% increase and other inflation pressures are linked to CPI in September 2023 (6.7%).
- 7.3. There were four pilot schemes which were approved for 2022/23 and continued into 2023/24. These were increased Support for Hostel Provision, Professional Support for Residents, Difficult Access Co-ordinator and Complex Needs Support Officer. The benefits of these initiatives are currently being evaluated and they are due to continue into 2024/25.
- 7.4. To deliver a balanced and sustainable budget within this management fee request, South Essex Homes are intending to deliver several efficiencies and productivity improvements via their own one-off resources in 2024/25. These range of initiatives will help to improve the customer experience by further developing the ICT functionality of core systems, meet governance responsibility via a regulatory compliance team and develop sustainable communities by continuing to support a hardship fund and community development initiatives.



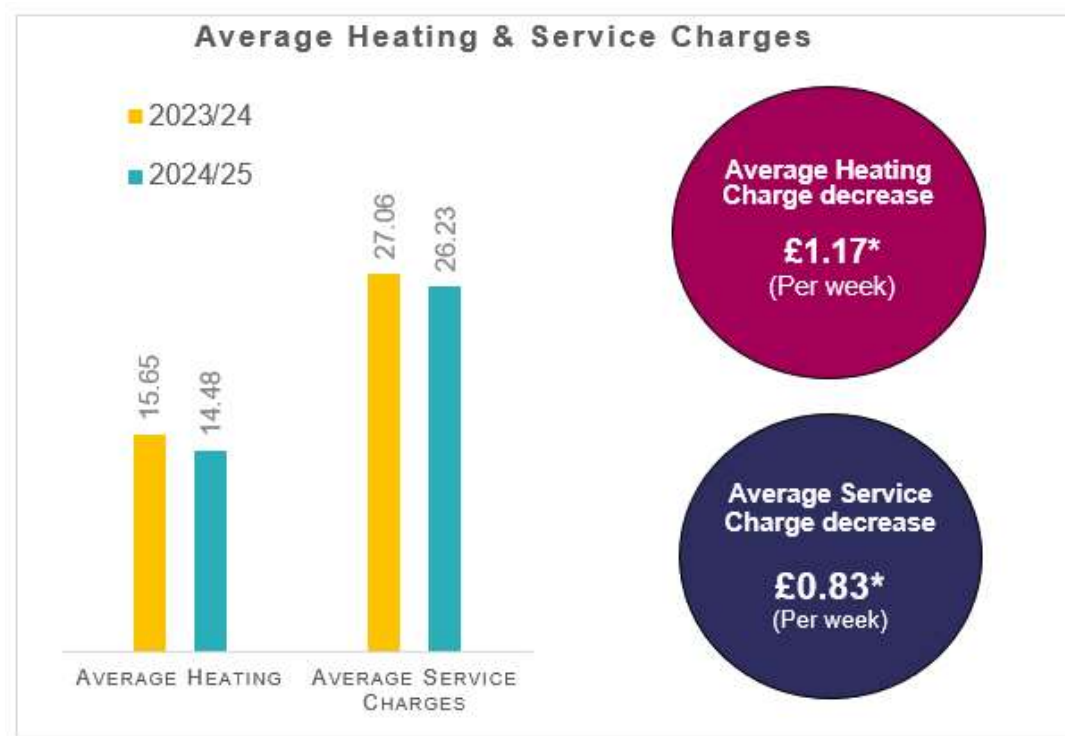
- 7.5. South Essex Homes strives to deliver the best possible value to the Council and the residents of Southend-on-Sea. They are increasingly seeking to fund some activities from other income sources in addition to the management fee, as well as using all available resources prudently and effectively. Their subsidiary, South Essex Property Services, is a commercial operation which will provide a £150,000 dividend back to Southend-on-Sea City Council in 2024/25. This has been achieved partly by joint management arrangements, as well as re-designing the back office and front of house functions. This re-design has also enabled the two organisations to contribute positively towards the new regulatory, legislative, and local demographic challenges for Southend-on-Sea.
- 7.6. South Essex Homes takes part in an annual national benchmarking exercise to assess the value that is delivered when compared to a group of peers. Most of the measures that are designed to assess the cost to deliver vital services show that the organisation is consistently above the median position, usually in Upper Quartile 1 or Quartile 2, showing that South Essex Homes continues to deliver good value.
- 7.7. Following the decisions made as part of previous budget setting rounds, South Essex Homes also receive a significant proportion of their income from service and heating charges levied directly on tenants and leaseholders. It is the responsibility of South Essex Homes and the Council to ensure that service charges to tenants are reasonable, and that they are set as near as possible on an actual cost recovery basis.

#### **Service Charges and Heating Charges (South Essex Homes Charge)**

- 7.8. The price of energy paid by South Essex Homes on behalf of tenants is part of a wider bulk purchasing agreement of energy through the Council which is contracted through a framework via Kent Commercial Services. This effectively means that the cost of energy purchased on behalf of our tenants is at a more favourable rate than the prices obtained by most individual domestic customers across the country.
- 7.9. Over the past year, there has been a detailed review of the cost recovery of all service charges, to ensure that the overall income received covers the actual costs of service provision. Cabinet agreed a report in November 2022 to allow South Essex Homes to collect heating charges in line with estimated costs rather than collecting income to offset these costs which could be up to 17 months in arrears (heating charges were based on actual costs from November to October of the previous year).
- 7.10. Due to the volatility of energy prices and a significant reduction in the anticipated price paid for utilities, Cabinet approved a report in July 2023 to reduce the heating charges applied to tenants to reflect the reduced prices paid centrally for energy.

- 7.11. Heating charges for sheltered housing and hostel tenants are monitored on a scheme-by-scheme basis, with the aim that each scheme broadly covers its costs.
- 7.12. Based on the forecast costs for gas in 2024/25 which are directly associated with heating, South Essex Homes are proposing that there is an average **7.4% decrease in heating charges for sheltered housing tenants and for hostel tenants in 2024/25**. These proposals are based on the forecast actual costs that will be incurred over the year.
- 7.13. As the amount paid by tenants was reduced in September 2023 due to lower utility costs, this means that the average 7.4% is based on the total cost paid for the full financial year 2023/24. This means that tenants may well see a slight increase in monthly cost from March 2024 to April 2025, but if this amount remains static for the full 2024/25 year, then the total cost will be 7.4% lower than the full cost in 2023/24.
- 7.14. A similar piece of work has been undertaken on service charges and based on this analysis South Essex Homes are proposing an average **3.1% decrease for 2024/25**.
- 7.15. As service charges are based on both the actual costs for each housing block and actual costs of services provided, individual charges could change by more or less than the average proposed increase. This will ensure that service charges are kept in line with the actual cost of providing the service. Service charges are generally covered by housing benefit where tenants are eligible.

- 7.16. The actual charges levied for 2024/25 will be based on the actual costs associated with each individual scheme. The following graphic illustrates the estimated average increase in heating & service charges for 2024/25.



\*Indicates an estimate (this could increase or decrease)

## 8. Options to Balance the HRA

- 8.1. The HRA budget has been constructed using realistic and reasonable estimates based on the best information currently available. The budget, based on the proposals outlined in this report, is shown at **Appendix 1**. The budget shows an operating surplus of **£4,821,000** and on that basis the HRA is viable.
- 8.2. The surplus will be primarily used to fund a revenue contribution towards the completion of the current new build programme, and the commencement of the next phase. This means that **£4,761,000** is proposed to be appropriated to the Capital Investment Reserve. The remaining **£60,000** of the surplus is proposed to be appropriated to the Repairs Contract Pensions Reserve under the ongoing arrangement put in place when the repairs contract was last let.
- 8.3. Finally, to finance these ambitious plans it will also be necessary to appropriate **£8,015,000** from the HRA Capital Investment Reserve. The net overall impact is an appropriation from earmarked reserves of **£3,194,000** (£8,015,000 - £4,821,000) in 2023/24.
- 8.4. General HRA balances will remain above the target of £3,000,000 at £3,502,000.

## 9. HRA Medium Term Financial Plan and Strategy

- 9.1. The HRA Medium Term Financial Plan is shown at **Appendix 2**. The HRA budget has been developed based on the assumption that inflation will be at 5% in 2024/25 and 2% in 2025/26 with future years general assumption at 2% consistent with the Council Medium Term Financial Forecast.
- 9.2. For expenditure, the forecast is generally based on the current year's run rate. The only variations from this assumption are depreciation and interest charges which are based on the Council's business plan and treasury management strategy, and any other known movements based on market intelligence / trading conditions. The plan allows for borrowings to rollover on maturity.
- 9.3. For income, it is assumed that rent will continue with the current formula arrangement of CPI at September + 1% for the foreseeable future. Other income increases will be in line with the Council's Medium Term Financial Strategy assumptions for the General Fund. The value of the proposed Capital Investment Programme includes an agreed 8% recharge for facilitation of the capital works and will clearly vary in line with the size of the Programme.
- 9.4. In respect of the proposed Better Queensway regeneration programme, the HRA Medium Term Financial Strategy assumes that this development would be broadly revenue neutral at this stage. This calculation is made on the basis that lost rental income will be largely offset by a reduced need for management and maintenance liabilities. Some basic allowance has been made for a net loss in future years. Further work will be undertaken to understand the exact implications when the redevelopment proposal is finalised and phased, including how any decant process will work. The Medium-Term Financial Strategy will be updated as soon as a better understanding of the exact timing of any impact is known.
- 9.5. The Medium-Term Financial Strategy demonstrates that the HRA is currently financially robust and sustainable. From 2024/25 to 2028/29 an operational surplus is forecast, which will be appropriated to HRA earmarked reserves and be available for future investment priorities to continue to deliver improved housing outcomes for Southend-on-Sea tenants. The HRA reserves position are shown at **Appendix 3**.
- 9.6. The Major Repairs Allowance is used to support improvements to existing stock and maintain decent homes standards. The Medium-Term Financial Strategy currently assumes around £6,500,000 capital expenditure on the decent homes programme per annum from 2024/25. It is proposed that some of the future HRA surplus be diverted to the Major Repairs Allowance to support and enhance the level of capital investment to maintain and improve the quality of our existing housing stock.

## 10. Housing Revenue Account (HRA) New 30 Year Business Plan

- 10.1. The HRA is a critical financial mechanism for local authorities to effectively manage their housing stock. It covers the income and expenditure associated with local authority housing, including the maintenance, management, and improvement of housing assets. A clear business plan is essential for effective decision-making, resource allocation, and the delivery of quality housing and vital related services to our communities. It helps to outline the ambition and long-term intentions of meeting local housing needs.
- 10.2. The key objectives of the business plan and supporting financial model are:
- **Sustainability:** Ensure the financial sustainability of the HRA over the next 30 years by balancing income and expenditure, optimising existing assets, and exploring innovative funding models.
  - **Affordability:** Develop and maintain a diverse housing portfolio that meets the needs of our communities, with a focus on affordability, accessibility, and inclusivity.
  - **Quality of Housing Stock:** Prioritise investments in the maintenance, renovation, and development of housing units to meet decency standards and provide a high quality of living for residents.
- 10.3. The financial model which supports the business plan has been developed by an industry expert with input from all relevant service areas from both Southend City Council and South Essex Homes. The assumptions within this model have been revised, challenged and agreed upon and the model will receive regular updates based on the latest available data such as inflation trends, rent setting calculations etc. The Cabinet will be required to review the level of rent and service charges levied as part of the annual budget cycle for Southend-on-Sea.
- 10.4. The 30-year business plan includes high level financial projections, considering income from rents, grants, and other sources, as well as anticipated expenditure requirements for maintenance, construction, and other operational costs. These projections are based on a comprehensive analysis of current economic trends, housing market conditions, and potential funding sources. Clearly given the 30-year time frame, all of these elements will be kept under review, particularly the key components of the supporting financial model, which will be updated regularly and at least on an annual basis.

## 11. HRA Capital Allowance and Housing Strategy

- 11.1. South Essex Homes supports our ambition that 'everyone has a good quality, sustainable home that meets their needs'. This will be achieved through a combination of the revenue repairs investment and the HRA capital investment programme, which is included within the main Council's Budget Report for 2024/25 to 2028/29, elsewhere on the agenda. This proposes an indicative programme of works over the next 5 years totalling **£57,098,000**.

At the same time, capital receipts generated by the sale of HRA assets continue to be subject to pooling arrangements with up to 75% of proceeds being at risk of being paid over to Central Government. The Council is taking appropriate action to minimise the value that is paid over to Central Government, by declaring a capital allowance under regulation 16 of the Local Authorities (Capital Finance and Accounting) (England) Regulations. This equates to the value of investment going back into affordable housing, and as such is equal to the value of the HRA capital programme.

Scheme	Project code	2024/25 Budget £000	2025/26 Budget £000	2026/27 Budget £000	2027/28 Budget £000	2028/29 and future years Budget £000	Total Budget (all years) £000
<b>Council Housing New Build Programme</b>							
Housing Construction Scheme - Phase 2	C11097						-
Council Affordable Housing Development (Phase3) - Shoebury	C11098	4,586	1,879	1,879	1,879	1,879	12,102
Council Affordable Housing Development (Phase4) - St Lauren	C11099	2,718	-	-	-	-	2,718
Council Affordable Housing Development (MMC) - West Shoeb	C11100	700	-	-	-	-	700
Housing Construction Scheme - Phase 5/6 feasibility (S106)	C11101	-	-	-	-	-	-
Housing Construction Scheme - Land Assembly Fund (S106)	C11102	-	-	-	-	-	-
<b>Total Council Housing New Build Programme</b>		<b>8,004</b>	<b>1,879</b>	<b>1,879</b>	<b>1,879</b>	<b>1,879</b>	<b>15,520</b>
<b>Council Housing Acquisitions Programme</b>							
HRA Affordable Housing Acquisitions Programme	C11044	1,500	1,500	1,500	1,500	1,500	7,500
Next Steps Accommodation Programme	C11125	100	-	-	-	-	100
Housing and Development Pipeline Feasibility - HRA	C11054	-	-	-	-	-	-
Acquisition of tower block leaseholds - Queensway	C10814	-	-	-	-	-	-
LAHF - Afghan & Ukraine resettlement scheme	C11231	-	-	-	-	-	-
<b>Total Council Housing Acquisitions Programme</b>		<b>1,600</b>	<b>1,500</b>	<b>1,500</b>	<b>1,500</b>	<b>1,500</b>	<b>7,600</b>
<b>Council Housing Refurbishment</b>							
HRA Disabled Adaptations - Major Adaptations	C10015	1,044	109	-	-	-	1,153
Passive House Pilot	C11233	976	-	-	-	-	976
Social Housing Decarbonisation funding	C11236	1,902	-	-	-	-	1,902
<b>Total Council Housing Refurbishment - HRA</b>		<b>1,902</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,902</b>
<b>Council Housing Refurbishment - delivered by South Essex Homes Limited</b>							
Energy Efficiency Measures	C11033	-	-	-	-	-	-
Bathroom Refurbishment	C10161	210	264	183	183	183	1,023
Central Heating	C10162	246	296	210	210	210	1,172
Environmental - H&S works	C10163	2,970	2,160	2,484	2,484	2,484	12,582
Kitchen Refurbishments	C10164	184	114	114	114	114	640
Rewiring	C10165	443	208	275	275	275	1,476
Roofs	C10166	173	242	86	86	86	673
Windows and Doors	C10167	159	723	94	94	94	1,164
Common Areas Improvement	C10168	1,523	2,106	2,700	2,700	2,700	11,729
Sprinkler System Installation Pilot	C11081	-	-	-	-	-	-
HRA - SCC Buybacks Refurbishment	C11134	-	-	-	-	-	-
Remodelling of Tied Accommodation	C11187	302	216	345	345	345	1,553
Balmoral Estate Improvement and Structural Works	C11112	64	-	-	-	-	64
<b>Total Council Housing Refurbishment</b>		<b>6,274</b>	<b>6,329</b>	<b>6,491</b>	<b>6,491</b>	<b>6,491</b>	<b>32,076</b>
<b>TOTAL PROPOSED CAPITAL INVESTMENT PROGRAMME - HRA</b>		<b>17,780</b>	<b>9,708</b>	<b>9,870</b>	<b>9,870</b>	<b>9,870</b>	<b>57,098</b>

*The indicative investment for 2026/27 to 2028/29 and the associated financing via MRR is not currently included in the proposed capital investment programme report and is shown for illustration only.*

- 11.2. The HRA will also continue to play its full part in the delivery of the Housing, Homelessness and Rough Sleeping Strategy through the appropriate use of its capital and revenue resources. Following the Government's decision to lift the HRA debt capital ceiling, it could be possible to use HRA borrowing to

build new affordable homes. Any proposals to explore this possibility would be subject to a full commercial business case and reported through the due processes of the Council.

- 11.3. The council is continuing with its plans for the housing development pipeline. Several sites within the pipeline are currently underway and a major capital investment of **circa £10M over the next 2 years** is included in this programme to deliver the agreed phases of the affordable housing development programme to provide much needed housing for those on the Home Seeker's register. 13 council houses and bungalows will be developed in Shoeburyness as part of Phase 3a of the HRA Land Review Project, with Phase 3b also providing 16 flats. Phase 4 will see 9 council homes built in the St Laurence ward and the council is also progressing with plans to build 3 highly energy efficient 'Passivhaus' pilot homes on two sites across the city.
- 11.4. A regeneration framework has been developed which will oversee this programme. This work is augmented by other approaches to housing supply being progressed, including the use of HRA Capital and Right-to-Buy receipts to purchase properties on the open market and bring these into use as Council housing in the city.
- 11.5. The Government conducted a review of the 'Use of Right to Buy' (RTB) capital receipts which has now been concluded and the reforms announced. Councils have been given 5 years to spend the RTB receipts, increased from 3 years. Councils will also be able to fund up to 40% of the cost of constructing any new HRA dwelling. This will reduce the additional contribution needed from other HRA sources. However, a limit on the use of these funds for acquiring existing properties from the open market is being phased in over an introductory 2 years, with 2024/25 being the final year. The aim is to increase overall housing supply, by constructing new dwellings, exploring potential conversion opportunities and bringing long term empty properties back into use.
- 11.6. The HRA Affordable Housing Acquisitions Programme will therefore be 40% financed by retained 'Right to Buy' capital receipts from April 2024. The profile for acquisitions has been programmed as £1,500,000 in 2024/25. The Housing construction programme has been profiled as £8,004,000 in 2024/25 and £1,879,000 in 2025/26. The remaining 60% will be financed from the HRA capital investment reserve.

## **12. Reasons for Decisions**

- 12.1. Part of the process of maintaining a balanced budget for the HRA is to undertake an annual rent review and assessment of other service and facilities charges. Full Council will need to approve the HRA budget and any changes to rent and other services prior to the start of the financial year.

### **13. Other Options**

- 13.1. There are other options available to Members in relation to the proposed rent and other services and facilities increases.
- 13.2. The rent standard policy statement is yet to be published; however, it is widely expected to allow the council to apply a rent increase up to the level of the agreed formula of CPI at September + 1%. The Council could increase rents at a lower rate or freeze rents, or even reduce the rents if they wish to do so. Setting a rent increase lower than what is proposed in this report would quite quickly have a detrimental impact on the viability and future financial sustainability of the HRA.
- 13.3. If the HRA does not recover the full costs of services and facilities provided to tenants and leaseholders, there will be a negative impact in terms of the Council's ability through South Essex Homes to continue to manage, maintain and invest in its housing stock and services. The level of income collected is all invested back into the housing stock and range of tenant services. Any reduction in income will clearly have a detrimental impact on the investment plans in 2024/25 and the future as well as lead to possible criticism from the Regulator of Social Housing.

### **14. Future Developments**

- 14.1. The Social Housing White Paper published in November 2020 announced a review of the Decent Homes Standard, to understand if it is still appropriate for the social housing sector today. This review will seek to understand the case for any changes to the criteria within the Decent Homes Standard and consider how decency should be defined. Until this review is finalised, it is impossible to quantify the pressure on HRA resources to bring the existing stock up to any revised standard. The Government have not been specific on whether funding will be made available, or at what level. It is hoped that further clarity will be provided by the time the review is finalised.
- 14.2. Given the recent outcome of the coroner's report and media interest on the issues of dampness, mould and condensation which have led to the Secretary of State, the Regulator of Social Housing and the Housing Ombudsman to write formally to all local authorities and social housing Registered Providers, it is considered likely there will be specific additional requirements placed on all landlords to ensure their properties have measures in place to prevent such problems from occurring.
- 14.3. The Fire Safety Act 2021 and Building Safety Act 2022 require significant and continued capital investment into the existing stock to ensure compliance with the regulations. This is likely to result in an increase in the expenditure on revenue maintenance and any other planned programmes of work.
- 14.4. The building services industry is experiencing a significant increase in the level of inflation, which is outstripping other sectors. Most of the existing



repairs and maintenance contracts have automatic annual increases in line with the Building Indices.

- 14.5. The Council has a clear commitment via its Green City Action Plan and local drive to achieve Net Zero carbon emissions by 2030, the Housing stock managed by South Essex Homes is a critical part of this ambition. The proposed investment programme in this report will help to improve the energy performance of the overall estate and create better, more comfortable and energy efficient homes for our local tenants. The council's work to retrofit existing council homes through its Social Housing Decarbonisation Fund Project and the 'Retrofit Show Home', along with its new developments being designed to surpass Future Homes Standard and Passivhaus house standards are examples of delivering in support of this commitment.
- 14.6. Development of a comprehensive 30-year HRA business plan is continuing, and we are engaging with other Arm's Length Management Organisations and external advisors to provide support and challenge as the process evolves. The final version will be professionally designed and published on our website, although at this point in time it remains a work in progress. Our Internal Audit team are also advising on appropriate governance arrangements and helping to provide an independent challenge to ensure the development of the plan is robust, sustainable and deliverable.

## **15. Financial Implications**

- 15.1. As set out in the report

## **16. Legal Implications**

- 16.1. The Council is under a duty to maintain a Housing Revenue Account and prevent a debit balance, in accordance with Part VI of the Local Government and Housing Act 1989. Part VI requires the council to prepare proposals relating to the income generated through the collection of rents and other charges, expenditure in respect of repairs, maintenance, supervision and management of Housing Revenue Account property and other prescribed matters. The proposals should be based on the best assumptions and estimates available and should be designed to secure that the Housing Revenue Account for the coming year does not show a debit balance.
- 16.2. The Council has a power to make reasonable charges (rent) for the tenancy or occupation of its dwelling-houses pursuant to section 24 of the Housing Act 1985 and is required to keep under review, the rent it charges. The Council may increase the rent it charges, in accordance with the current tenancy agreement, by giving its tenants a minimum of 28 days prior written notice as permitted by section 102(1)(b) of the Housing Act 1985.
- 16.3. A service charge is an amount payable (directly or indirectly) by a tenant of a dwelling as part of or in addition to the rent. Costs for service charges must

be reasonable and reflect the service being provided and must be identified separately to the rent charge. Rent setting is part of good financial planning and important for the forthcoming financial year. The proposals recommended demonstrate that the Council is complying with its statutory duty and government guidance and is in line with the self-financing regime.

## **17. Policy Context**

- 17.1. One of the council's priorities of the Corporate Plan 2023-27 is of achieving '*A safe city with a good quality of life for all*'. Within this priority is the outcome of providing quality, affordable homes which includes making sure all our council housing stock continues to meet the Decent Homes Standard and continuing to build more council housing and affordable homes in appropriate areas. This report highlights the investment required and work being undertaken to achieve these outcomes.

## **18. Carbon Impact**

- 18.1. The Council has a clear commitment via its declaration of a Climate Emergency and in the ambitions of Green City Action Plan to achieve Net Zero carbon emissions by 2030. Maintaining, improving and developing new housing stock is an intrinsic part of this ambition. This report highlights the proposed investment programme required to improve the energy performance of the overall stock and create better, more comfortable and energy efficient homes for our local tenants including via the Social Housing Decarbonisation Fund Project and the 'Retrofit Show Home', and new council housing developments such as the 'Passivhaus' pilot schemes.

## **19. Equalities**

- 19.1. A full equality assessment has been carried out in respect of the proposed changes to rent, service and heating charge levels. Notwithstanding these are applied equally and consistently across all groups as appropriate to the accommodation they occupy, there is evidence that those not in receipt of housing benefit may be negatively affected by the change in rent and service charges, and that all groups may be negatively affected by the change in heating charges.
- 19.2. Mitigation across all groups will be through South Essex Homes Tenancy Services working with residents to sustain their tenancies and to provide advice and signposting on money management.

## **20. Consultation**

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

- 20.2. This report will then be directly referred to the Policy and Resources Scrutiny Committee on 1 February 2024 and any comments will be taken into consideration as part of the final report to Cabinet on 13 February 2024.

## 21. Appendices

- 21.1. **Appendix 1:** HRA Budget 2024/25  
21.2. **Appendix 2:** HRA Budget 2024/25 to 2028/29  
21.3. **Appendix 3:** HRA Reserves 2024/25 to 2028/29  
21.4. **Appendix 4:** HRA 30-Year Business Plan

## 22. Report Authorisation

<b>This report has been approved for publication by:</b>		
	<b>Name:</b>	<b>Date:</b>
S151 Officer	Joe Chesterton	14/12/23
Monitoring Officer	Kim Sawyer	19/12/23
Executive Director	Alan Richards	13/12/23
Cabinet Member	Councillor Garston	14/12/23

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## HRA Budget 2024/25

	2023/24		2024/25
	Original	Revised	Budget
	£000	£000	£000
Employees	206	206	206
Premises (excluding repairs)	787	815	794
Repairs	6,710	6,890	7,785
Supplies and Services	141	141	150
Management Fee	7,192	7,192	7,678
MATS	1,735	1,735	1,822
Provision for Bad Debts	455	455	455
Depreciation	8,741	8,060	8,456
Interest and Debt Management Charges	3,851	4,372	4,263
<b>Total Expenditure</b>	<b>29,818</b>	<b>29,866</b>	<b>31,609</b>
Fees and Charges	(359)	(351)	(411)
Dwelling Rents	(29,580)	(29,115)	(31,864)
Other Rents	(1,787)	(1,787)	(1,806)
Other	(20)	(20)	(20)
Interest	(249)	(2,234)	(1,861)
Recharged to Capital	(562)	(562)	(469)
<b>Total Income</b>	<b>(32,556)</b>	<b>(34,068)</b>	<b>(36,430)</b>
<b>Net Operating Expenditure/ (Surplus)</b>	<b>(2,739)</b>	<b>(4,202)</b>	<b>(4,821)</b>
Revenue Contribution to Capital Outlay	7,384	7,059	8,015
Appropriation to/ (from) Earmarked Reserves	(4,645)	(2,857)	(3,194)
<b>(Surplus) or Deficit in Year</b>	<b>0</b>	<b>0</b>	<b>0</b>

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<b>HRA Budget 2024/25 to 2028/29</b>					
	<b>2024/25 Budget</b>	<b>2025/26 Forecast</b>	<b>2026/27 Forecast</b>	<b>2027/28 Forecast</b>	<b>2028/29 Forecast</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Employees	206	206	206	206	206
Premises (excluding repairs)	794	799	802	804	806
Repairs	7,785	7,785	7,785	7,785	7,785
Supplies and Services	150	150	150	150	150
Management Fee	7,678	8,062	8,223	8,387	8,555
MATS	1,822	1,913	1,951	1,990	2,030
Provision for Bad Debts	455	455	455	455	455
Depreciation	8,456	8,872	9,308	9,766	10,246
Interest and Debt Management Charges	4,263	3,764	3,536	3,209	3,131
<b>Total Expenditure</b>	<b>31,609</b>	<b>32,006</b>	<b>32,415</b>	<b>32,752</b>	<b>33,364</b>
Fees and Charges	(411)	(431)	(440)	(449)	(458)
Dwelling Rents	(31,864)	(32,730)	(33,712)	(34,386)	(35,074)
Other Rents	(1,806)	(1,815)	(1,864)	(1,901)	(1,938)
Other	(20)	(20)	(20)	(20)	(20)
Interest	(1,861)	(1,154)	(980)	(828)	(914)
Recharged to Capital	(469)	(481)	(481)	(481)	(481)
<b>Total Income</b>	<b>(36,430)</b>	<b>(36,631)</b>	<b>(37,497)</b>	<b>(38,064)</b>	<b>(38,884)</b>
<b>Net Operating Expenditure/ (Surplus)</b>	<b>(4,821)</b>	<b>(4,625)</b>	<b>(5,081)</b>	<b>(5,312)</b>	<b>(5,520)</b>
Revenue Contribution to Capital Outlay*	8,015	3,027	3,027	3,027	3,027
Potential Impact of Queensway	0	200	200	200	200
Appropriation to/ (from) Earmarked Reserve:	(3,194)	1,398	1,854	2,085	2,293
<b>(Surplus) or Deficit in Year</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

\*Calculation of the RCCO for future years will be made once the schemes in the capital programme are finalised

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**HRA Reserves  
2024/25 to 2028/29**

	2024/25 Budget	2025/26 Forecast	2026/27 Forecast	2027/28 Forecast	2028/29 Forecast
	£000	£000	£000	£000	£000
<b>General HRA Balance</b>					
Opening Balance	3,502	3,502	3,502	3,502	3,502
Used to meet Deficit	0	0	0	0	0
<b>Closing Balance</b>	<b>3,502</b>	<b>3,502</b>	<b>3,502</b>	<b>3,502</b>	<b>3,502</b>
<b>Earmarked Reserves</b>					
Opening Balance	25,517	22,323	23,721	25,576	27,661
Appropriation to/ (from) Earmarked Reserves	(3,194)	1,398	1,854	2,085	2,293
Transfer to Major Repairs Reserve	0	0	0	0	0
<b>Closing Balance</b>	<b>22,323</b>	<b>23,721</b>	<b>25,576</b>	<b>27,661</b>	<b>29,954</b>

**Total HRA Balances at year end      25,825      27,223      29,077      31,163      33,456**

\*Balances will be impacted by the calculation of the Revenue Contribution to Capital Outlay (RCCO) referenced in appendix 2

<b>Major Repairs Allowance</b>					
Opening Balance	10,473	11,611	14,045	16,915	20,243
Depreciation Arising	8,456	8,872	9,308	9,766	10,246
Used to Fund Capital Expenditure	(7,318)	(6,438)	(6,438)	(6,438)	(6,438)
Transfer from Earmarked Reserves	0	0	0	0	0
<b>Closing Balance</b>	<b>11,611</b>	<b>14,045</b>	<b>16,915</b>	<b>20,243</b>	<b>24,051</b>

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# Southend-on-Sea City Council

## Housing Revenue Account

### Business Plan

## Foreword

[This will be requested from the portfolio holder and/or Leader to be provided in time for the draft which will go to Cabinet in January.]

## 1. Introduction

Under the Local Government & Housing Act 1989, Housing Authorities that own 200 or more social dwellings must keep a Housing Revenue Account (HRA). This is a ring-fenced sub-account within the Council's General Fund. It is funded from the rents and other charges paid by the Council's tenants and must be used for services relating to the Council's role as a landlord. This includes the management and maintenance of our existing housing stock and the development of new housing. Housing Authorities are not permitted to run their HRA in deficit in any financial year.

The last five years have been a time of exceptional challenge in the social housing sector. The Fire Safety Act 2021, the Building Safety Act 2022 and the Social Housing (Regulation) Act 2023, along with the updated Consumer Standards have placed many new financial burdens on Housing Authorities. The majority of these new burdens have not been met with additional Government funding. The sector has also been affected financially by the Brexit and the Financial Crisis. Therefore, pressures on Council's Housing Revenue Accounts have never been higher.

The purpose of the Housing Revenue Account Business Plan is to demonstrate how the Council plans to manage income and expenditure within our Housing Revenue Account over the next 30 years, to ensure that the account does not fall into deficit.

The business plan will:

- Set the plan in its legislative, regulatory and strategic context,
- Provide strategic direction for repairs and investment in our stock,
- Summarise the financial projections, including revenue income and expenditure, and capital expenditure and financing,
- Provide the finance to manage our existing homes,
- Set out our ambitions to create additional or new homes,
- Identify key risks and strategies for their mitigation.

The HRA Business Plan uses financial modelling to ensure the HRA is sustainable over the next 30 years. The modelling is based on a number of assumptions, which are used to estimate future income, costs and capital investments.

The outcome of the financial forecast is that the HRA is sustainable for the 30 year period and existing homes can be managed and maintained to a good standard for the duration of the plan. There is a healthy surplus in each year, enabling the Council to make revenue contributions to support the capital programme when required.

The plan provides a baseline position, showing what can be delivered with the money currently forecast to be available to the HRA over the period of the Plan. This is then subject to sensitivity analysis and stress-testing.

## **2. National Context / Key challenges**

Over the last five years, the Grenfell disaster and the Hackett Report have driven major changes to the legislative and regulatory framework in which the Council operates as a Housing Authority. These changes form a key part of the Government's Levelling Up agenda, and include the following headlines:

- The Fire Safety Act 2021 and the Building Safety Act 2022 placed additional responsibilities on Registered Providers, requiring increased assessment and risk management and the recruitment of additional staff, with responsibilities to ensure the safety of residents.
- The Social Housing (Regulation) Act 2023 and the new Consumer Standards have required Housing Authorities and other Registered Providers to place tenants' views at the centre of our work.
- The Tenant Satisfaction Measures require providers to undertake additional consultation with residents and well as collection of management data.
- The Regulator of Social Housing has been granted increased powers to issue fines to Registered Providers where they are found wanting.
- The Housing Ombudsman has also been given greater powers to intervene if failings are found.
- Following the death of Awaab Ishak due to exposure to black mould, the Housing Ombudsman required social landlords to take a more proactive approach to treating damp and mould in their properties. These changes were made law in the Social Housing (Regulation) Act 2023.
- The current review of the Decent Homes Standard is likely to increase the property standards expected of social landlords.

All these changes place additional financial demands on Housing Authorities but the majority have not been met with additional Government funding.

This period has also seen extraordinary circumstances beyond the legal and regulatory framework, which are also placing financial pressures on the Housing Revenue Account:

- Inflation across the national economy has, in the last two years, been at a 30 year high. This impacts on the costs of repairs and maintenance, capital works and development.
- Inflation and the increased cost of living also have an adverse impact on tenants' abilities to pay their rent and therefore on the level of income going into the Housing Revenue Account.
- Significantly increased costs of energy, caused in part by the Russia-Ukraine War, have had an impact on tenants' abilities to pay their rent. While individual households have benefited from the Energy Price Cap, the bills of tenants in sheltered schemes that have communal heating are not restricted by the Energy Price Cap and so have increased by larger proportions.
- For 2023/24, the Government social rent increase was capped at 7%. This was well below the then-current level of inflation and has resulted in a loss in real terms rental income for Housing Authorities. There are no plans for this to happen again but the loss in rental income from one capped year will continue into the future as there is no mechanism for the permitted rent increases to catch rent levels up to where they would have been if the rent had not been capped in 2023/24.
- Supply chains for building materials have continued to be impacted by Brexit, resulting in the costs of repairs and maintenance works increasing beyond the value of inflation.
- The Covid-19 pandemic had an enormous impact on Housing Authorities. In addition to the changes in ways of working experienced by many industries, the 'Everyone In' scheme required Housing Authorities to accommodate all rough sleepers, placing a demand on services that continues to the present day.

The following existing national policies have also continued to reduce incomes into Housing Revenue Accounts nationally:

- The Right to Buy Scheme has continued to cause a net loss in housing stocks for Councils. Housing Authorities are permitted to use up to 40% of the receipts from Right To Buy to build or buy new housing. However, this is much less than the amount of money that would be required to replace the lost stock. The resulting net loss in housing stock reduces the amount of social housing available and leads to a loss of rental income into the HRA.
- The Benefit Cap continues to limit the incomes of affected households. This reduces their capacity to pay their rent thereby lowering collection rates and therefore income into the HRA.
- The rollout of Universal Credit to most benefits applicants has reduced the proportion of cases in which the claimant's rent is paid directly to the landlord. This increases the likelihood of tenants failing to make their full rent payment and has placed further adverse pressure on the HRA.

With all these factors in combination, the pressures on Council's Housing Revenue Accounts have never been higher.

### 3. Local context

#### The local housing market

At the 2021 census, Southend-on-Sea had a population of 180,700. This was an increase of 4.1% since the previous census in 2011. These individuals comprised 78,300 households – an increase of 4.9% since the 2011 census. In line with national trends, the population of Southend-on-Sea is expected to continue to increase. The census also showed that the biggest population increase in Southend-on-Sea is in older age groups, with a 12% increase in people aged 65 years and over.

The majority of dwellings in Southend-on-Sea are either owned outright (31.6%), or owned with a mortgage, loan, or shared ownership (30.4%).

<b>Region</b>	<b>Average house price (August 2023)</b>
Southend-on-Sea	£356,000
East of England	£353,000
England	£310,000

The average house price in August 2023 was £356,000. This is £46,000 above the national average and £3,000 above the average for the East of England region.

It is therefore very difficult for many people to purchase a home and this has a knock-on effect on the rental housing market. Southend-on-Sea has a higher proportion of properties let in the private rented sector than both England and the East of England, with 26.4% of properties being privately rented.

Local Housing Allowance (LHA) rates do not cover the cost of the lowest 30<sup>th</sup> percentile of properties in our city. This means that many privately rented properties are also difficult to afford for households that are dependent on benefits or in low-paying work. Consequently, there is a great need for social housing. However, just 11.5% of properties in the City are socially rented.

The Council currently owns 5945 rental properties. These are listed by type below:

<b>Type</b>	<b>Number of properties</b>
General needs – Social Rent	4307
General needs – Affordable Rent	129
Sheltered – Part 1 (over 50s)	469
Sheltered – Part 2 (over 60s)	999
Sheltered – Extra Care	30
Ex-warden flats in sheltered schemes	11
Total	5945

The properties are further broken down by number of bedrooms in the table below.

<b>Number of bedrooms</b>	<b>Number of properties</b>
Studio	508
1	2512
2	1263
3	1560
4	99
Over 4	3
<b>Total</b>	<b>5945</b>

The Council also owns an additional 585 leasehold properties and 124 units of temporary accommodation.

In addition to the Council's housing stock, there are 4,178 homes in the city owned by Private Registered Providers of Social Housing (Housing Associations).

Unfortunately, current levels of Social Housing in the city are not enough to meet the level of housing need. At the time of writing, there are 1273 households on the Housing Register assessed as having a housing need. This means that either they are homeless or threatened with homelessness, or their home is unsuitable for them, for example because they are overcrowded or because medical issues make it difficult for them to live in their existing home.

### **Management of the Council's housing**

Since 2005, the Council's housing stock has been managed and maintained by our Arm's Length Management Organisation, South Essex Homes.

South Essex Homes are responsible for the following housing management functions:

- Granting new tenancies, successions, transfers and mutual exchanges,
- Advertising properties and conducting viewings,
- Asset management, responsive repairs and planned maintenance,
- Empty property management,
- Tenancy management,
- Estate management,
- Sheltered housing schemes,
- Tenant involvement,
- Management of leasehold properties and estate garages,
- Management of temporary accommodation for homeless applicants,
- Rent collection and the collection of other income such as service charges.

The SCC SEH Strategic Partnership Board oversees the work of the Partnership and manages its response to matters arising and risk. The Board meets every six weeks and includes the Council's Executive Director for Environment & Place, the Director of Regeneration, Housing and Regulatory Services, the Executive Director of Finance & Resources and the Director of Financial Services, all of South Essex Homes' Executive Management Team, and other staff from both organisations.

The Board is supported by the five subgroups named in the diagram below:



South Essex Homes' performance is monitored against Key Performance Indicators and the Tenant Satisfaction Measures. These are discussed in detail at the Finance and Performance Subgroup and reported on at every Strategic Partnership Board meeting. If KPIs are not met, the reasons are discussed and Improvement Plans are put in place when needed.

The governance of the Partnership has been audited over the last 18 months by the Council's Audit team. In November 2023, the Audit team issued their final report, recording a result of 'High assurance' and noting that there was effective management.

The Partnership is working well for residents. In the 2022 Residents' Satisfaction Survey, 75.2% of the Council's tenants said they were satisfied or very satisfied with the overall service provided by their landlord and 14.5% said they were dissatisfied or very dissatisfied. This was better than the sector average. For the same year, across the whole of England, 67% of residents said they were very satisfied or satisfied with the service provided by their landlord, while 18% were dissatisfied or very dissatisfied. This was a particularly good performance for the Partnership, since residents in the South of England generally had lower satisfaction levels than those in the North and dissatisfaction was generally higher among those with a local authority landlord.

### **Housing development and supply**

The need for affordable housing within the borough is greater than ever and the Council's commitment to addressing this housing need for affordable housing is well documented with the Council's Southend 2050 Vision, Corporate Priorities & the Housing, Homelessness and Rough Sleeping Strategy all reflecting this.

Following the changes to the Housing Revenue Account finance system in 2012 with the abolition of the HRA subsidy, the Council was provided with more freedom on the use of surpluses generated within HRA and thus proceeded with the HRA Land Review Project which assessed the viability of 122 parcels of land for future housing development.

The Council began its affordable housing development journey with a single property built in 2015 as a pilot. A further 38 Council homes have now been built over 2 phases of the project and a pilot of Modern Methods of Construction. The Council is now progressing with plans to develop 42 new Council homes over the next 2 years including 3 Passivhaus homes as a pilot.



The Council also pursues an Acquisition Programme which purchases homes from the open market for conversion to Council Homes. So far, the Council has purchased 99 homes since 2019/20.

### **Budget and rent-setting**

Each year, the Council pays South Essex Homes a management fee. The fee is negotiated between the two parties and is based on:

- actual property numbers in the HRA on an annual basis
- financial pressures on the HRA, including planned capital expenditure for the year.

At the same time, the Council reviews and sets all rents for our properties in line with national policy, guidance, and legislation. An annual rent-setting report is produced, which shows income and expenditure on the HRA for the proposed level of rent and demonstrates how the HRA will return a positive balance. This is presented to and approved by Cabinet and Full Council.

### **Energy Efficiency & reduced emissions**

In 2019, the Council declared a Climate Emergency and made a number of pledges to improve Southend's impact on the environment. One of the aims of this announcement is for Council operations to achieve net zero carbon by 2030 which includes all Council owned housing stock (which accounts for 40% of the organisation's carbon footprint).

Poorly insulated homes and limited access to cheaper forms of energy leads to many households suffering fuel poverty. Fuel poverty impacts significantly on a person's quality of life and can impact particularly negatively on children's ability to learn. Families living in these types of homes may struggle to afford to heat their homes adequately, especially as energy costs continue to rise. This can lead to property issues such as damp, mould and condensation which can impact on residents' health.

Retrofit programmes can lower energy bills, create new jobs, and improve opportunities to tackle social inequalities. Increasing the city's resilience to climate change can result in lower levels of fuel poverty, increase the amount of money being spent in the local economy, and may contribute to saving costs for the NHS.

To this end, the council has embarked on a programme of retrofitting existing council homes starting with a Retrofit Show Home at Juniper Road, which has seen a range of energy saving interventions installed such as external wall insulation, loft insulation, ventilation improvements, triple glazing, air source heat pump, solar photovoltaics and an energy storage battery.

Further to this pilot, the Council has been successful in bidding to BEIS (now DESNZ) from the Social Housing Decarbonisation (SHDF) for £1.15m of match funding to retrofit 110 homes in the city. The aims of SHDF are to bring social homes up to EPC

C, deliver cost effective carbon savings, reduce fuel poverty and develop the retrofit sector and green economy. 110 homes have been selected for the project and they will all see a range of interventions installed, namely external wall insulation, loft insulation and new double glazing.

The council is also improving the energy efficiency of our new build homes with proposed new phases of the HRA Land Review surpassing the Future Homes Standard and the council developing a pilot of three highly energy efficient 'Passivhaus' homes. Also in 2022, the Council completed the development of four new Council homes. These homes were built on a disused garage site in Saxon Gardens, Shoeburyness and form part of a wider project to review the Council's underused land. Two of these council houses are classed as zero carbon because, along with the modern methods of construction, they feature energy efficient materials such as timber and innovative heating and cooling technologies such as solar panels. The homes are also designed to be fully accessible and adaptable to ensure they are inclusive for people of varying needs to enable independent living.

## 4. Strategic Vision and Objectives

This section identifies the Council's objectives for the Housing service, as defined in the Corporate Plan, the Housing, Homelessness and Rough-Sleeping Strategy, the Local Plan, South Essex Homes' Asset Management Plan, and other sources. The HRA Business Plan is designed to help to deliver these objectives.

### Corporate Plan

The Council's Corporate Plan includes four corporate priorities, each of which is underpinned by several objectives. The below objectives are the most relevant to the Council's housing stock:

Corporate Priority	Objective
A city that is strong and prosperous	Support economic regeneration and business development
	Use our spending power wisely
	Bid for funding opportunities and
	Attract inward investment
	Sustain and grow digital investment and inclusion
	Deliver our city centre strategy and investment plan
	Improve community safety
A city with a good quality of life	Ensure children and young people, including those in care, feel and are safe at home, school and in their communities
	Enable people to age well, live well and care well
	Ensure services are diverse, sustainable and high quality, including for those who pay for their own care
A city rising to the climate change challenge	Become a net Zero Carbon Southend by 2030
	Prevent waste, promote re-use and increase recycling
	Enhance, promote and protect our natural environment

A city delivering genuinely affordable housing	Address local housing need
	Prioritise the supply and quality of safe, genuinely affordable homes
	Make any instance of homelessness brief and non-recurrent, aiming for functional zero homelessness
	Maximise environmental sustainability of homes
	Ensure good quality housing design, management and maintenance
	Reduce the number of empty homes
	Deliver the Local Plan

### Housing, Homelessness & Rough-Sleeping Strategy

The Council's Housing, Homelessness and Rough Sleeping Strategy includes the following strategic priorities and commitments supporting them:

Strategic Priority	Commitment
Prioritise the supply of safe, locally affordable homes.	Empty Homes - Bring empty homes back into use, reviewing the tools/software, resources and opportunities at our disposal to do so. An emphasis will be placed on properties empty 2 years +
	Delivery Vehicles - Continually identify and utilise the tools and vehicles at our disposal to maximise provision of affordable housing
	Council Owned Assets – Re-align asset management plans in line with aims of this strategy
	Funding Bids/Opportunities – Take advantage of new funding opportunities / supporting partner bids that are in line with the aims of this strategy. This includes maximising capital investment capacity through utilising existing housing revenue account funds and borrowing capacity, considering the potential of the Care and Support Specialised Housing Fund (which runs until 2021) and new Homelessness 'Move on' accommodation capital/revenue grant (2018-19)
	Under-Occupation - Explore new incentives to encourage best use to be made of homes which are underoccupied/have spare bedrooms (regardless of if they are subject to the spare room subsidy/ 'bedroom tax')
Regeneration and growth to create inclusive, healthy places to live and thrive.	Community Assets - Encourage the creation of peer support groups, and community hubs including through our commissioned support services and community relations.
	Sheltered Housing Review - Implement the recommendations of the 2017 sheltered housing review.
	Employment and Skills -

	<p>Work with partners to maximise income, employment and skills opportunities for local people i.e. apprenticeships created on new, large developments.</p> <p>Integration - Use of external government funds to set up support for Syrian refugees to move to the borough, sustain their tenancies and integrate into our local community.</p> <p>Tenancy Strategy/Policy - Develop a new tenancy strategy/policy for social housing.</p>
Encourage good quality housing design, management and maintenance	<p>Safety - Refine our stock management approach to take account of findings of the Hackitt Review, any new decent homes standard, and Grenfell Public Inquiry to deliver a continuous programme of maintenance and improvements.</p> <p>Stock Condition Survey - Create a pro-active and targeted response to the 2017 Stock condition survey.</p> <p>Investment in Aids, Adaptations and Emerging Technology - Investment in aids, adaptations and emerging technology (including artificial intelligence) to support people to live independently, including providing a show home to support people to understand the benefits of these to their lives</p> <p>Tenancy Sustainment Support Facilitating increased tenancy sustainment via our housing management company, South Essex Homes, the renewed floating support contract and other advice and support providers</p>
Support people to live independently in their own homes and avoid homelessness	<p>Rough Sleeper Initiative Implementation of our Rough Sleeper Initiative/ Government Funded program for 2018 – 2020 and identification of means to sustain the programme when funding ceases. Initiative includes new outreach provision, including a specialist dual diagnosis (mental health and drug/alcohol) worker, a new sit up service to temporarily increase emergency provision in the town and rent deposit support to access the private rented sector</p> <p>Temporary Accommodation Temporarily expand the supply of temporary accommodation, until move-on options have been secured.</p> <p>Move On Accommodation Increase the supply of move on accommodation available for people using emergency shelters and temporary accommodation (freeing up emergency bed space for newly arising homeless individuals/couples/families)</p>
Any instance of homelessness to be brief and nonrecurrent.	<p>Lived Experience Growing our ability to engage with people with lived experience of homelessness and rough sleeping and to recruit their insight to better inform future action plans and procedures.</p>

## **Local Plan**

The Southend-on-Sea City Local Plan provides a framework for the determination of all planning applications in the City, with the exception of those relating to minerals and waste. The Council is currently out to consultation on a revised Local Plan.

The draft plan states that the Council will assess different options to achieve a higher level of development from within the existing urban area of the City without detrimentally affecting the character and fabric of the urban environment. This is critical to determining what residual level of need is required to be accommodated outside the existing urban area and to provide an evenly phased development programme across the whole of the plan period.

## **Asset Management Plan**

Each year, South Essex Homes produces an Asset Management Plan that summarises the stock condition and sets out investment requirements – see Appendix 1. Like the HRA Business Plan, it is informed by the Council's Corporate Plan and Housing, Homelessness & Rough Sleeping Strategy, as well as financial pressures on the Housing Revenue Account, via the HRA Business Plan. Life cycles for building elements, components, and installations are informed by the Decent Homes Standard or the British Standards for safety installations.

It is also informed by consultation with residents about their aspirations for their properties, to ascertain the areas in which they would like the Council as their landlord to prioritise spending. This information is gathered both through direct work with tenants and also from analysis of existing surveys, complaints and other feedback.

## **Business Plan Priorities**

In addition to the above strategies, the HRA Business Plan will prioritise the following objectives:

- Maintaining a positive balance on the Housing Revenue.
- Ensuring the Council can meet its legal duties as a landlord and its statutory homelessness as a Housing Authority.
- Repairing and maintaining our properties to ensure they remain in a safe and decent condition.
- Maximising opportunities to deliver a range of high-quality homes across the city that meet the needs of the changing population.
- Ensuring we are managing our housing stock in accordance with our tenants' aspirations and priorities.
- Ensuring Value for Money for our tenants, based not only on costs but also how satisfied customers are with the service provided.
- Ensuring our housing stock is best meeting the Council's financial challenges.
- Priorities identified through detailed options appraisals resulting in investment, disinvestment or redevelopment where appropriate.

## **Regeneration, acquisitions and development plans**

A key ambition of the Southend-on-Sea City Council is to maximise all opportunities to deliver a range of high quality, sustainable homes across the city that meet the needs of our changing population.

The provision of a supply of good quality council housing helps the Council to fulfil its obligations in relation to addressing housing need and preventing homelessness. New housing provision will also bring financial benefits to the Council and will have a positive impact on the city's economy, by way of increased rental income into the Housing Revenue Account and an increase in Council Tax revenue.

The Council plans to continue to deliver new council homes through the HRA Land Review project with Phases 3 & 4 proposed to deliver 38 new homes over the next two years. A pilot Passivhaus project is also proposed to deliver 3 highly sustainable homes within the same period. Further phases of HRA Land Review are in the design stage with delivery proposed over the next five years. New Council house building will be funded utilising HRA capital reserves in combination with capital receipts from RTB and Section 106 obligations from developers.

HRA funding can also be used to acquire homes and since 2019, the council has purchased 99 homes from the open market for conversion to council housing. These property purchases are important means of meeting the city's housing need and can be utilised to target more specific needs such as adapted homes or for resettlement purposes.

Aside from council house building and acquisitions, the Council will also continue to work with Registered Providers of Social Housing and developers to ensure a focus on the delivery of good quality affordable housing.

## **5. Financial Assumptions**

The Housing Revenue Account Business Plan uses financial modelling to ensure the HRA is sustainable over the next 30 years to 2052/53. The modelling is based on a number of assumptions, which are used to estimate future income, costs and capital investments. These assumptions take into account the national legal and regulatory objectives in section 3 of this document, as well as the Council's strategies and policies, discussed in section 4.

This section describes some of the key assumptions.

### **Inflation**

The Consumer Price Index increased by 6.7% during the twelve months ending September 2023. The government forecasts that the rate of increase in CPI will fall to below 2% between 2024/25 and 2027/28. Therefore, the business plan assumes that the CPI will increase by 2% a year thereafter.

## **Rental income**

Rents are the main source of income into the HRA and are what funds management and maintenance. The Council's Rent setting policy is reviewed on an annual basis to inform the rolling 30-year Business Plan. A balance must be struck between affordability and our duty to ensure we have enough funds to maintain our homes.

For properties on a Social Rent, the Government's stated policy is to allow Registered Providers to increase rents by up to CPI+1 %. We are anticipating a 7.7% uplift for 2024/25. In the current financial year, rent increases were capped at 7%. However, this was an exceptional response to high inflation. Next year the maximum permitted rent increase will return to CPI+1% and it is expected that this will continue. The maximum permitted increase has been adopted in each year so far and the model assumes that this will continue.

Rent in the Council's hostels has also traditionally increased by the prevailing September CPI rate +1%, being consistent with the rent increase for our Secure tenancies.

The rents for the Council's 12 shared ownership properties have also traditionally been set on the same basis as a full Council dwelling, on a pro-rata basis, proportionate to the Council's ownership.

All new HRA properties (new builds and newly acquired properties) will be let at Affordable Rent. The Council's Affordable Rent levels are set at the Local Housing Allowance (LHA) rates, which vary by the number of bedrooms in the property. This is lower than the maximum affordable rent rate permitted by Government, which is 80% of the market value.

Standard garages are charged at a weekly rate for tenants and non-tenants are charged the same amount plus VAT. As with residential lets, these are reviewed on an annual basis. It is anticipated that these charges will continue to be aligned to the standard approach taken across the council's fees and charges for future years. All variants on a standard garage will receive a proportionate increase.

## **Empty properties**

When a property is vacant no rent is being paid to the HRA. If the property is empty for a long period of time, this can have a significant impact on rental income.

The model forecasts voids at 3%. The number of void properties is significantly increased by voids in the town centre tower blocks, which are empty due to the delayed redevelopment of the Queensway Estate.

## **Bad Debt**

Where rent arrears occur, the expectation is that the majority of this money will be recouped. However, not all the debt will be recovered. A provision has been made within the model for 'bad debt' – rental income that is written off as the chances of the tenants paying are very low. This has been forecast at 1.4% each year.

## **Stock levels**

Fluctuating stock levels have an impact on the amount of rent that is received over the 30-year plan period.

A significant proportion of the capital receipt from a Right to Buy sale currently goes to Treasury and RTB sales can undermine the long-term financial viability of the HRA. It is estimated that there will be about 17 RTB sales in 2023/24. Council owned stock in Southend-on-Sea is considered attractive to purchase and the Business Plan will include an estimate of 17 RTB sales per year for 2024/25 onwards.

However, the Council is working to bring new homes into the HRA. New build council homes and acquisitions are assumed to increase stock numbers by 23 in 2023/24 and 42 in 2024/25 in accordance with the approved capital programme. In future years it is assumed that there will be six acquisitions each year, fourteen new builds each year from 2028/29 to 2030/31 and sixteen new builds each year from 2031/32 to 2033/34.

## **Operating Costs**

Repairs and maintenance costs are based on the 2023/24 budget with an uplift of £151,000 in 2024/25 and variations to reflect increased stock numbers and inflation. It is assumed that repairs and maintenance costs will increase each year by 1% more than the increase in the Consumer Price Index.

The Management Fee paid to South Essex Homes is based on the 2023/24 budget. The fee is forecast to increase each year to reflect inflation at CPI+1%.

## **Capital Investment**

HRA capital investment includes spending on planned maintenance, which is based on requirements identified in the Asset Management Plan (see Section 4 and Appendix 1). This includes major works like new roofs, kitchen and bathroom replacement programmes and other improvements such as fire safety remediation works.

Investment in the existing stock and is funded from the major repairs reserve where this is affordable and from revenue contributions in years where this is not.

Capital investment also includes the development of new Homes and the acquisition of existing properties to the HRA. Investment in new build and acquisitions is funded from third party payments, grants and capital receipts when these are available and from revenue contributions when required.

It is assumed that the HRA will continue to be able to borrow internally and that this will increase from £25million to £34million and will continue to be at lower interest rates than those available externally. In addition, a proportion of Right to Buy receipts can be used to finance the replacement of the stock lost through the Right to Buy.

Housing Authorities are also permitted to borrow externally to finance their capital programmes, providing that it is affordable and complies with the Prudential Code for



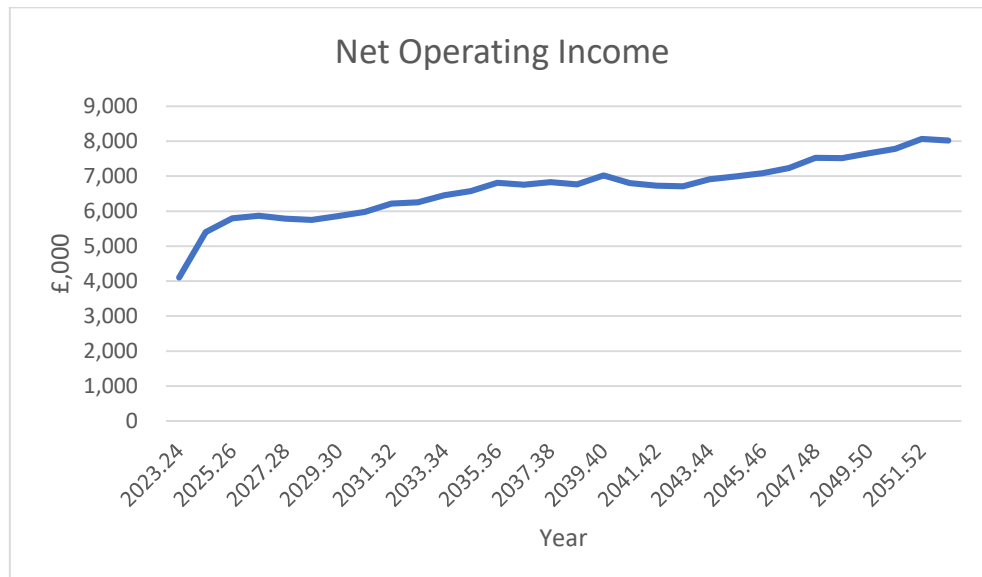
Capital Finance in Local Authorities. However, the Business Plan does not plan to borrow externally, in order to safeguard the sustainability of the HRA in the longer term.

### Queensway

The proposed regeneration of the Queensway Estate has suffered delays due to Swan Housing being taken over by Sanctuary Housing. The HRA Business Plan is working on the assumption that the proposed new development will be broadly revenue neutral at this stage, on the basis that lost rental income will be largely offset by a reduced need for management and maintenance liabilities. An allowance has been made for a net loss in future years due to an expected loss of HRA stock. Further work will be undertaken to understand the exact implications when the redevelopment proposal is finalised and phased, including how any decant process will work.

## 6. Current financial position of HRA

The outcome of the financial forecast is that the HRA is sustainable for the 30-year period. Existing homes can be managed and maintained to a good standard for the duration of the plan. Furthermore, there is a healthy surplus in each year, enabling the Council to make revenue contributions to support the capital programme when required. Movements in the net operating income of the HRA are shown in the graph below:



Housing Revenue Account balances are maintained at £3million in each year, with appropriations being made to and from earmarked reserves to maintain general balances at this level. Movements in earmarked reserves are forecast as follows. They increase from £27.7million at 1<sup>st</sup> April 2023 to £55.3million at 31<sup>st</sup> March 2038:

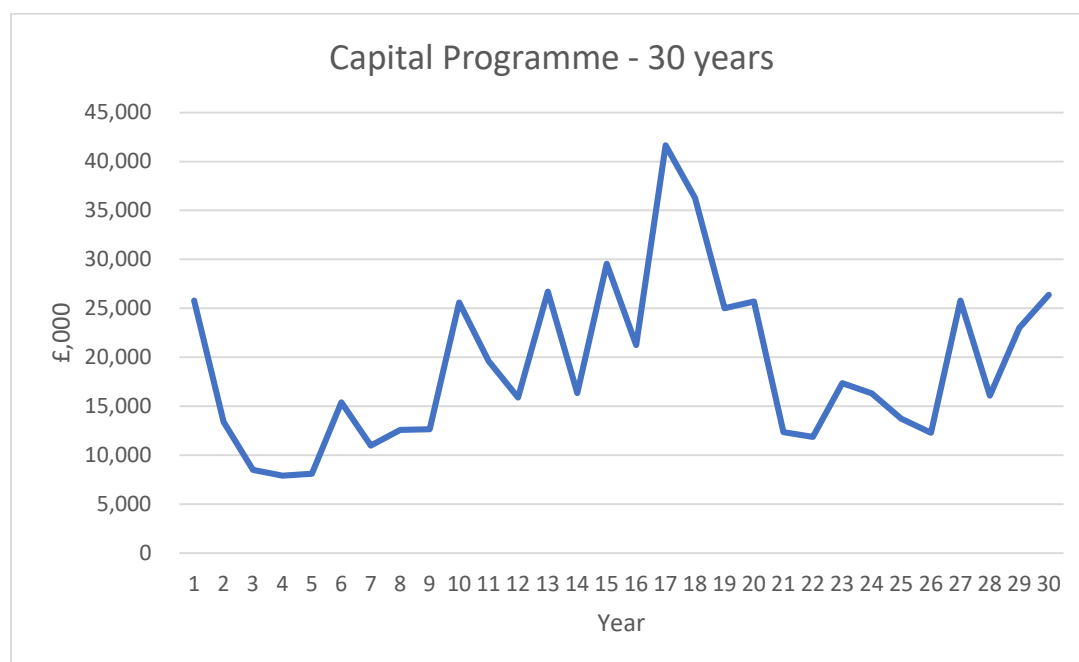
Year £,000	2023.24 1	2024.25 2	2025.26 3	2026.27 4	2027.28 5
Opening Balance	-27,747	-24,470	-27,184	-32,926	-38,791
Appropriations	3,277	-2,714	-5,743	-5,865	-5,786
Closing Balance	-24,470	-27,184	-32,926	-38,791	-44,577

Year £,000	2028.29 6	2029.30 7	2030.31 8	2031.32 9	2032.33 10
Opening Balance	-44,577	-47,043	-49,616	-52,314	-54,916
Appropriations	-2,466	-2,573	-2,698	-2,602	-2,639
Closing Balance	-47,043	-49,616	-52,314	-54,916	-57,555

Year £,000	2033.34 11	2034.35 12	2035.36 13	2036.37 14	2037.38 15
Opening Balance	-57,555	-60,388	-66,961	-60,132	-64,052
Appropriations	-2,834	-6,572	6,829	-3,920	8,757
Closing Balance	-60,388	-66,961	-60,132	-64,052	-55,294

### Capital Programme

The level of investment in the capital programme over the thirty years of the plan is shown in the graph below:



As described by section 4, the Decent Homes Standard informs South Essex Homes' Asset Management Plan, which dictates capital investment in our existing stock. Using this approach does present "peaks and troughs" in potential expenditure. Following peaks of Decent Homes investment in the early 2010s, this causes new peaks in the 2030s and 2040s as the life cycles of the original installations expire. During the course of the Business Plan, it is likely that we will consider strategies to smooth out these peaks. This can be done for example, by adopting a just in time principle.

## 7. Sensitivity Analysis / Stress Testing

The assumptions used in this Business Plan are based on what is considered to be the most likely environment in which the service will operate, including assumptions about government policy, economic variables, social circumstances and technological developments.

However, factors such as the Government's rent policy and changes in repairs costs are beyond the Council's control and can have a major impact on the viability of the HRA over the 30 year period. Therefore, the business plan financial model has been used to carry out some sensitivity analysis, considering what might happen if variables in the revenue budget and capital programme change.

In the base model the surplus / deficit and reserves are as follows:

Year £,000	2023.24 1	2024.25 2	2025.26 3	2026.27 4	2027.28 5
<b>Net Operating Income</b>	-4,107	-5,399	-5,799	-5,865	-5,786
Revenue Contributions	7,384	3,187	56	0	0
Appropriations to / from earmarked reserves	-3,277	2,714	5,743	5,865	5,786
<b>Total Surplus / Deficit</b>	0	502	0	0	0
Opening Balance	-3,502	-3,502	-3,000	-3,000	-3,000
<b>Closing Balance</b>	-3,502	-3,000	-3,000	-3,000	-3,000

If rents are assumed to increase at the same rate as inflation rather than by 1% more, the forecast surplus / deficit and reserves would be as follows:

Year £,000	2023.24 1	2024.25 2	2025.26 3	2026.27 4	2027.28 5
<b>Net Operating Income</b>	-4,107	-5,105	-5,182	-4,922	-4,503
Revenue Contributions	7,384	3,187	56	0	0
Appropriations to / from earmarked reserves	-3,277	2,420	5,126	4,922	4,503
<b>Total Surplus / Deficit</b>	0	502	0	0	0
Opening Balance	-3,502	-3,502	-3,000	-3,000	-3,000
<b>Closing Balance</b>	-3,502	-3,000	-3,000	-3,000	-3,000

Net operating income is reduced causing a reduction in appropriations to earmarked reserves.

If cost inflation is assumed to be 2% higher than the general level of inflation (rather than 1%), the forecast surplus / deficit and reserves would be as follows.

Year £,000	2023.24 1	2024.25 2	2025.26 3	2026.27 4	2027.28 5
<b>Net Operating Income</b>	-4,107	-5,222	-5,437	-5,309	-5,020
Revenue Contributions	7,384	3,187	56	0	0
Appropriations to / from earmarked reserves	-3,277	2,537	5,381	5,309	5,020
<b>Total Surplus / Deficit</b>	0	502	0	0	0
Opening Balance	-3,502	-3,502	-3,000	-3,000	-3,000
<b>Closing Balance</b>	-3,502	-3,000	-3,000	-3,000	-3,000

Net operating income is reduced, causing a reduction in appropriations to earmarked reserves:

If the Council were to face a 'perfect storm' of rent increases limited to inflation and costs of management and repairs & maintenance increasing by 2% more than general inflation, the forecast surplus / deficit and reserves would be as follows.:

Year £,000	2023.24 1	2024.25 2	2025.26 3	2026.27 4	2027.28 5
<b>Net Operating Income</b>	-4,107	-4,928	-4,821	-4,366	-3,737
Revenue Contributions	7,384	3,187	56	0	0
Appropriations to / from earmarked reserves	-3,277	2,243	4,765	4,366	3,737
<b>Total Surplus / Deficit</b>	0	502	0	0	0
Opening Balance	-3,502	-3,502	-3,000	-3,000	-3,000
<b>Closing Balance</b>	-3,502	-3,000	-3,000	-3,000	-3,000

There is a negative effect, with reduced net operating income and reduced appropriations to earmarked reserves.

While in each case the effect is negative, it is hoped that this sensitivity analysis illustrates the robustness of the business plan financial model to risk.

## 8. Performance Monitoring

The HRA business plan is a dynamic, working document and will be regularly reviewed and updated. It will be monitored against the Council's strategic housing priorities using existing performance monitoring systems within the Council and also within the governance of the Council's partnership with South Essex Homes.

The financial performance of the Partnership with South Essex Homes is discussed regularly at the SCC SEH Strategic Partnership Board and on a monthly basis at the Finance & Performance Monitoring subgroup. The costs and effectiveness of capital works and revenue expenditure is also monitored on a monthly basis, at the Capital & Revenue Review Subgroup.

**Title:** Draft Budget Proposals – 2024/25 to 2028/29

**Meeting:** Cabinet

**Date:** 11 January 2024

**Classification:** Part 1

**Policy Context:** All Corporate Priorities

**Key Decision:** Yes

**Executive Director:** Joe Chesterton, Finance and Resources

**Report Authors:** Pete Bates, Director of Financial Services,  
Caroline Fozzard, Senior Finance Lead (Strategy,  
Sustainability and Governance),

**Executive Councillors:** Councillor Cox, Leader and Cabinet Member for Special  
Educational Needs & Disability  
Councillor Moyies, Public Health, Adult Social Care &  
Constitutional Affairs

## 1. Executive Summary

- 1.1. To illustrate over the medium term how the Council's limited revenue and capital resources are prioritised to respond to increasing demand and unavoidable cost pressures for the delivery of key local statutory services, ensuring targeted support for the most vulnerable, whilst striving to deliver better value for money outcomes for all residents aligned to our new corporate plan priorities.
- 1.2. To highlight the Council's approach and commitment to securing long term financial sustainability and more effective medium-term business and financial planning.
- 1.3. To propose a fully funded integrated set of revenue budget initiatives and capital investment priorities for consultation, agreement and then submission to Council for approval.

## 2. Recommendations

The proposed overall budget package contained in this integrated revenue and capital resources report was launched for consultation with relevant stakeholders on 4 January 2024.

The following series of recommendations will ensure that a compliant, balanced, and sustainable budget is agreed that responds sensibly and pragmatically to the major financial challenges that have been experienced locally and replicated right across the local government sector.

The proposed draft budget continues to invest in key priorities to deliver better targeted outcomes for residents of Southend-on-Sea but recognises that the Council must also find ways to redesign its service range and offer over the short to medium term. In line with the approach under consideration for most local authorities a comprehensive review of the scope, service level and delivery arrangements remain essential to reduce costs and improve productivity. This will help to ensure that the Council can continue to be financially viable and sustainable for the future.

The proposed overall budget package is subject to confirmation of the Local Government financial settlement, a range of assumptions and any consultation and scrutiny responses received by Cabinet prior to its next meeting scheduled for 13 February 2024 when it will finalise its 2024/25 budget proposals for consideration by Council.

**That Cabinet recommend to Council that it:**

- 2.1. **Notes that a detailed Medium Term Financial Strategy for 2024/25 – 2028/29 will be available for consideration in February 2024 and approve the draft Medium Term Financial Forecast and estimated Earmarked Reserves Balances up to 2028/29 (Annexes 1 and 2 to Appendix 1).**
- 2.2. **Consider and acknowledge the draft Section 151 Officer’s statement on the robustness of the proposed budget, the adequacy of the Council’s reserves and the Council’s Reserves Strategy (Appendix 2).**
- 2.3. **Approve the appropriation of the sums to earmarked reserves totalling £7.161M (Appendix 3).**
- 2.4. **Approve the appropriation of the sums from earmarked reserves totalling £1.863M (Appendix 3).**
- 2.5. **Approve a General Fund Budget Requirement for 2024/25 of £150.074M and Council Tax Requirement of £103.495M (Appendix 4) (Paragraph 12.10, Table 5) and any required commencement of consultation, statutory or otherwise.**

- 2.6. Note that the 2024/25 revenue budget has been prepared based on using £1.000M from accumulated Collection Fund surpluses to support the core budget and to allow for a smoothing of the budget gap (Paragraph 12.13).
- 2.7. Approve a Council Tax increase of 4.99% for the Southend-on-Sea element of the Council Tax for 2024/25, being 2.99% for general use and 2.00% for Adult Social Care (Paragraph 12.14).
- 2.8. Note the position of the Council's preceptors is to be determined:
- Essex Police – no indication of Council Tax position
  - Essex Fire & Rescue Services – no indication of Council Tax position
  - Leigh-on-Sea Town Council – no indication of Council Tax position
- 2.9. Approve that no Special Expenses be charged other than Leigh-on-Sea Town Council precept for 2024/25.
- 2.10. Consider and approve the proposed General Fund revenue budget growth due to unavoidable cost pressures of £19.035M (Paragraph 9.2, Table 3 and Appendix 5).
- 2.11. Consider and approve the proposed General Fund revenue budget savings and income generation initiatives for 2024/25 of £14.315M (Paragraph 9.3, Table 4 and Appendix 6).
- 2.12. Consider and approve the proposed General Fund revenue overspend reduction initiatives for 2024/25 of £2.795M (Paragraph 9.4 and Appendix 7).
- 2.13. Consider and approve the proposed General Fund revenue cost avoidance initiatives for 2024/25 of £1.990M (Paragraph 9.4 and Appendix 8).
- 2.14. Approve the Dedicated Schools Grant budget and its relevant distribution as recommended by the Education Board (Appendix 9).
- 2.15. Consider and approve the Capital Investment Strategy for 2024/25 to 2028/29 (Appendix 10) and the Capital Investment Policy (Annex 1 to Appendix 10).
- 2.16. Consider and approve the proposed:
- (i) new schemes and additions to the Capital Investment Programme for the period 2024/25 to 2028/29 totalling £6.6M for the General Fund (Appendix 11)
  - (ii) schemes subject to viable business cases that have been identified as a priority, totalling £13.9M for the General Fund and £5.5M for the Housing Revenue Account (Appendix 11).

- 2.17. **Note the proposed changes to the current Capital Investment Programme that were considered for approval as part of the Financial Performance Report – Period 8 earlier on this agenda (Appendix 12).**
- 2.18. **Approve the proposed Capital Investment Programme for 2024/25 to 2028/29 of £96.8M to be delivered by the Council and £20.1M to be delivered by Subsidiary Companies and Partners (Appendix 13) of which £45.3M is supported by external funding.**
- 2.19. **Approve the revised Minimum Revenue Provision (MRP) Policy for 2023/24 and Minimum Revenue Provision (MRP) Policy for 2024/25 (Paragraphs 17.12 to 17.15 and Appendices 14a and 14b) and the prudential indicators (Appendix 15).**
- 2.20. **Approve the operational boundary and authorised limits for borrowing for 2024/25 which are set at £385M and £395M respectively (Appendix 15).**

### **3. A Sector Under Increasing Pressure**

- 3.1. The cost-of-living crisis which was widely reported throughout 2023 was the latest in a decade-long series of events, including austerity, a global pandemic and war in Ukraine that have all contributed to erode the financial sustainability of local public services. The current national operating environment, particularly for upper tier local authorities continues to be financially challenging with numerous Councils announcing or giving warnings of financial distress. National coverage of these concerns and worrying headline announcements from individual local authorities have been summarised and reported to Cabinet in each of Southend-on-Sea's financial performance reports for the periods to the end of July 2023 and September 2023. The latest position as at November 2023, is represented elsewhere on this Cabinet meeting's agenda.
- 3.2. There remains widespread concern and risk to the continued delivery and level of public services in many local authority areas. The unprecedented levels of demand and huge increases in costs of maintaining statutory service provision, particularly for support and intervention for vulnerable children and adults has been at such a pace that discretionary universal services are continually being squeezed and are being forced to be significantly reduced to ensure some local authorities remain financially viable. The operating environment, unavoidable cost pressures and complexity of local service demand for local government has never been more challenging.
- 3.3. Within this context, local authorities continue to be faced with some very tough choices and have needed to embrace and implement significant further changes to their local service offer including digitalisation and automation to capitalise on the efficiencies and savings that can be generated. There remains huge pressure on local authorities to try to continue to meet the essential needs of local residents whilst balancing major affordability and future sustainability concerns.



3.4. The sector has never witnessed so many s114 notices (effectively a declaration that a local authority is no longer a going concern) being issued or being considered. There is no longer any 'low hanging fruit' to reduce costs in local government, therefore across the country, local authorities are having to think seriously about a comprehensive programme of change to get to a financially sustainable operating cost base whilst at the same time managing increasing and ever-changing complexity of local demand for Council services.

#### **4. Local Government Provisional Finance Settlement 2024/25**

4.1. The Chancellor of the Exchequer shared some headlines of the Government's 'borrowing, tax and departmental spending' plans that would feature within the Provisional Local Government Finance Settlement during a key Statement to the House of Commons on 22 November 2023. The Provisional Local Government Finance Settlement itself was **published on 18 December 2023**, and it confirmed that the settlement would be for one year only and that it is based on the Spending Review 2021 (SR21) funding levels. All the detail contained within the provisional settlement is essentially just confirmation of previously announced national Government Departmental spending totals and grants that have already been factored into the Council's financial planning for 2024/25.

4.2. Following a detailed analysis of the content contained within the provisional settlement it has, if anything, increased the tension and genuine financial concerns for many local authorities right across the sector.

#### **The main national headlines are:**

**Council Tax** – As previously announced, the council tax referendum limit will be 2.99% for local authorities, with social care authorities allowed an additional 2% social care precept. The provisional settlement confirmed that districts will be allowed to apply the higher of the referendum limit or £5.

**Settlement Funding Assessment** – The September CPI figure of 6.7% has been applied to increase the local government funding amount within the business rates retention scheme and Revenue Support Grant.

**Local Government Funding Reform** – No announcements were made regarding funding reform.

#### **Specific Grants Summary**

- **Increased Funding: Social Care Grant** – The grant has increased in line with December 2023 Policy Statement by **£692m to £4,544m**.
- **No Change: Improved Better Care Fund** – The funding remains at **£2,140m**.

- **Increased: ASC Market Sustainability and Improvement Fund** – Confirmation of a previously announced funding **increase of £283m (from £562m to £845m)**. However, this has been partially offset by a reduction between years of a grant rolled in. **The MSIF Workforce Fund** was worth **£365m in 2023/24**, but only **£205m for 2024/25 (£160m reduction)**. This gives a **net increase overall of £123m**.
- **Increased: ASC Discharge Fund** – The grant has increased in line with previous announcements by **£200m to £500m**.
- **No change: New Homes Bonus** - The 2024/25 allocations have been announced at **£291m** (£291m in 2023/24 also – coincidence only).
- **Increased: Funding Guarantee** – The cost of the 3% funding guarantee has **increased by £64m from £133m to £197m for 2024/25**.
- **Reduced: Services Grant** – This grant has reduced from **£483m to £77m, a reduction of £406m**. The funding has been reduced after *“factoring in the costs of using some of the remaining Services Grant to fund increases to other settlement grants and equalisation of the adult social care precept”*. A small proportion has also been held back as a contingency.
- **No Change: Rural Services Delivery Grant** – There has been no change to the national grant (£95m) or local allocations for 2024/25.

4.3. The **‘Core Spending Power’** of a local authority is a phrase that is now often used by Central Government. It is a measure that brings together the totality of **ALL** revenue funding and resources available to deliver local authority services. This includes all grants, share of business rates and council tax generated at a local level. The headlines announced within the provisional finance settlement indicated that the average national increase in **‘Core Spending Power’** would be 6.5% for local government **BUT** this assumed that **ALL** local authorities would increase their council tax levels by the maximum amount allowed without the need for a local referendum. For upper tier authorities like Southend-on-Sea this equates to an increase in council tax of **4.99%**.

4.4. The Department for Levelling Up, Housing and Communities (DLUHC) have calculated **Southend-on-Sea City Council’s Core Spending Power for 2024/25 to be £185.3m**, an increase of **6.3%** compared to 2023/24, which is below the headline national average increase that has been published.

4.5. In simple terms the Government’s announcement of the levels of ‘resource increase’ contained within the local government provisional financial settlement for 2024/25 is considerably less than what is required just to keep up with the impact of the combined levels and impact of inflation experienced over the last 12 months. No extra Government funding has been provided to respond to the unprecedented levels of increases in both the cost and complexity of social care pressures that have been experienced locally and reported nationally across most areas throughout the UK.

- 4.6. The Council ended the last financial year 2022/23 with the highest level of reported service overspend, since it became a Unitary Authority on 1 April 1998. Inflationary pressures, additional costs and added complexity of local statutory service demand post the pandemic have persisted throughout 2023/24 and this continues to have a major impact on the financial resilience of Southend-on-Sea City Council. This situation has been replicated for many upper tier local authorities right across the country.
- 4.7. Regular financial performance reports have been presented to Cabinet throughout the year, illustrating the scale of the challenge and summarising what actions the Council have had to take to try and mitigate the threat to the Council's financial sustainability. An updated report, containing the latest position as at 30 November 2023 (Period 8) is considered elsewhere on this Cabinet meeting's agenda.
- 4.8. Within this context it remains vital to reassess, understand and take responsibility for our financial future. We must remain proactive in the delivery of our agreed corporate plan priorities, evaluate the local economic situation, and strive to provide the best possible value for money services to our local residents, businesses and visitors. Our financial sustainability can only be enhanced by embracing the City's economic potential, growing our local tax bases and by increasing our income generating and commercial capabilities.
- 4.9. Given the unprecedented circumstances experienced over the last couple of years and the late release of the provisional finance settlement, our Medium Term Financial Strategy 2024/25 – 2028/29 is still under review and will be presented to Cabinet and Council in February 2024. This strategy will provide an integrated view of the whole of the Council's finances and priority investment plans over the medium term. This report outlines how scarce revenue and capital resources are prioritised and deployed to respond to increasing demand for key local services and to deliver better value for money outcomes for local residents aligned to our range of corporate plan priorities and commitments.
- 4.10. The Council's '**Getting to Know Your Business**' programme helped to establish a baseline for all services in terms of their costs, income generation potential, value for money and performance. This data highlighted key lines of enquiry where benchmarking suggested that either our costs or income levels are above or below average. This assessment, together with a comprehensive 'strategic-fit' review against our new corporate plan, administration priorities, economic recovery aspirations and delivering better outcomes and value for money for our local residents has influenced the development of the investments, savings and income generation proposals contained within this draft budget report.

- 4.11. It really has been an unprecedented period in recent history which will require some tough national and local choices and difficult decisions to be continued to be made on priorities, particularly around non-statutory service levels over the medium-term. The combination of recent economic and fiscal considerations will directly impact all public services, local businesses, and residents, putting more pressure on local authority budgets and household incomes. From a national perspective a General Election will have to be called at some point in 2024 (the actual last date to call the General Election would be 17 December 2024).

## 5. Southend-on-Sea City Council's Corporate Plan 2023 to 2027

- 5.1. The council's Corporate Plan 2023 to 2027 provides a high-level, strategic view of the council's priorities and articulates what it wants to achieve for the city and the council from 2023 to 2027. Good strategic planning allows us to align financial and service planning effectively. The priorities identified in the corporate plan set the context for the allocation of resources within the council's budget and medium-term financial strategy.

The four-year plan has been shaped by:

- the administration's priorities
  - our statutory responsibilities
  - responses to inspections and audits, including feedback from the Local Government Association Peer Challenge in October 2022, the same corporate team returned to review our progress in December 2023
  - national policy changes
- 5.2. Our corporate plan will help with the prioritisation of the organisation's activities and has been used to shape the development of the budget. It covers the full range of the council's responsibilities and priorities and is an important tool to help focus our effort and resources on the right things. This is even more important in the context of ever-increasing financial pressures and service demand in a challenging operating environment.
- 5.3. The corporate plan has three overarching city-focused priorities, with a fourth priority focused on our organisation. Our four corporate priorities are as follows:
- **a growing city with a strong and prosperous community**
  - **a safe city with a good quality of life for all**
  - **a clean city with a resilient environment**
  - **a transforming council delivering efficient, cost-effective services.**

- 5.4. Under each priority there are several related outcomes. These are outlined within the corporate plan with the details of what we are planning to do to achieve them. It summarises the outcomes we wish to achieve, the specific actions we will take to deliver them and how we will resource the necessary activity. Progress against our corporate plan will be evaluated regularly and reported to Cabinet throughout 2024/25.
- 5.5. To reflect these aspirations and to support delivery of the early phases of activities to achieve better outcomes for Southend's residents, the Council for 2024/25 is continuing to try and develop a longer-term view of the use of its resources and financial planning arrangements.
- 5.6. Our approach enhances the profiling of investment and supports effective prioritisation of activities. It will also enable improved consideration of major regeneration plans that span more than one financial year from both a revenue and capital perspective. These new set of arrangements were introduced in 2020/21 and became the key driver behind integrating both revenue and capital investment plans into a single report with greater emphasis on the medium term.
- 5.7. Local Government still faces huge challenges in terms of uncertainty over future funding levels and continuing increases in demand and local expectations – Southend-on-Sea is no exception, but the Council is determined to do everything it can to plan effectively for the future and invest in priorities that make a real positive difference to Southend's residents, businesses, and visitors.
- 5.8. The overall proposed budget package contained in this report has been developed in what has been unprecedented times for the Local Government Sector and indeed the UK generally. The intention has been to target scarce resources to the agreed priorities within the Council's new corporate plan, provide support for our most vulnerable residents, manage the impact of inflation as carefully as possible whilst coping with unprecedented levels of local demand pressures across social care. It is a very difficult combination of challenges to navigate and respond too, whilst also ensuring that the Council lives within its means and remains a financially sustainable organisation.

## 6. Local funding impact

- 6.1. The key headline national announcements set out in paragraph 4.2 indicate the following provisional allocations for Southend-on-Sea City Council:
- Compensation for under-indexing the business rates multiplier will be £7.635M for 2024/25, an **increase of £1.398M** on 2023/24.
  - Social Care Grant for 2024/25 is £15.616M, confirming the **£2.419M increase**, that was announced as part of the 2023/24 settlement.
  - Improved Better Care Fund (iBCF - including the former Winter Pressures Grant) **remains unchanged** from 2023/24 at £7.797M for 2024/25.
  - The Revenue Support Grant has increased to £7.590M for 2024/25 (an **increase of £0.471M** on the £7.118M received in 2023/24).

- Market Sustainability and Fair Cost of Care Fund will be £3.605M for 2024/25, confirming the **£1.675M increase** that was announced as part of the 2023/24 settlement.
- The Adult Social Care Discharge Fund will be £1.822M in 2024/25 confirming the **£0.729M increase**, that was announced as part of the 2023/24 settlement.
- The reduction of the Services Grant (by £1.203M) and other grants now fully rolled in (by £1.253M), **decreases total funding by £2.456M** in 2024/25, confirming what was announced as part of the 2023/24 settlement.
- New Homes Bonus to be £0.026M in 2024/25, a **decrease of £0.055M** from 2023/24.

### **Dedicated School Grant Budget and Schools Revenue funding**

- 6.2. The Dedicated School Grant (DSG) budget consists of delegated funding to schools, early years providers and providers for pupils with special educational needs and alternative provision. It is the main source of revenue funding for these settings. There is also an element of this funding that is used to support the Council's educational related services.
- 6.3. The current total DSG for 2024/25 is **£206.463M** (latest allocation for 2023/24 is £189.300M). In practice, although the Education Board and Council remain responsible for allocating the entirety of DSG the final actual DSG awarded to the Council will exclude funding for Academies, High Needs place funding for further education providers and free schools, and national non-domestic rates for all mainstream schools, known as recoupment adjustments. These recoupment adjustments are paid directly to those applicable settings from the Education and Skills Funding Agency. Therefore, the final estimated allocation expected to be awarded to the Council for 2024/25 is **£65.965M** after considering all recoupment deductions of **£140.498M**.

- 6.4. The Department for Education (DfE) announced on the 19 December 2023 the opening funding details for 2024/25 which are summarised as below (**Table 1**). Note there are 4 blocks of funding allocations within the DSG.

**Table 1 Dedicated Schools Grant Funding Allocations**

<b>Block</b>	<b>Amount £M's</b>	<b>Detail</b>
Schools Block	154.739	Mainstream School allocations allowing for 14,812 primary and 12,292 secondary pupils plus growth and premises factors.
Early Years Block	16.408	Funding to provide childcare for the 3- & 4-year-old universal entitlement offer, extended 3 & 4 year old entitlement for eligible working parents, eligible disadvantaged 2 year olds and early years pupil premium (EYPP) and disability access fund (DAF). New from 2024/25 the government have expanded the funded childcare offer for eligible working parents of 9mth year olds up to and including 2-year-olds.
High Needs Block	33.971	Includes funding for special schools, Education and Health Care Plan (EHCP) top up funding up to the age of 25. EHCP Independent provider funding, alternative provision funding, hospital education funding, and support for wider SEND services.
Central Schools Services Block	1.345	Council education related support functions.
<b>Total DSG 2024/25</b>	<b>206.463</b>	

### **Key 2024/25 Dedicated Schools Grant DfE Headline Announcements**

- 6.5. The DfE announced in October 2023 the following key headlines in relation to DSG Individual School Funding for 2024/25 (schools block). The minimum per pupil levels have been set at **£4,610 per pupil for primary schools** (£4,405 in 2023/24) and **£5,995 per pupil for secondary schools** (£5,715 in 2023/24). The minimum funding floor uplift will be set at 0.5% from 2023/24 at a per pupil led funding basis, and all schools attracting their core National Funding Formula (NFF) allocations will receive an increase of circa 1.4% from the 2024/23 Pupil led funding factors: basic entitlement, additional needs factors and lump sum, and a 1.6% increase specifically to the free schools' meals factor. The DSG funding rates for 2024/25 also include the previous mainstream school supplementary grant paid outside of the DSG in 2023/24 now built into the DSG for 2024/25. The DSG 2024/25 uplifted % rates shown are therefore adjusted for this and reflect the new funding arrangements for mainstream schools only in 2024/25 so what is awarded is in addition to this previous supplementary grant.

- 6.6. In relation to Early Years funding announced by the DfE on the 19 December 2023, the DfE confirmed an increase of 27p per hour in 2024/25 to help fund childcare places and support for 3- & 4-year-olds (an equivalent 5.1% uplift from 2023/24), an increase of 41p per hour to help fund childcare places and support for eligible disadvantaged 2-year-olds (an equivalent 5.4% uplift from 2023/24). EYPP rates have also been uplifted by 3.0% from 2023/24 and DAF rates are uplifted by 6.0% from 2023/24. The uplift %'s quoted are in addition to the 2023/24 Early Years supplementary grant that was paid outside of the DSG from September 2023 and now included in the DSG from 2024/25. There are also new 2024/25 rates for eligible working parents of 9-month year olds and up to and including 2-year-olds. The full details of the DSG Early Years 2024/25 funding rates will be presented at the 23 January 2024 Education Board, which will include the final recommended proposals for the 2024/25 Early Year provider funding rates and Early Year support services.
- 6.7. In relation to high needs block funding allocations for 2024/25 the DfE announced in July 2023 that the funding floor (within the NFF) is set at a 3.0% uplift with a maximum gains cap of 5%. For Southend-on-Sea, this has meant an additional uplift of 4.8% from 2023/24 and an additional allocation of **£1.749M**.
- 6.8. In relation to central block funding included within the July 2023 announcements, the DfE stated in 2024/25 that there will be a further 20% reduction to the element of funding that some authorities receive for historic commitments. This is in line with the previous DfE intentions as part of the NFF to unwind this funding element. The implication for Southend's allocation is a further **annual loss of circa £74,000** from 2023/24.

### **DSG Education Board Decisions**

- 6.9. Although the total quantum of DSG is calculated by a national formula that indicates the amount of funding that will be received, it remains a local decision as to how each block of funding is allocated. The Education Board (covering School Forum matters) met on the 12 December 2023 to determine and agree the principal decisions for the allocation of the 2024/25 individual school block allocations, de-delegated services and central block services and this paper is shown in **Appendix 9**. Although within Mainstream Schools the minimum amounts per pupil are now a mandatory requirement, the Board confirmed its approval for the remaining mainstream school allocations to continue with the implementation of the national funding formula locally.
- 6.10. The Education Board will be meeting on the 23 January 2024 where the final and actual Individual School block funding allocations for 2024/25 will be presented based on the principal decisions made by the Education Board at its meeting on the 12 December 2023. And as stated in paragraph 6.6, the January 2024 Education Board meeting will also cover and contain the recommended proposals for the 2024/25 DSG Early Years funding rates.



## Pupil Premium

- 6.11. In addition to funding from the DSG, schools will continue to receive a 2024/25 Pupil Premium grant which provides amounts of £1,480 / £1,050 of funding per annum per eligible primary / secondary pupil in 2024/25, an equivalent 1.72% and 1.45% respectively from 2023/24. Councils will also continue to receive the looked after child pupil premium grant paid at £2,570 per annum per eligible child an equivalent uplift of 1.58% from 2023/24. Based on initial estimates the total Pupil Premium grant will provide an allocation of **£10.217M** in 2024/25.

## 7. Financial Sustainability Strategy

- 7.1. This was first introduced and approved by Council in February 2020 to frame the financial future and intentions for Southend-on-Sea. It helped to set the context for the Medium Term Financial Strategy at that time, guide our approach to maximising resources, prioritising investment and the effective targeting of resources to deliver the outcomes contained within the Corporate Plan.
- 7.2. Its primary purpose remains to outline our approach, desire, and commitment to achieving financial sustainability by embracing the area's economic potential, growing our local tax base and increase sustainable income capabilities. The updated Financial Sustainability Strategy for 2022-2032 was published in 2022.
- 7.3. The Council will **not** be reviewing this strategy as part of the budget process for 2024/25 due to the following factors:
- the exceptionally challenging operating environment caused by the significant inflationary increases and service demand pressures in 2023/24.
  - that these issues will continue into 2024/25.
  - the funding settlement was for one year only, with no Comprehensive Spending Review announced.
  - the likelihood of Government departmental spending plans being affected by the impending general election.

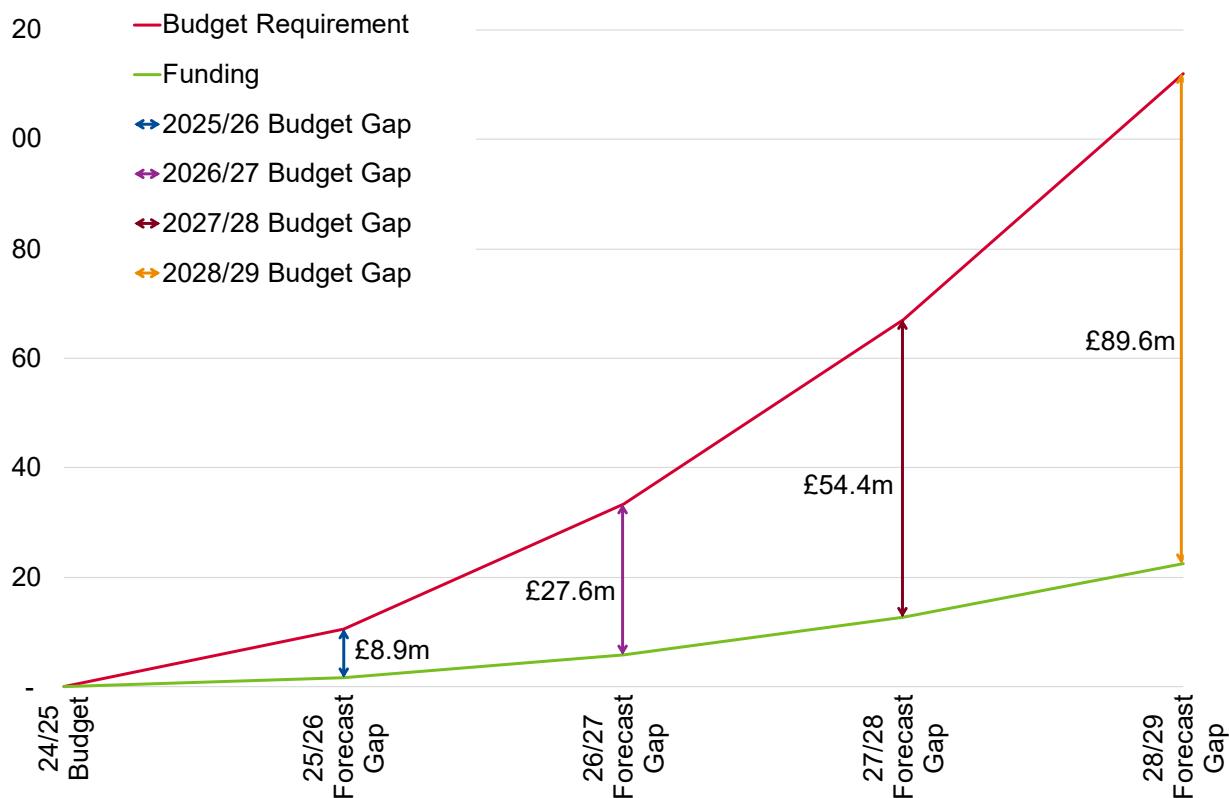
## 8. Medium Term Financial Strategy (MTFS) 2024/25 – 2028/29

- 8.1. Given the ongoing challenging environment throughout 2023/24, together with the late publication by the Government of the provisional finance settlement on 18 December 2023, this revised MTFS is still under review and will be presented to Cabinet and Council in February 2024. The updated strategy will build on what was approved in February 2023 and will look to provide an integrated view of the whole of the Council's finances and outlook over the medium term, i.e., over the next five years. It will continue to show how the Council intends to align its limited financial resources to deliver the priorities contained in the new corporate plan but also recognising the need to redesign and change the Council's service delivery arrangements to ensure viability and future sustainability.
- 8.2. This strategy is the Council's key financial planning document which informs business and resource planning and shows how spending needs to be balanced with the amount of available funding. It will identify budget gaps in the medium term to enable the Council sufficient time to address them in a considered, measured, and planned way. Clearly this assessment will be based on a comprehensive range of assumptions and professional judgements –including an estimate that inflation will fall to around 4% in 2025 and then return to more 'normal and stable' levels of 3% in 2026 and 2027.
- 8.3. Another major assumption is that the level of Government funding support we are expecting to receive in 2024/25 remains at exactly that same level in future years through to 2028/29. It is also expected that any fundamental changes to national policies delivered locally will also be fully funded by Government. The strategy will undoubtedly have to be updated again following the conclusion of the next General Election, which will also hopefully see a return to 3-year Comprehensive Spending Reviews for the sector from 2025/26.
- 8.4. Although the full MTFS is still being updated, considerable work has been undertaken to establish a Medium Term Financial Forecast for the years 2024/25 to 2028/29 and this is shown in **Annex 1 to Appendix 1. Table 2** is a summary showing the forecast budget gap for the next five years and **Figure 1** provides an indication of the potential cumulative impact over the next five years if all current assumptions materialise and no further action is taken. Clearly our planned service redesign programme and improving efficiency and productivity work will continue to be developed to mitigate the impact and reduce the budget gap forecast in each individual year. Successful implementation will have a major positive financial benefit in reducing the overall cumulative forecast gap illustrated in **Figure 1**.

**Table 2 Forecast Budget Gap 2024/25 to 2028/29**

Year	2024/25	2025/26	2026/27	2027/28	2028/29	Total
Budget gap	£0M	£8.9M	£9.8M	£8.1M	£8.4M	<b>£35.2M</b>

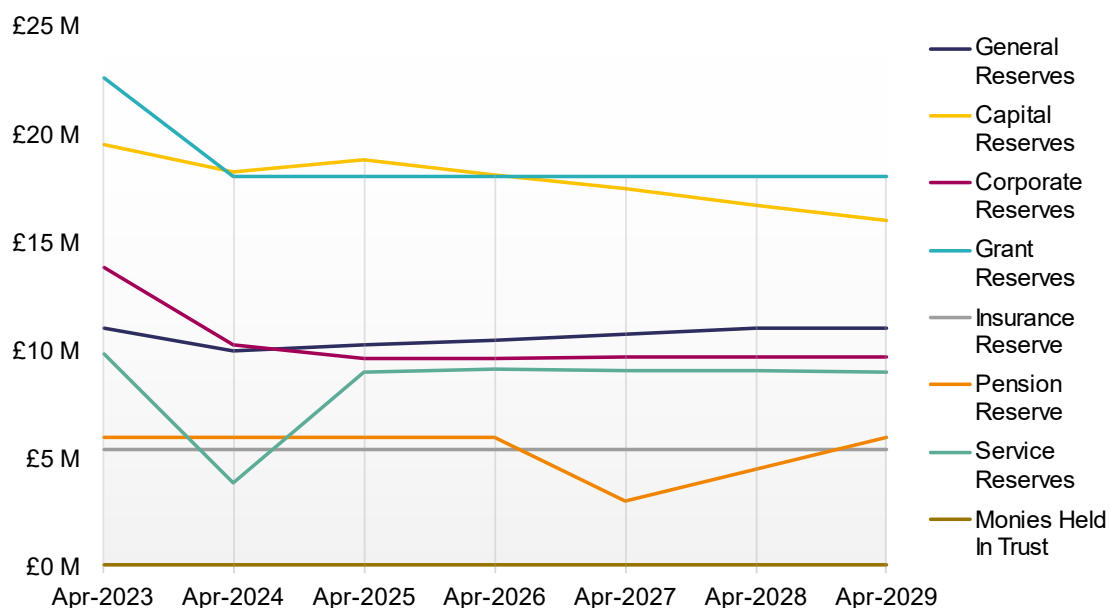
**Figure 1 Forecast Cumulative Budget Gap 2024/25 to 2028/29**



- 8.5. The Section 151 Officer’s Statement on the Adequacy of Balances and the Robustness of the Budget is attached as **Appendix 2**. This includes the recommended Reserves Strategy based on an approach to evidence the requisite level of reserves by internal financial risk assessment.
- 8.6. The proposed Earmarked Reserves balances (2023/24 – 2028/29) is shown in **Annex 2 to Appendix 1** and it illustrates not only the appropriations to and from Earmarked Reserves but also the transfers between them. The reduction in service reserves at 1 April 2024 reflects the forecast use of these reserves to balance the outturn position for 2023/24, as set out in **paragraph 12.4**. The increase in service reserves at 1 April 2025 reflects the replenishment of these reserves as set out in **Appendix 3**. Action is and will continually be taken to further mitigate the potential overspend throughout the rest of this financial year.

A summary of the forecast reserve balances from 2023/24 to 2028/29 is illustrated in the following graph (**Figure 2**).

**Figure 2 Forecast Reserve Levels 2023/24 to 2028/29**



- 8.7. The level of resources available for revenue and capital investment considerations were subject to extensive challenge and prioritisation to ensure that any investment proposed is designed to have a positive impact and is aligned to deliver the priorities within our new corporate plan. Balancing the demands and desire for increased investment and funding unavoidable cost pressures with the scale of financial challenges and inflationary impact experienced in 2022/23 and 2023/24 to date has been incredibly challenging.
- 8.8. For revenue prioritisation of proposed investment, careful assessment was given to increasing service demands and unavoidable cost pressures associated with delivering existing statutory requirements. Reviewing potential future demands to continue to respond positively to the needs of our most vulnerable residents whilst ensuring that the Council remains financially sustainable in the most challenging of operating environments has been of paramount importance. Analysis of the feedback from the range of extensive consultation and engagement exercises undertaken throughout 2023/24 has also directly influenced the overall proposed budget package (see **paragraph 24.6**).
- 8.9. For capital, prioritisation of proposed investment is achieved through application of the Capital Investment Strategy, which represents the conclusion of a rigorous challenge to priorities and requirements. This is a key document which forms part of the authority's integrated revenue, capital, and balance sheet planning. It provides a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the delivery of the Council's priorities. It includes an overview of the governance processes for consideration, prioritisation, and approval of capital investment. The Capital Investment Strategy for 2024/25 to 2028/29 is attached as **Appendix 10**.

## 9. Draft Proposals to Deliver a Balanced Budget for 2024/25

- 9.1. Successful and timely implementation of the proposed revenue budget package and capital investment programme are essential requirements in ensuring the future financial sustainability of the Council and to respond positively and pragmatically to achieving the priorities set within the new corporate plan.
- 9.2. A summary of the revenue unavoidable cost pressures proposals that form part of this overall budget package is shown in **Table 3**. The detail of each proposal for 2024/25 is shown at **Appendix 5**. All proposals are planned to be a permanent increase in the revenue base budget of the Council.

**Table 3 Revenue Unavoidable Cost Pressures Proposals**

Ref	Description	2024/25 £000s
01-COP	Staffing Establishment Costs 2024/25	3,625
02-COP	Investment, income & financing alignment	1,615
03-COP	Contractual Inflation (Not Energy Related)	1,000
04-COP	Energy Inflation Costs 2024/25	600
05-COP	Debt Position Review	330
06-COP	Base Budget Adjustments	225
07-COP	Business Rates Liabilities	220
08-COP	Levies	125
<b>Cross-Organisational Total</b>		<b>7,740</b>
01-L	Audit Fees	265
02-L	Legal Services Contract Specialist	90
01-DLENV	Waste Collection Contract	1,300
01-AHCA	Provider Inflationary Uplift: National Living Wage etc	4,900
02-AHCA	ASC Demographic Demand: Transitions, Older People and Working Age Adults	1,300
03-AHCA	NetPark	50
01-CSEL	Children's Social Care: Placements Pressure Existing	2,580
02-CSEL	Children's Social Care: Placements New	420
03-CSEL	School Improvement Support	150
01-EGI	Economic Recovery	100
01-HP	Local Plan Staffing	140
<b>Specific to Portfolio Services Total</b>		<b>11,295</b>
<b>Total unavoidable cost pressures</b>		<b>19,035</b>

- 9.3. A summary of the proposed savings and income generation proposals for 2024/25 that form part of this overall budget package is shown in **Table 4**. The detail of each proposal for 2024/25 – 2026/27 is shown at **Appendix 6**.

**Table 4 Savings and Income Generation Proposals**

Ref	Description	2024/25 £000s
COI-01	Comprehensive Reserves and Capital Financing Requirement Review	(3,500)
COI-02	Vacancy Factor	(775)
COI-03	Energy inflation 2023/24 unapplied	(500)
COI-04	Family Centres – Review	(350)
COI-05	Redesign the ‘Front Door’ to the Council	(300)
COI-06	Utilisation of Education Grants	(100)
COI-07	Utilisation of Education Grants – High Needs (Dedicated Schools Grant)	(70)
COI-08	Museums Rateable Value Reductions	(60)
COI-09	Discretionary Rate Relief Policy Review	(60)
<b>Corporate Initiatives Total</b>		<b>(5,715)</b>
EAP-01	Equipment Assistive Technology Pilots	(250)
EAP-02	Operation Estate Efficiencies	(170)
<b>Efficiency and Productivity Total</b>		<b>(420)</b>
ORE-01	Restructure Adult Social Care Operations and Commissioning	(530)
ORE-02	Director Roles and Vacancies	(400)
ORE-03	ICT Restructure	(395)
ORE-04	Pause Graduate Programme	(200)
ORE-05	Restructure the Senior Leadership Team of the Education, Inclusion and Early Years Service	(120)
ORE-06	Centralisation of Project Managers	(100)
ORE-07	Corporate Strategy Staffing Restructure	(100)
ORE-08	Service Restructures Excluding Library Restructure	(100)
ORE-09	Environment and Place Leadership Team Restructure	(85)
ORE-10	Post Reduction: Workforce Practice Management	(80)
ORE-11	Post Reduction: Operational Performance and Intelligence	(70)
ORE-12	Post Reduction: Procurement	(70)
ORE-13	Reception Staffing Reduction	(55)
ORE-14	Post Reduction: People and Organisation	(35)
<b>Organisation Redesign Total</b>		<b>(2,340)</b>
SOC-01	Parks Service Review	(250)
SOC-02	Micro Enterprise Work	(100)
SOC-03	Telecare Responder Service	(100)

Ref	Description	2024/25 £000s
SOC-04	Cultural and Pier Services Review	(20)
SOC-05	Concert Series	(15)
SOC-06	Review of Existing Library Provision *	0
<b>Service Offer Changes Total</b>		<b>(485)</b>
TPP-01	Concessionary Fares Scheme	(400)
TPP-02	Transitional Supported Housing	(300)
TPP-03	Decommission Dementia Community Support Team	(250)
TPP-04	Utilisation of Education Grants – Early Years (DSG)	(100)
TPP-05	Printing Resources	(50)
TPP-06	Southend Business Improvement District (BID) Service Level Agreement (SLA)	(50)
TPP-07	Essex County Council (ECC) Transferred Debt	(50)
TPP-08	Internal Audit Resourcing	(40)
TPP-09	Connectivity Savings	(40)
TPP-10	Remove the ATM from Civic One	(20)
TPP-11	Consolidation of Low Value Third Party Payment Items	(15)
TPP-12	Community Grants *	0
<b>Third Party Payments / Contractual Arrangements Total</b>		<b>(1,315)</b>
IGC-01	Reversal of Reduction in Investment Income	(710)
IGC-02	Investment Income Growth	(1,835)
IGC-03	Full Cost Recovery for Council Services Provided Externally	(420)
IGC-04	Fees and Charges Increase	(260)
IGC-05	Increase Planning Charges	(150)
IGC-06	South Essex Property Services (SEPS) Dividend	(150)
IGC-07	Increased Cremation Charges	(120)
IGC-08	Pier Charging	(100)
IGC-09	Beach Hut Terms	(100)
IGC-10	Electric Vehicle (EV) Charging Opportunities	(50)
IGC-11	Increased Burial Charges	(40)
IGC-12	Review Environment Protection Enforcement Model	(30)
IGC-13	Private Sector Leasing	(25)
IGC-14	Introduce Penalties for Council Tax Reduction Scheme	(20)
IGC-15	Consolidation of Low Value Income Generation Items	(30)
<b>Income Generation Capability Total</b>		<b>(4,040)</b>
<b>2024/25 Budget Saving / Income Generation Total<sup>#</sup></b>		<b>(14,315)</b>

\* These proposals are expected to have a savings impact in 2025/26 which is currently being evaluated.

<sup>#</sup> This total is for the new proposals put forward as part of the 2024/25 budget round. There are also £0.605M of agreed savings from prior years giving a total of £14.920M (**Appendix 6**).

9.4. In addition to the proposed budget savings and income generation initiatives summarised in **Table 4** for 2024/25, there are also a range of overspend reductions and cost avoidance proposals totalling **£2.795M** and **£1.990M**, respectively. These are detailed in **Appendix 7 and 8** and are listed separately as they do not directly impact on the revenue budget allocations for 2024/25. This is because there is no (or insufficient) approved budget provision for these pressures in 2023/24. Most of these issues have been caused by the unprecedented inflationary cost pressures that continue to be experienced and which are outside the direct control of the City Council.

## **10. Ongoing Support and Commitment to our Most Vulnerable Residents**

- 10.1. The Council has committed to a review of the Council's operational estate and front-line services to deliver localities-based service provision. As part of this assessment the services provided by Libraries and Family centres will also be reviewed for their future operation and service delivery arrangements for our residents. The opening of the new Launchpad and further development of the Airport Business Park will continue to support new and micro businesses and is also a major development to help the local economy and encourage entrepreneurial activity.
- 10.2. As highlighted in **Table 3** significant additional investment is proposed for a range of critical social care services in 2024/25. Southend-on-Sea City Council will also continue to support families and vulnerable people during the cost-of-living crisis with the Essential Living Fund and any other associated Government funding.
- 10.3. The amount of information on available support is sometimes overwhelming and to make life easier for residents and to help accessing trusted and safe information, the council have collated key information and guidance at [www.southend.gov.uk/costofliving](http://www.southend.gov.uk/costofliving) and [onesouthend.com/cost-of-living/](http://onesouthend.com/cost-of-living/)
- 10.4. These websites include videos, articles, links to local and national schemes to help people deal with rising costs, an interactive map displaying locations where you can find support with food, clothes, toiletries, health items, and spaces where you can retreat to or work from to keep warm.
- 10.5. For anyone who can't get online, the council produced a booklet – 14,000 were printed with 4,000 copies going out directly to vulnerable residents. Copies are still available from the Civic Centre and public libraries and charities will be handing out the booklets to their beneficiaries. In addition to the cost-of-living resources, the council has also been taking advantage of the various government funding and grant schemes available over 2023/24 to ensure as many Southend residents as possible can receive support during the cost-of-living crisis.
- 10.6. The **Essential Living Fund** will continue to support vulnerable residents into 2024/25 by helping vulnerable people live as independent a life as possible in the community on a case-by-case basis.



- 10.7. The **Discretionary Housing Payment (DHP)** scheme is available for people who are unable to cover the top up in their rent after applying for Housing Benefit or Universal Credit Housing Costs. The fund total is **£409,532 a year**. As a limited and discretionary scheme consideration will be given to the applicant's circumstances in making an award, and they will be on a short-term basis. Other than assistance with rent top up, a DHP can also be claimed for a rent deposit if they can demonstrate that a property that is being considered to move in to will be financially cheaper for them.
- 10.8. The council has also allocated £1.5m over three years to the Community Investment Fund, hosted by Southend Association of Voluntary Services (SAVS), to support the board's key themes which include reducing poverty and boosting the voluntary sector. Despite the huge financial challenges, the Council has remained committed to this investment in 2024/25 but will need to review the position for 2025/26 onwards.
- 10.9. Following the Autumn Statement in November 2023, the Government were posed questions around the future of the **Household Support Fund** and their official response was that **no new decision has been taken about the future of the Fund**. The Government's response continued by stating that... *'further steps were being taken to support the most vulnerable whilst inflation continues to fall past April 2024. The Government will raise Local Housing Allowance rates in Great Britain to the 30th percentile of local market rents in April 2024. 1.6 million families will be better off, gaining £800 on average in 2024/25. This comes on top of all working age benefits being uprated in full by September 2023 CPI of 6.7%, for 2024/25. We continue to keep options under review as we take tough decisions to drive down debt and halve inflation.'*
- 10.10. The **Household Support Fund** has been used to support eligible residents throughout 2023/24. Guidance on how this has been allocated can be found here [Household support fund – Southend-on-Sea City Council](#). This includes vouchers to people entitled to Free School Meals, distribution through the Citizens Advice who will identify vulnerable people accessing their services that would fit the remit of the scheme, targeted distribution was also undertaken through our local **Southend Emergency Fund** who gave grants to organisations working with pensioners, people with disabilities and caring responsibilities. So far in 2023/24 the Southend Emergency Fund has provided grants to local charities and support groups of £110,000 in total helping 4700 residents. Citizens Advice have been providing food and fuel vouchers to over 500 local residents.
- 10.11. The council was also awarded £331,000 for the government's **Council Tax Support Fund** to deliver additional support to the 12,500 households already receiving council tax support. The monies were used to reduce bills for current working age and pension age Local Council Tax Support claimants by up to £25. In real terms this means that around 3,200 of these households that are of pensionable age continued to receive a 100% council tax reduction for 2023/24 and have no liability to pay. **Unfortunately, the Government has discontinued this funding for 2024/25.**

10.12. In very extreme cases the Council also has a limited **Exceptional Hardship Fund**. A payment made via this route is allocated direct to the Council Tax account and provides residents additional financial help if they have a shortfall between the amount of Local Council Tax Support paid and the amount of Council Tax they are liable to pay. To qualify for this support residents would need to demonstrate that their financial circumstances are exceptional and would suffer severe financial hardship if the extra support was not received.

## 11. **Medium Term Financial Sustainability Challenge**

### **Building a City Council Fit for the Future**

11.1. The overall level of net cost reduction required by Southend-on-Sea Council to bridge a medium to long term deficit by 2028/29 requires a programme of work that not only supports the development of net cost reduction and transformation opportunities at a service level, but that also considers how these opportunities can be integrated into a renewed, sustainable, operating model.

11.2. Previous work undertaken by Grant Thornton identified key observations about the operating model of the Council:

- As a twenty-first-century Council with an ever-tightening fiscal environment, Southend has no option but to modernise its operating model and find new, more cost-effective ways of meeting the needs of its communities in the context of a changing public sector landscape.
- Overall, the Council is relatively 'traditional' in its mode of service delivery, and there is significant opportunity to innovate, considering not just 'how' services are delivered but also 'what' services are delivered.
- The Council has a history of being all things to all people - a key objective of the Corporate Plan and Service Plans should be to define more clearly what the Council prioritises and delivers and therefore give officers the authority to stop/reduce non-essential activities.

11.3. A transformation partner, Ernst and Young (EY), was then appointed in August 2023 to undertake a fourteen-week period of review to advance thinking around transformation and help develop strategy. This, in part, built on some of the work delivered by Grant Thornton. However due to the imminent financial challenges, the Council requested that this work be 'pivoted' to develop cost-saving ideas to reduce the overspend for 2023/24 and for the 2024/25 budget setting but also to focus on 5 key cross cutting workstreams as follows:

- Estate Optimisation
- Demand Management in Adults & Children
- Front Door Redesign
- Procurement / Commissioning / Contract Management
- Shared Services

11.4. Building on the initial work undertaken by Grant Thornton five design principles for transformation were developed by the Council's Senior Leadership Network with support from Ernst and Young. The principles guide activity to ensure any change initiatives across services align to the following:

- **Resident Centric:** We will be resident centric, putting residents at the heart of everything we do and focusing on the experience of residents across all services. This is to ensure the best possible services for Southend-on-Sea residents, making sure their needs are met.
- **Efficient & Effective:** Working in ways that are streamlined, preventative, optimise resources, and prioritise the right things at the right times, providing the right results. This is to ensure staff are enabled to work in a proactive and productive manner, and that residents receive smooth and streamlined services.
- **Inclusive:** Promoting a positive culture within the Council and outside of it, accommodating the needs of all and creating a sense of true acceptance. This is to ensure there are no unspoken boundaries, and that everyone has equal opportunity and sense of belonging, regardless of who they are.
- **Evidence-Based Decisions:** We will make decisions based on reliable data and evidence to ensure the best possible outcome for residents and the Council. This is to ensure residents receive the best services, and staff are empowered by decisions backed by good and reliable evidence.
- **Digitally Enabled:** Digital by default, we will reduce our manual tasks and processes to optimise how we work and deliver services. This is to enable each service to utilise resources optimally and effectively to meet residents and staff needs.

11.5. Whilst the immediate focus of transformation is to balance the near-term budget challenge, a far more extensive and challenging approach, based on experience in other local authorities, is required to ensure a financially sustainable organisation in the longer term. This approach will need to question current ways of working which are embedded in the culture, exploring different ways to achieve the same goals while forming clear 'As-Is' and 'To-Be' views and outlining efficiency and effectiveness to be gained. Service re-design is a necessity to support this process.

## **Governance, Reporting and Delivery Arrangements**

- 11.6. The level and intensity of the transformation programme requires strong governance and support and a new officer Transformation Board was created in the spring of 2023 to oversee the programme and delivery of activity. The Board's composition has been reviewed and a new Transformation Board, now led by the Corporate Leadership Team (CLT) with support from key Directors was established in November 2023. Its terms of reference include oversight of a newly developed Transformation Programme, identification, prioritisation, and approval of transformation initiatives that align to the Corporate Strategy, and remediation of initiatives considered to be at risk. It will also oversee the delivery of savings and income generation set for 2023/24 and for 2024/25 onwards.
- 11.7. To support the Council's transformation journey a new role of Transformation Director has been appointed to in September 2023. CLT have recently agreed the recruitment of a Lead PMO, Programme Manager and Project Support Officer to support the development of the programme.
- 11.8. In addition to the Transformation Board there has recently been the creation of a cross party Members Finance Panel, which will have regular oversight on the work of the Transformation Board but also be used as a cross party panel actively challenging progress, delivery, generate new ideas and do some in depth analysis and mitigation around key risk areas of the budget.
- 11.9. There was approval in the 2023/24 budget setting process for additional one-off 'change' resources of £1.5m from the transformation implementation reserve. This was earmarked to facilitate the delivery of the transformation programme with both internal and specialist external expertise and to provide the capacity to implement the programme and cultural change required at pace. Without this major redesign the Council will be exposed to the increasing pressure and risk of financial unsustainability. A threat that many local authorities are already declaring. The operating landscape and financial pressures are getting even more challenging each year and the Council needs to be proactive and continue its major change journey. The alternative could lead to an even greater reactive impact on our service range, quality and operational viability.
- 11.10. The financial position for the Council has been challenging over a number of years and particularly over the last couple of financial years and the pressure continues to build for the future. At each budget setting cycle a balanced budget is approved, based upon all the known factors at the time of setting that year's budget. Estimates are exactly that and officers use all known information available during the preparation of the budget considering levels of costs, inflation, income generation potential, demand management, correct in year overspend positions, new government requirements etc. This approach to budget development is set out in the S151 officers S25 statement attached at **Appendix 2.**

- 11.11. The final budget report for the forthcoming financial year is proposed to Cabinet in February so realistically is based upon all known information during January. The first public budget monitoring report for the new financial year is for the position as at the 31 July of that year and then reported to Cabinet in September.
- 11.12. Therefore, a period of some six months will have elapsed between the preparation of the budget and the first public reporting of performance against that new budget. Several local factors may have changed in that time period e.g. significant increases in demand and complexity for Adult and Childrens social care that were not anticipated when setting the budget but also external factors such as the significant increase in inflation not foreseen in 2022/23 and continued into 2023/24.
- 11.13. Every attempt is made to produce a balanced and sound budget which is developed with assumptions and professional judgements for all local and external factors. The volatility of the economic and local operating environment will always require continuing review and assessment as more up to date information becomes available during the financial year. The Council has effective financial management and reporting arrangements in place and the financial position for 2024/25 will be closely monitored and a balanced financial position for the Council could change in the year.
- 11.14. With this recognition in place the newly established cross-party Members finance panel, will review and scrutinise any financial recovery plans that may be required for the organisation over the medium-term period but initially concentrate on 2024/25 and 2025/26 to ensure a balanced and sustainable organisational position is delivered. The work of this Panel will be supported by the CLT Transformation Board and will feed into the budget monitoring and budget setting for the organisation to ensure Member oversight and strong and robust governance of our financial position.

## **12. General Fund Revenue Budgets 2024/25 – 2028/29**

### **Forecast revenue outturn 2023/24**

- 12.1. In February 2023, the Council approved a General Fund Revenue Budget requirement for 2023/24 of **£143.875M**.
- 12.2. Members have been supplied with regular financial performance information throughout the year. The latest forecast outturn and supporting narrative for 2023/24 is summarised in the Finance Performance Report 2023/24 - to end of November 2023 (Period 8), elsewhere on this Cabinet agenda. The year has continued to be dominated by the financial challenges caused by huge increases in service demand post the pandemic combined with unavoidable rapid inflationary increases in operating costs across almost every aspect of the organisation. Nearly all the financial pressures that the Council has continued to experience have been down to external factors where the Council has had no direct influence or control and they have happened at great pace, since the Council's 2023/24 budget was approved in February 2023.

- 12.3. In headline terms the Council's Corporate Budgets and Service Portfolios are currently forecasting a net overspend by the year-end of **£6.284M** for 2023/24, this is an improvement of **£4.483M** on the position reported at September 2023 (period 6) (£10.767M).
- 12.4. A range of mitigation plans remain in place to try and improve the overall financial position further by the end of the financial year. The situation will continue to be closely monitored. Given the significant financial situation and current forecast outturn position for 2023/24, the Council will have no choice but to use its earmarked reserves, which have been prudently developed over previous years, to cover any overspend that remains at the end of this financial year. The actual year-end final position for 2023/24 will be considered as part of the outturn report, which will be presented to Cabinet in June 2024.

### **Fees and Charges Proposals**

- 12.5. Cabinet at its meeting on 18 September 2018 approved the introduction of a fees and charges policy to cover all fees and charges reviews except car parking charges. This approved policy enabled Chief Officers to set fees and charges annually where the expected yield for a service or category is in line with the budget parameters as set out in the Medium Term Financial Strategy. Outside of these budget parameters any changes will need to be agreed by Cabinet.
- 12.6. Given the scale of financial challenge a Special Cabinet was arranged on 31 October 2023 where it was agreed that the target yield would be set at 10% for all services in 2024/25, with the exception of car parking charges (which will remain in line with the MTFs assumption of a 7% increase in total income generated but not specific increases in individual car parking tariffs), and burial fees increasing by 20% to help manage burial demand as land supply is limited. It was subsequently agreed at a further Special Cabinet on 12 December 2023 that cremation charges would increase by 15% and all increases in charges would be implemented from 1st January 2024 where possible. All charges for 2024/25 will be set by Chief Officers under delegations within this guideline with a few exceptions.
- 12.7. The proposed overall balanced revenue budget package assumes several new fees and increased charging options for parking, pier and foreshore attractions, bereavement services, highways and registration services. These are either included as a savings proposal where relevant or are additional income streams to deliver on the current budgeted level of income.
- 12.8. Any statutory fees will be updated in the year as soon as the new charges are released for areas such as licensing and planning. It is already known that planning fees will be increased nationally and there is a savings proposal to reflect this.
- 12.9. A full schedule of all fees and charges will be included in the February report to Cabinet on 12 February 2024 which will have been updated by all responsible officers.

## Overall General Fund Budget

- 12.10. The overall proposed balanced General Fund Revenue Budget package for 2024/25 is summarised in the following table (Table 5).

**Table 5 Summary of General Fund Revenue Budget**

	2023/24 £M	2024/25 £M
<b>Net Base Budget</b>	139.649	144.605
Proposed Budget Changes (net)	4.226	5.469
<b>Revenue Budget</b>	<b>143.875</b>	<b>150.074</b>
<i>Less Available Funding</i>		
Revenue Support Grant	(7.118)	(7.590)
Business Rates Income	(36.258)	(37.989)
Collection Fund Surplus	(2.000)	(1.000)
<b>To be funded from General Council Tax and ASC Precept</b>	<b>98.499</b>	<b>103.495</b>
General Council Tax	84.624	88.510
ASC Precept Income	12.875	14.985
<b>Remaining Budget Gap</b>	<b>1.000</b>	<b>0</b>
Use of General Reserves	(1.000)	0
<b>Use of Reserves to Balance Budget</b>	<b>(1.000)</b>	<b>0</b>
<b>Balanced Budget</b>	<b>0</b>	<b>0</b>

## Council Tax 2024/25 and estimated collection fund balance 2023/24

- 12.11. The Council must formally determine the Council Tax Base (the number of Band D equivalent properties) for 2024/25 and any estimated Collection Fund balance at the end of 2023/24. The Council Tax base for 2024/25 is as reported in a separate report on this agenda for approval by Cabinet as delegated by Council at 60,409.19 (equivalent Band D properties) including Leigh-on-Sea Town Council.
- 12.12. The tax base for Leigh-on-Sea Town Council has been calculated for 2024/25 as 9,017.50 Band D equivalents.
- 12.13. The estimated balance on the Collection Fund in respect of Council Tax as at the end of 2023/24 will be formally reported to Cabinet in February 2024. It is currently assumed that £1.0M of the projected accumulated historical surplus will be used to support the budget for 2024/25.

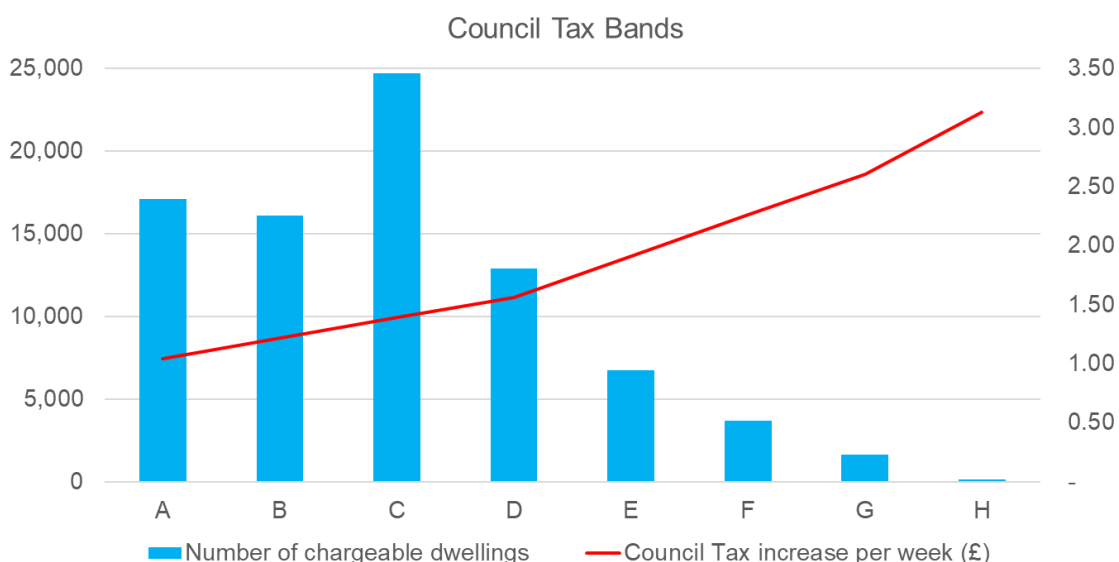
## Council Tax

- 12.14. Overall, the draft budget assumes a total increase in the Council Tax of 4.99% (that being 2.99% for general use and 2% for the Adult Social Care precept). This would result in a Band D value of £1,713.24 per annum (the Band D level for 2023/24 is £1,631.88). This equates to an annual increase of £81.36 and a weekly increase of £1.56.
- 12.15. **Table 6** and **Figure 3** provide an indicative illustration of the impact of the proposed council tax increase for 2024/25 across the range of properties in Southend-on-Sea. 70% of properties in the City are in council tax bands A to C.

**Table 6 Council Tax Bands**

Council Tax Band	A	B	C	D	E	F	G	H
Number of chargeable dwellings	17,126	16,135	24,713	12,891	6,773	3,703	1,628	129
23/24 Council Tax per week (£)	20.92	24.41	27.90	31.38	38.36	45.33	52.30	62.76
Increase per week (£)	1.04	1.22	1.39	1.56	1.91	2.26	2.61	3.13
24/25 Council Tax per week (£)	21.96	25.63	29.29	32.95	40.27	47.59	54.91	65.89

**Figure 3 Number of Council Tax Dwellings and the associated proposed increase**





- 12.16. This draft proposed budget for 2024/25 assumes a Council Tax increase of 2.99% for general use on the Southend-on-Sea element of the total Council Tax. It also assumes an Adult Social Care precept increase at a level of 2.0% of the main Council Tax. This has been determined based on trying to limit the local Council Tax increase to as low a level as realistically possible in these very financially challenging circumstances.
- 12.17. The ability to apply this precept was introduced by the Government as part of the 2016/17 Local Government finance settlement. It was introduced to assist with the increasing demand and demographic expenditure pressures from Adult Social Care that Local Government has been experiencing and are continuing to face.
- 12.18. The total Council Tax payable by taxpayers consists of Southend-on-Sea City Council element, the Adult Social Care element and the precepts for Essex Fire & Rescue Services Authority and Essex Police Authority. Where applicable it also includes Leigh-on-Sea Town Council precept.

### Precepts

- 12.19. Leigh-on-Sea Town Council has not indicated their proposed Council Tax increase levels for 2024/25.
- 12.20. Essex Fire & Rescue Services and Essex Police through the Police, Fire and Crime Commissioner for Essex has by law to set both precepts no later than 1 March 2024 (after consideration by the Essex Police, Fire and Crime Panel on 1 February 2024). At this stage, no information is available on their proposed Council Tax increase levels for 2024/25.

### Levies

- 12.21. The Council is required to pay relevant levying bodies, who have only indicated their draft levy position for 2024/25. Updated levies figures will be included in the final report to Cabinet on 13 February 2024. The final levies will be reported on in the Council Tax report for Council on 29 February 2024. The current position for 2024/25 is identified in Table 7.

**Table 7 Levying bodies and their charges.**

	2023/24 Probable Actual £000	2024/25 Estimate £000	Percentage increase %
Kent and Essex Inshore Fisheries and Conservation Authority (Provisional)	23.8	24.5	3.0
Flood Defence – Environment Agency (Provisional)	215.0	221.1	2.8
Coroners Court (Provisional)	525.7	594.7	13.1
<b>Total</b>	<b>764.5</b>	<b>840.3</b>	

- 12.22. The Kent and Essex Inshore Fisheries and Conservation Authority levy is provisional and is a proposed increase of £714 from 2023/24 to 2024/25. The Flood defence levy is provisional and is based on the increase agreed at the Anglian Eastern Regional Flood and Coastal Committee but is subject to confirmation of Southend's relative share calculated using taxbases. The Coroners Court levy is also provisional and is based on the amount notified by Essex County Council following continued pressure on the Coroners budget.

### **Reserves Strategy and Section 151 Officer's Statement**

- 12.23. The Reserves Strategy is set out in the Section 151 Officer's Statement on the Adequacy of Balances attached at **Appendix 2**. Within the boundaries of this strategy the presentation of the budget reflects proposed net appropriations to earmarked reserves totalling £7.039M for which separate approval is sought. Full details are shown in **Appendix 3**.

### **Staffing Implications**

- 12.24. In response to the unprecedented level of financial challenges and the need to reduce the overall operating costs of the Council to ensure it remains viable and financially sustainable, a voluntary redundancy scheme was made available to all staff for a limited period of time. From this exercise, a total of 112 applications were received from individual officers and 29 of these applications have currently been accepted. Staff have been informed of the outcome from this process and where applications have been accepted, appropriate notice will be issued in January 2024 in accordance with each individual's contractual terms.
- 12.25. There are potentially up to 80 FTE posts proposed to be deleted (Out of approximately 1,840 FTE across the Council) as part of the draft budget savings package detailed at **Appendix 6** across 2023/24 and 2024/25. There will be a further update and refinement of this status included within the final budget report to February Council. All proposed service structure changes will be designed to target vacant posts first, fixed term contracts where applicable, interim arrangements, agency cover and the accepted voluntary redundancy agreements. Every effort will be made to avoid any compulsory redundancies as part of implementing all budget proposals. These arrangements will remain under review and service delivery mechanisms will be refined and concluded based on the feedback received from the range of consultation processes that are launched.
- 12.26. The Council's workforce planning process will continue to provide oversight on all proposed staffing changes and ensure that the approach will manage vacant posts (permanent and temporary), agency and interim arrangements to ensure that any staff identified at risk from the proposed staffing restructures can be redeployed where appropriate.

- 12.27. The Council's policies on managing organisational change, redeployment and redundancy will be followed accordingly. Consultations with staff and Trade Unions will continue throughout the budget development and implementation process. Comprehensive engagement and consultation will also be a key feature of each stage/phase of the implementation of the proposed service redesigns.

### **13. Capital Investment Programme**

- 13.1. Each year the Council agrees a Capital Investment Strategy that sets out the framework for controlling and monitoring the Capital Investment Programme. The Capital Investment Strategy is a key document for the Council. It sets out the processes and policies relating to capital expenditure and investment.
- 13.2. The capital investment programme is prepared and developed in accordance with the Council's Capital Investment Strategy, which is attached as **Appendix 10** to this report. In turn, the Capital Investment Strategy has been written in the context of the Corporate Plan and all capital investment is therefore driven by the aim of contributing to the delivery of the desired outcomes of that plan.

#### **Deliverability**

- 13.3. There is inevitably a gap between the capital investment programme ambition and the finite available resources to afford and deliver the programme. This limits the number and value of schemes that are affordable and deliverable.
- 13.4. We need to ensure that investment is focussed on priorities and that priority projects have viable delivery plans. An on-going review has been undertaken to re-assess and re-prioritise the capital investment programme. As the review has progressed the results have been included in the Period 4, Period 6 and Period 8 financial performance reports to September, November and January Cabinet respectively. The Period 8 financial performance report is included elsewhere on this agenda.
- 13.5. The results of the early stages of this review were included in the July 2023 (period 4) performance report to Cabinet in September. Comprehensive cross party capital challenge sessions chaired by the Leader took place in early October. This included the direction from Cabinet that if capital projects had not yet commenced this year, they would not do so. The resulting requested changes to the capital investment programme were included in the September 2023 (period 6) performance report to Cabinet in November. Follow up cross party capital challenge sessions chaired by the Leader then took place in early December. The resulting requested changes to the capital investment programme from those sessions are included in the Period 8 financial performance report elsewhere on this agenda.
- 13.6. The reviews of the capital investment programme have considered the following:

- the actual physical progress of each scheme (e.g. out to tender, site assembly, on site, etc.) and whether the current year's budget will be spent.
  - re-assess schemes considering the effects of the prevailing inflationary pressures and any supply chain issues.
  - ascertain more realistic budget profiles based on expected delivery timescales and to ensure resources are in place to deliver them.
  - whether projects funded by borrowing are still affordable.
  - review the overall programme to achieve a more even investment profile across the years, to ensure it is realistic and affordable as a whole.
  - consider whether any schemes can be stopped or paused.
  - consider whether any schemes should be subject to a viable business case assessment.
- 13.7. This has led to some schemes being deleted from the capital investment programme whilst others have been moved to the 'subject to viable business cases' section below the main programme. These schemes can be brought up into the main programme at the appropriate time in line with the approach where schemes can enter the programme during the financial year and not just annually at budget setting. This approach should ensure that the programme is affordable, deliverable and focussed on the Council's key priorities.
- 14. Capital Investment Programme – position as set out in the Financial Performance Report – Period 8 (elsewhere on this agenda)**
- 14.1. At November Cabinet a 2023/24 budget of £45.5M was approved for schemes to be delivered by the Council and £13.8M for schemes to be delivered by subsidiary companies and partners. At November Cabinet a total budget for financial years 2024/25 to 2027/28 of £86.4M was approved for schemes to be delivered by the Council and £19.6M for schemes to be delivered by subsidiary companies and partners.
- 14.2. Since November Cabinet the capital investment programme review has continued as set out in paragraphs 14.4 to 14.6. As a result of this, the Financial Performance Report – Period 8 includes any virements between schemes, re-profiles across years, new external funding, proposed scheme deletions and movements between the main programme and the 'subject to' section. These are set out in **Appendix 12**.
- 14.3. The resulting revised capital investment programme for 2023/24 to 2027/28 is shown in **Table 8** and **Table 9**.

**Table 8 Programme to be delivered by the Council (GF and HRA)**

	2023/24 (£000)	2024/25 (£000)	2025/26 (£000)	2026/27 (£000)	2027/28 (£000)	Total (£000)
At November Cabinet	45,502	64,376	11,169	6,681	4,172	131,900
Amendments	(3,129)	(3,923)	7,887	0	(195)	640
<b>Revised programme</b>	<b>42,373</b>	<b>60,453</b>	<b>19,056</b>	<b>6,681</b>	<b>3,977</b>	<b>132,540</b>

Total proposed budget for 2024/25 to 2027/28 = £90.2M

**Table 9 Programme to be delivered by Subsidiary Companies and Partners**

	2023/24 (£000)	2024/25 (£000)	2025/26 (£000)	2026/27 (£000)	2027/28 (£000)	Total (£000)
At November Cabinet	13,783	6,774	6,329	6,491	0	33,377
Amendments	(500)	500	0	0	0	0
<b>Revised programme</b>	<b>13,283</b>	<b>7,274</b>	<b>6,329</b>	<b>6,491</b>	<b>0</b>	<b>33,377</b>

Total proposed budget for 2024/25 to 2027/28 = £20.1M

- 14.4. Key areas of investment within this programme across the five-year period 2023/24 to 2027/28 are as follows:

**A growing city with a strong and prosperous community**

**Enterprise and Regeneration**

- 14.5. Capital investment in this area contributes to the desired outcomes of economic regeneration and business development.
- 14.6. An investment of £1.7M included in this capital investment programme is for the completion of the Airport Business Park, a major strategic employment site near London Southend Airport. It is envisaged that the new Business Park will become renowned as a leading regional centre for the science, medical and technology sectors and deliver benefits for both local businesses and local communities. The development will create thousands of job opportunities for local people, attract inward investment and it is hoped it will bring lasting prosperity to the region. The Launchpad building has now opened and there is still some outstanding expenditure to be incurred on the project.

- 14.7. Capital investment of £23.7M is included in this programme to deliver the projects for improvements to the visitor economy that are funded mainly by the Levelling Up Fund. These include £7.5M for the Cliffs Pavilion, £14.2M for the Leigh Port and £2.0M for Marine Parade.

### **Southend Pier**

- 14.8. Capital investment in this area contributes to the desired outcome of enhanced tourism, culture and leisure.
- 14.9. Major capital investment in the pier of £8.2M is included in the current programme. This includes monies to deliver a continuing planned approach to addressing the condition works and bearing refurbishment identified within the condition survey. This will reduce the requirement for urgent and/or reactive condition works. To ensure the pier continues to be an outstanding visitor attraction other investment has been included for phase 2 of the Prince George Extension and for refurbishment works to the timber outer pier head.

### **A safe city with a good quality of life for all**

#### **Schools**

- 14.10. Capital investment in this area contributes to the desired outcome that children and young people, including those in care, feel and are safe at home, school and in their communities.
- 14.11. The schools capital investment programme for 2023/24 onwards totals £8.5M. The programme will continue to include the schools condition works but it will mainly be dominated by the high needs and special provision funds. These funds are to enhance the facilities and number of places available for children with special educational needs and disabilities or requiring alternative provision.

#### **Housing**

- 14.12. Capital investment in this area contributes to the desired outcome of quality, affordable and safe homes.
- 14.13. Several sites within the housing development pipeline are currently underway and a major capital investment of £11.4M is included in this programme to deliver the agreed phases of the affordable housing development programme to provide much needed housing for those on the Homeseeker's Register. Phase 3 is to deliver circa 29 units of Council housing across six underutilised garage sites and surrounding land in Shoeburyness. Phase 4 is to deliver circa 9-12 units of Council housing at the North site within the Council owned Lundy Close housing estate. There are also Modern Methods of Construction pilots for off-site delivery methods at Archer Avenue and Saxon Gardens.

- 14.14. Capital investment of £2.9M is included until 2023/24 to continue the affordable housing acquisitions programme with a further £3.2M to provide homes under the Afghan and Ukraine resettlement scheme.
- 14.15. Capital investment of £27.7M has also been included over the four years to 2026/27 to continue the programme of works to maintain the housing stock to decency levels, to invest in environmental health and safety and common area improvement works and for improvements and structural works at the Balmoral Estate. The decency levels of the 5,940 houses, flats and bungalows needs to be maintained to sustain an environment that keeps residents safe.
- 14.16. Capital investment of £7.2M is included for Disabled Facilities Grants to provide grants to disabled people make changes to their homes. Adaptations include widening doors, installing ramps, improving access to rooms and facilities and adapting heating and lighting controls to make them easier to use.

### **A clean city with a resilient environment**

#### **Highways and Infrastructure**

- 14.17. Capital investment in this area contributes to the desired outcome an improved transport system and an enhanced and protected street scene and environment.
- 14.18. Significant capital investment of £18.6M in the city's footways and carriageways is included in this programme. This includes £10.1M for footways improvements and £5.8M for carriageways improvements to reduce long term structural maintenance and improve public safety. It also includes £2.3M for the repair of potholes.
- 14.19. Capital investment of £2.1M included in this programme is for flood prevention and resilience schemes including coastal defence and sea wall refurbishment.
- 14.20. Capital investment of £7.0M included in this programme is for highways infrastructure schemes. This includes £2.3M of cliff stabilisation works at Belton Way East and £3.4M for Safer Roads, both funded by grant received from the Department for Transport.
- 14.21. Capital investment of £6.8M is included in this programme for the completion of schemes funded from Local Transport Plan and the Local Growth Fund monies from Government. These include essential maintenance works, bridge strengthening, transport network and management schemes and city centre interventions.

## **Housing**

- 14.22. There is £3.2M in the programme to improve the energy efficiency of council housing as part of the Social Housing Decarbonisation Fund. The project is to retrofit 110 council homes and will focus on reducing the heating demand of some of the Council's most poorly insulated homes by using external wall insulation, loft insulation, improved glazing, energy efficient lighting, draught proofing and ventilation improvements.
- 14.23. As part of the Airport Business Park, the new Launchpad Innovation Centre has opened. Environmental sustainability is core to the design of this building. The design and construction has achieved the highest standards of environmental performance, making it the first council-owned building to achieve Building Research Establishment Environmental Assessment Method (BREEAM) Outstanding Certification.
- 14.24. The other construction works at the Airport Business Park have been delivered by contractors appointed through an Official Journal of the European Union (OJEU) compliant procurement process. As part of this, the Council and Henry Boot Developments Limited have defined the standards they expect contractors to achieve. Building Research Establishment Environmental Assessment Method (BREEAM) Very Good has been adopted as the minimum standard for buildings and BREEAM Excellent will initially be targeted for all developments (albeit this will need to be considered in the context of overall development viability).
- 14.25. Across the Airport Business Park there has been considerable investment in walking and cycling infrastructure ensuring connectivity with the wider network and through to Rochford station. An S106 contribution will ensure that the park is served by public transport. The site also benefits from sustainable drainage solutions and there has been considerable investment in planting.
- 14.26. Where building refurbishments are undertaken, and particularly through projects delivered through the Property Refurbishment Programme, the Council is taking measures to upgrade the energy efficiency of its operational buildings with a specific focus on measures that reduce energy consumption and reduce energy loss.

## **A transforming council delivering efficient, cost effective services**

### **Works to Property**

Capital investment in this area contributes to the desired outcome of value for money and clear service standards.



- 14.27. Capital investment of £2.4M included in this programme is to continue the property refurbishment and fire improvement works programmes. The property refurbishment programme enables a proactive approach to ensure investment is made in the fabric and services within buildings before they get to a stage that capital works become urgent or have a detrimental impact on service users' use of the building or leads to urgent repairs and maintenance works which are usually more costly long term. The fire improvement programme enables the Council to proactively manage and address active and passive fire protection measures across its operational property stock. This ensures buildings remain safe whilst also progressively delivering bringing buildings up to current standards. If the project is not delivered the Council may be forced to close operational buildings following fire risk assessments or other fire inspections.
- 14.28. Capital investment of £2.3M is included in this programme for refurbishment of the crematorium to ensure the Council can continue to provide high quality crematorium services. The works include replacement of the three existing cremators, replacement of plant associated with the cremators, reconfiguring the back of house to accommodate new equipment and to facilitate better working, and reconfiguring the front of house areas including the installation viewing area to accommodate different faiths and beliefs.

## **ICT**

Capital investment in this area contributes to the desired outcome of value for money and transformation.

- 14.29. Capital investment of £8.4M included in this programme for ICT includes the ongoing projects for digital enablement and security and resilience, the Council's enterprise agreement licences and the technology modernisation programme of works for 2023/24. It also includes £1.7M to replace the My Southend system. Later phases of the project relating to system development are expected to deliver efficiencies and improvements in productivity.

## **15. New capital investment proposed**

- 15.1. Although the capital investment programme for 2024/25 to 2028/29, updated because of the changes set out in **Appendix 12**, represents a significant investment of over £110M on the part of the Council in the Southend area, the Council's ambition to improve the lives of residents is undiminished.

### Technology Modernisation Programme

- 15.2. New capital investment of £0.78M is proposed for the 2024/25 programme of works for the ICT – Smart Council project. This capital investment is to continue to provide the ICT core services to the Council (software and hardware). The additional work has been broken down into projects, which, when delivered together, will achieve quantitative and qualitative benefits and mitigate risk.

- 15.3. Part of the project is to provide regular device refreshes, to ensure the estate does not go beyond the end of its supported life and result in security risks and to enable officers and members to carry on working remotely.
- 15.4. The ICT Technology Modernisation Programme has a forecast estimated cost of £7,050,000 over the remaining years 24/25 to 25/26. This is estimated to be £4,940,000 of capital investment and £2,110,000 of revenue investment. £2,220,000 of this capital investment has already been included in the programme for 24/25 to 25/26 regarding software licences. A further £1,180,000 is being included as part of item below for 24/25 to 25/26 regarding software licences.
- 15.5. Inclusion of the rest of the Smart Council project in the main programme is subject to approval of appropriate viable business cases.

#### Software Licencing

- 15.6. New capital investment of £5.8M is proposed for software licencing, £1.175M for each of the years 2024/25 to 2025/26 and £1.15M for each of the years 2027/28 to 2028/29. This is to maintain the on-going software licences required to deliver corporate wide systems, without which the Council would not be entitled to use all proprietary applications.

### **16. Capital investment subject to viable business cases**

- 16.1. To ensure that the programme is affordable, deliverable and focussed on the Council's key priorities several schemes have been included in the Subject to Viable Business Case section of the programme. These schemes can be brought up into the main programme at the appropriate time in line with the approach where schemes can enter the programme during the financial year and not just annually at budget setting.
- 16.2. Viable business cases will need to be produced and approved before these schemes can progress and be brought into the capital investment programme. The following have been identified as priority schemes subject to viable business cases (**Table 10**):

**Table 10 Priority capital schemes subject to a viable business case**

Scheme
Technology Modernisation Programme
Palace Theatre (Dixon Studio) - RAAC
Southend Pier - Condition Works
Coastal Defence Refurbishment Programme
Schools – Condition Works (externally funded)
Property Refurbishment Programme
Fire Improvement Works
Carriageways Improvements
New Street Lighting – Column Replacement
Climate Change Provision
Cliffs Stabilisation
HRA Affordable Housing Acquisitions Programme
HRA Right to Buy - Buybacks Refurbishment

- 16.3. Technology Modernisation Programme: investment of £0.755M for 2025/26 has been included in this section of the programme to enable the project to continue into future years so that the relevant risks can be mitigated and the quantitative and qualitative benefits can be realised. The proposed investment is set out in paragraphs 15.2 to 15.5.
- 16.4. Palace Theatre (Dixon Studio) – RAAC: following the increased awareness of the risks of Reinforced Autoclaved Aerated Concrete (RAAC) raised regarding educational settings, further due diligence has been undertaken in relation to the wider Council operational portfolio. This has identified the presence or RAAC within the Dixon Studio at the Palace Theatre. The main auditorium, entrance lobby and other facilities are not affected but the Dixon Studio will be closed whilst further investigatory works are undertaken. This investment is in addition to the budget of £40,000 already in the approved capital investment programme for 2023/24. This amount was transferred from the Priority Works budget to facilitate some short-term remediation works until a longer-term solution can be undertaken.
- 16.5. Southend Pier – Condition Works: a rolling programme of investment to deliver the ongoing planned approach to addressing the condition works and bearing refurbishment identified within the condition survey. This proactive approach reduces the requirement for urgent and/or reactive condition works and ensures the integrity of this landmark structure that helps drive millions of visitors to Southend-on-Sea each year. £1.25M p.a. is included in this section of the programme for the years 2025/26 to 2026/27.
- 16.6. Coastal Defence Refurbishment Programme: a rolling programme of investment is to deliver a planned approach for the essential refurbishment works to the city’s coastal defences. This proactive approach reduces the requirement for urgent and/or reactive condition works. £0.4M is included in this section of the programme for 2024/25 and £0.5M is included for the years 2025/26 to 2026/27.

- 16.7. Schools – Condition Works: a rolling programme at Family Centres and emergency works at schools. These are mainly larger, urgent projects to be agreed between the Council’s property team and head teachers. £0.5M p.a. is included in this section of the programme as an indicative amount for the years 2024/25 to 2026/27. However, the amount will be subject to the allocation of funding for those years from the DfE.
- 16.8. Property Refurbishment Programme: a rolling programme of investment to enable the Council’s Property and Estate Management service to take a proactive approach to maintaining the buildings for which it is responsible. This will ensure investment is made in the fabric and services within building before they get to a stage that capital works become urgent or have a detrimental impact on service users’ use of the building or leads to urgent repairs and maintenance works which are usually more costs long term. £0.75M p.a. is included in this section of the programme for the years 2025/26 to 2026/27.
- 16.9. Fire Improvement Works: a rolling programme for the implementation of fire safety and associated compliance works across the Council’s corporate property estate arising as a result of any changes to building regulations and/or other standards or updated fire risk assessments. £0.75M p.a. is included in this section of the programme for the years 2025/26 to 2026/27.
- 16.10. Carriageways Improvements: this investment relates to potholes and is to improve the highways infrastructure, reduce long term structural maintenance and improve public safety. £0.5M p.a. is included in this section of the programme for the years 2024/25 to 2028/29.
- 16.11. New Street Lighting – Column Replacement: this investment is to deliver replacement street light columns where they are damaged or reach the end of their useful lives. £0.05M p.a. is included in this section of the programme for the years 2024/25 to 2028/29.
- 16.12. Climate Change Provision: investment of £1.5M has been included in this section of the programme, to deliver suitable projects aimed at reducing the impact of climate change and support the Council’s aspirations to achieve net-zero emissions by 2030 in line with the Climate Emergency Declaration.
- 16.13. Cliffs Stabilisation: it is recognised that consideration needs to be given to schemes to remedy ground movement and reduce the risk of cliff slips. Schemes will be prioritised and slopes where there is evidence of ongoing, persistent ground movement, affecting a wide area with the potential to affect adjacent buildings or infrastructure would be considered first. £0.1M is included in this section of the programme for 2024/25 and £0.4M is included for 2025/26.
- 16.14. HRA – Right to Buy Buybacks Refurbishment: a rolling programme of investment to support the continuation of the programme to buy back ex-council houses and other properties to increase the stock on the housing register. This investment would be used to refurbish the properties that are purchased in order to bring them up to Decent Homes standard. £0.325M p.a. is included in this section of the programme for the years 2024/25 to 2026/27.

- 16.15. HRA Affordable Housing Acquisitions Programme: through the rolling programme of purchasing suitable private homes for council use, the acquisitions programme helps to ensure that everyone has a good quality, sustainable home that meets their needs, including those with complex needs. £1.5M p.a. is included in this section of the programme for the years 2024/25 to 2026/27.
- 16.16. The following are listed as other schemes being subject to viable business cases (**Table 11**):

**Table 11 Other capital schemes subject to a viable business case**

Scheme
Footways Improvements
Carriageways Improvements
Strategic and Regeneration Acquisitions
Local Growth Plan – A127 Growth Corridor
Seaway Leisure
Acquisition of Tower Block Leaseholds - Queensway
Public Toilet Provision
Victoria Centre
Housing Infrastructure Funding
CIL Main Fund Allocation – Enhancing Cycle Infrastructure

- 16.17. Footways Improvements: this investment is to create better conditions for walking and improve public safety by reducing instances of trips and falls. £4M p.a. is included in this section of the programme for the years 2024/25 to 2028/29.
- 16.18. Carriageways Improvements: this investment is to improve the highways infrastructure, reduce long term structural maintenance and improve public safety. £1.5M p.a. is included in this section of the programme for the years 2024/25 to 2028/29.
- 16.19. Strategic and Regeneration Acquisitions: £10.5M is included to enable individual properties to be purchased as part of the wider strategic, regeneration, transformation or recovery aims of the Council. Decisions will need to be made commercially and often quickly and efficiently but will be subject to undertaking due diligence of the appropriate extent and depth.
- 16.20. Local Growth Fund – A127 Growth Corridor: The grant funded works are essentially complete. £0.53M of the budget is the match funding agreed as part of the grant bid when the funds were awarded and therefore must be spent. This amount has been moved from the main programme into this section of the programme until a viable business case is submitted to set out how these funds will be spent.

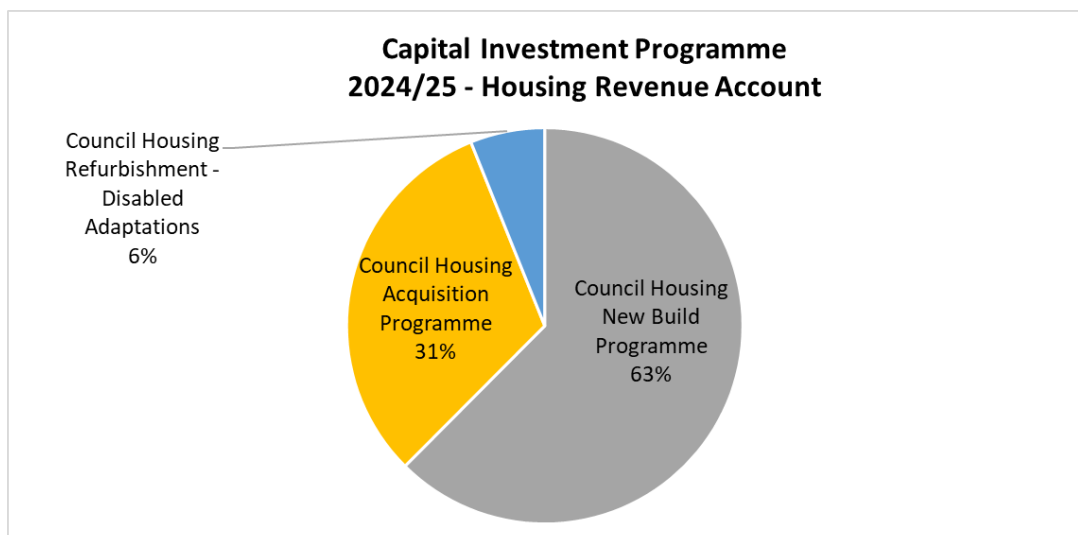
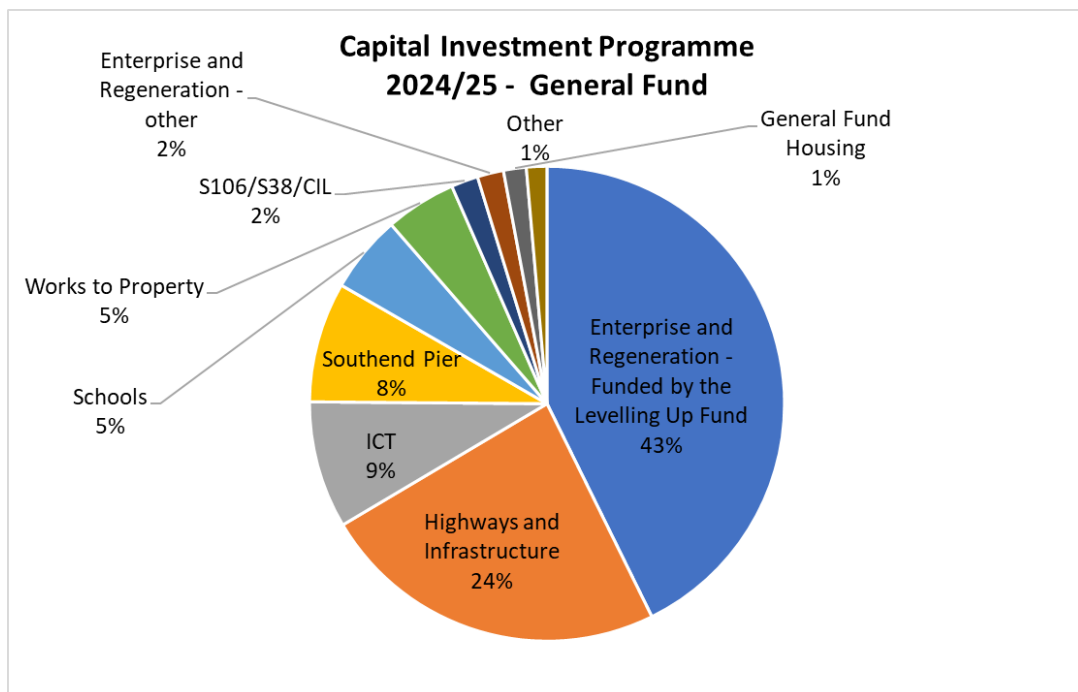
- 16.21. Seaway Leisure: it was agreed that £10M of the Council's capital reserves would be used as equity in the proposed development to enable significantly improved commercial terms thereby significantly reducing the Council's financial risk and providing an improved annual income stream.
- 16.22. Acquisition of Tower Block Leaseholds - Queensway: £1.535M is included in this section for the acquisition of properties to facilitate delivery of the Better Queensway regeneration project. The purchases will be subject to negotiations and sufficient budget can be brought up into the main programme at the appropriate time.
- 16.23. Public Toilet Provision: This scheme is to investigate and review the public toilet provision and location and implement the construction of a new toilet facility to meet the requirement identified. This may be in the form of one large block or multiple small blocks. The main focus will be the seafront facing wards that contain the main facilities.
- 16.24. Victoria Centre: £1.25M is included in this section for landlord works and to facilitate commercial lettings.
- 16.25. Housing Infrastructure Funding: £14.5M is included in this section as monies yet to be drawn down from Homes England regarding the highway works for the Better Queensway project.
- 16.26. CIL Main Fund Allocation – Enhancing Cycle Infrastructure: investment to deliver refurbishment works to the city's cycle path infrastructure. This is needed to support the development of the area to provide more people with the opportunity to live an active lifestyle and to help improve air quality, improve health and wellbeing and tackle congestion on the city's roads.

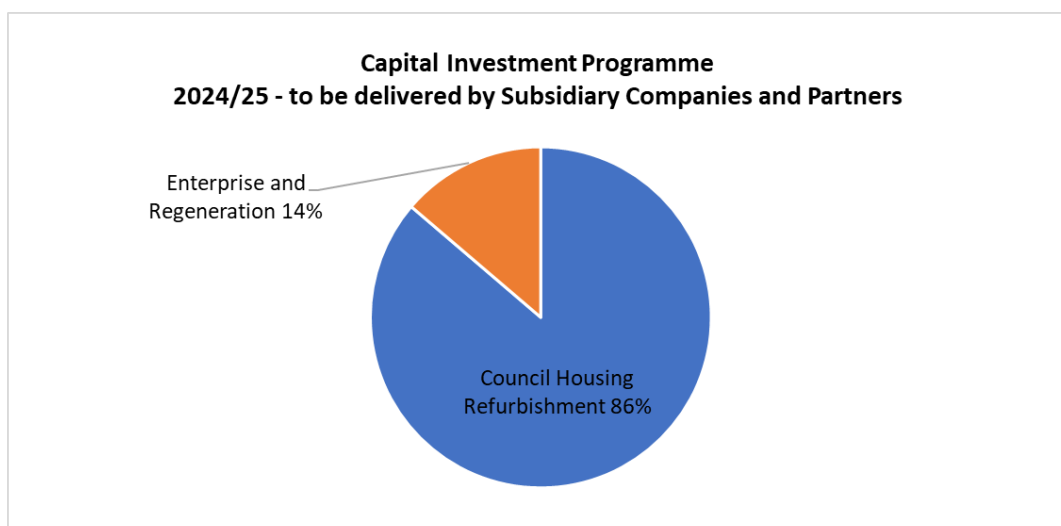
## **17. Proposed capital investment programme 2024/25 to 2028/29**

- 17.1. Given all the above, including the new investment, the proposed main capital investment programme for 2024/25 to 2028/29 represents a significant investment of nearly £117M on the part of the Council in the Southend area with further schemes that could be added subject to viable business cases being approved. The projected investment in 2024/25 alone amounts to nearly £70M.
- 17.2. To ensure that schemes are given proper consideration before they are added to the Capital Investment Programme, very few schemes are included in this report as proposed additions for 2024/25 to 2028/29: £6.6M for the General Fund as set out in **Appendix 11**, with the details of each scheme and its funding explained. These proposals have been prepared in line with the prioritisation process set out in the capital investment strategy and consideration has been given to proportionality, prudence, affordability, and sustainability.

- 17.3. As a result of the strategy around delivery and prioritisation of schemes some new schemes and additions being proposed are subject to viable business cases being produced and approved under current governance processes before they can be brought into the capital investment programme. The schemes that have been identified as priorities are set out in **Appendix 11** and total £13.9M for the General Fund and £5.5M for the Housing Revenue Account. This approach should ensure that the programme is affordable, deliverable and focussed on the Council's key priorities.
- 17.4. **Appendix 12** sets out the budget change requests included in the Financial Performance Report - Period 8.
- 17.5. The proposed capital investment programme for 2024/25 by investment area is shown below (**Figure 4**).

**Figure 4 Capital Investment Programme Budget 2024/25 by area**





- 17.6. The 2024/25 capital budget is part of the wider capital investment programme spanning several years.
- 17.7. **Table 12** shows the revised programme if all the requests in **Appendices 11 and 12** are approved.

**Table 12 Proposed revised capital investment programme.**

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

	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000	2028/29 and future years £000	Total £000
<b>At November Cabinet</b>	<b>45,502</b>	<b>64,376</b>	<b>11,169</b>	<b>6,681</b>	<b>4,172</b>	<b>0</b>	<b>131,900</b>
Amendments in <b>Appendix 12</b>	(3,129)	(3,923)	7,887	0	(3,372)	3,177	640
<b>Sub-total</b>	<b>42,373</b>	<b>60,453</b>	<b>19,056</b>	<b>6,681</b>	<b>800</b>	<b>3,177</b>	<b>132,540</b>
New investment in <b>Appendix 11</b>	0	1,960	1,175	1,150	1,150	1,150	6,585
<b>Revised programme</b>	<b>42,373</b>	<b>62,413</b>	<b>20,231</b>	<b>7,831</b>	<b>1,950</b>	<b>4,327</b>	<b>139,125</b>
General Fund	32,599	51,735	16,415	7,831	1,950	4,327	<b>114,857</b>
HRA	9,774	10,678	3,816	0	0	0	<b>24,268</b>

**Total proposed budget for 2024/25 to 2028/29 = £96.8M**



**Programme to be delivered by Subsidiary Companies and Partners:**

	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000	2028/29 and future years £000	Total £000
<b>At November Cabinet</b>	<b>13,783</b>	<b>6,774</b>	<b>6,239</b>	<b>6,491</b>	<b>0</b>	<b>0</b>	<b>33,377</b>
Amendments in <b>Appendix 12</b>	(500)	500	0	0	0	0	0
<b>Sub-total</b>	<b>13,283</b>	<b>7,274</b>	<b>6,239</b>	<b>6,491</b>	<b>0</b>	<b>0</b>	<b>33,377</b>
New investment in <b>Appendix 11</b>	0	0	0	0	0	0	0
<b>Revised programme</b>	<b>13,283</b>	<b>7,274</b>	<b>6,239</b>	<b>6,491</b>	<b>0</b>	<b>0</b>	<b>33,377</b>

**Total proposed budget for 2024/25 to 2028/29 = £20.1M**

- 17.8. The proposed amended Capital Investment Programme for 2023/24 to 2028/29 is detailed in **Appendix 13**. The revised budget for 2024/25 of £69.7M is higher than the level of programme normally delivered due to inclusion of priority projects which are subject to key grant funding conditions. £22.1M relates to the three Levelling Up Fund projects. Without these schemes the revised budget for 2024/25 would be £47.6M.

**Funding of the capital investment programme**

- 17.9. The proposed capital investment programme presented in this report is currently fully funded and has been prepared based on the level of borrowing the Council can support, notified capital grants, prudent assumptions over the level of other grants and the timing and valuation of capital receipts (from the sale of existing surplus Council assets) that will be realised.
- 17.10. The proposed estimated funding for the programme (excluding schemes Subject to Viable Business Case) is as shown in **Table 13**.

**Table 13 Proposed funding for capital investment programme**

Type of funding	2024/25 £M	2025/26 £M	2026/27 £M	2027/28 £M	2028/29 & future years £M	Total £M
External funding – capital grant	30.6	6.8	0.8	0.8	3.2	42.2
External funding – third party contributions	3.1	0	0	0	0	3.1
Capital Receipts	4.4	1.4	0.3	0	0	6.1
Major Repairs Reserve (Housing Revenue Account)	6.9	6.8	6.2	0	0	19.9
Earmarked reserves / Revenue Contributions	6.4	2.0	0	0	0	8.4
Borrowing – Main Schemes <sup>(1)</sup>	18.1	9.6	7.0	1.2	1.1	37.0
Borrowing – Invest to Save <sup>(1)</sup>	0.2	0	0	0	0	0.2
<b>Total</b>	<b>69.7</b>	<b>26.6</b>	<b>14.3</b>	<b>2.0</b>	<b>4.3</b>	<b>116.9</b>

<sup>(1)</sup> this relates to both internal and external borrowing

The estimated amounts of internal and external borrowing are shown in **Table 14**.

**Table 14 Borrowing to fund capital schemes**

	2024/25 £M	2025/26 £M	2026/27 £M	2027/28 £M	2028/29 & future years £M	Total £M
Internal borrowing	18.3	9.6	0	0	0	27.9
External borrowing	0	0	7.0	1.2	1.1	9.3
<b>Total borrowing</b>	<b>18.3</b>	<b>9.6</b>	<b>7.0</b>	<b>1.2</b>	<b>1.1</b>	<b>37.2</b>

17.11. The Corporate Asset Management Strategy records a clear preference for the retention of freeholds but does recognise that in some circumstances, a disposal is the most appropriate course of action. Future decisions will be influenced by the transformation work around estate optimisation. Capital receipts will reduce the need for borrowing to support the Capital Investment Programme if they can be generated.

17.12. Individual authorities are responsible for deciding the level of their affordable borrowing. The Government does have powers to limit the aggregate for authorities for national economic reasons, or for an individual authority. Funding schemes by borrowing has a revenue consequence of approximately £70k p.a. for every £1M borrowed or if £10M is borrowed this would equate to an increase in Council Tax of approximately 0.71%. The full impact of borrowing costs associated with the funding of the proposed programme has been included in the Council's current financial planning for 2024/25 to 2028/29.

- 17.13. The Minimum Revenue Provision (MRP) is an amount to be set aside for the repayment of debt. The Council has a general duty to charge an amount of MRP to revenue which it considers to be prudent. The MRP Guidance sets out that such policies may be amended at any time, so long as the Council maintains a prudent and transparent approach whilst ensuring any changes are sustainable from a revenue budget perspective.
- 17.14. Following participation across the Chief Finance Officer networks and extensive consultation with our Treasury Management advisers, over the last few months opportunities have been explored to identify whether a more prudent MRP policy could be adopted. Our Treasury Management advisers undertook a review of the MRP policy which considered the Council's current method for calculating MRP and assessed the impact of adopting alternative options available that are fully compliant with the MRP guidance and regulations.
- 17.15. The Guidance and legislation do not define what is prudent. It is for each Authority to determine a prudent repayment based on its own individual circumstances, considering its medium and long-term financial plans, current budgetary pressures, future capital expenditure intentions and funding needs. The Chief Finance Officer is content that the policy to be taken forward will make an MRP charge that is both prudent and proportionate, given the severity and urgency of the Council's current financial situation.
- 17.16. The Council has responsibility for approving an annual MRP policy statement. A revised MRP policy for 2023/24 is attached as **Appendix 14a**, alongside the new MRP policy for 2024/25 attached as **Appendix 14b**.
- 17.17. The Treasury Management Strategy covers the management of the council's cash flows, its borrowings and its investments, the management of the associated risks, and the pursuit of the optimum performance or return consistent with those risks.
- 17.18. The budget includes provision for the financing costs of the Council's Capital Investment Programme, including interest on external borrowings. Offsetting this, the Council will earn interest by temporarily investing its surplus cash, which includes unapplied and set-aside capital receipts. These budgets depend on many factors, not least the Council's level of revenue and capital budgets, use of reserves, methods of funding the budget requirement, interest rates, cash flow and the Council's view of risk.
- 17.19. Audit Committee have responsibility for the scrutiny of the Treasury Management Strategy, and it is the subject of a separate report to February Cabinet proceeding to Council for approval in advance of the forthcoming year.
- 17.20. The CIPFA Prudential Code for Capital Finance in Local Authorities has been developed to support Local Authorities in taking capital investment decisions and to ensure that these decisions are supported by a framework which ensures proportionality, prudence, affordability, and sustainability.

- 17.21. To demonstrate compliance with the objectives of the Code each authority is required to produce a set of prudential indicators. These prudential indicators for capital and treasury management are attached as **Appendix 15**. The Chief Finance Officer has established procedures to monitor performance against all forward-looking indicators on a regular basis as appropriate.
- 17.22. It is the Chief Finance Officer's view that this capital investment programme is proportionate, prudent, affordable, and sustainable and the risks associated with in it are manageable.

## **18. Reasons for Decisions**

- 18.1. The recommendations in this report comply with statutory requirements and relevant Local Authority codes of practice and to ensure that the draft budget proposals align to and enable the delivery of the Councils ambition, corporate priorities and desired outcomes or to enhance the Councils infrastructure.

## **19. Other Options**

- 19.1. The Local Government Act requires billing authorities to complete and approve their budgets and set a council tax level each year before 11 March immediately prior to the start of the next financial year on 1 April.

## **20. Financial Implications**

- 20.1. As set out in this report.

## **21. Legal Implications**

- 21.1. As set out in this report.

## **22. Carbon Impact**

- 22.1. Assessments have been carried out for all revenue and capital investment proposals where appropriate.

## **23. Equalities**

- 23.1. Assessments have been carried out for all proposed revenue investment and reprioritisation proposals in the 2024/25 budget and for all capital investment proposals where appropriate. This is summarised in **Appendix 16**.

## **24. Consultation and Engagement**

- 24.1. There is an expectation that local authorities will engage communities in the difficult choices and decisions that determine the range and level of services that can be delivered by the Council in a financially sustainable way.
- 24.2. The Council has continued to utilize and grow engagement on the main online platform - Your Say Southend. Inclusion was assured through a variety of ways to provide feedback in alternative formats such as printed questionnaires, phone support and direct outreach to seldom heard or affected groups via virtual or public meetings. The consultations have focused on service redesign and renewal of contracts for commissioned services to implement previously agreed savings, improve the service offer and help inform budget proposals for 2024/25.
- 24.3. There were over 50 consultations and engagements undertaken with over 12,000 visitors to the site and over 1,500 contributions from residents, service users and wider stakeholders. These included consultations on: Healthy Behaviours, JSNA Sexual and Reproductive Health Survey, Ageing Well Engagement, Living Well Engagement, SEND Annual Review Survey for Children and Young People, Autism and Neurodivergence Survey, Parent Carer Survey – Education, Southend Schools Careers Guidance Outcomes, Clean Air Hub, Southend Local Plan Conversation, Charging for Adult Social Care Telecare, Election Cycle, Family centre services, Southend-on-Sea dementia support service. The consultation and engagement results during the last year has fed into the review and refresh of the Corporate Plan 2023 to 2027 and its priorities.
- 24.4. The Council has continued efforts to increase resident and stakeholder participation by increasing co-production opportunities. The council has appointed a new co-production lead and involved those with lived experience in the Autism and Neurodivergence Survey, worked with families and professionals in regards of SEND Local Offer and worked with SAVS to support the ongoing work of the Health and Wellbeing panel. The Youth Voice team continues to support the Youth Council and other forum's where young people can be heard.
- 24.5. Our teams continued to have frequent and informal conversations with residents and stakeholders to complement formal consultation efforts as can be evidenced in the work of the Community Builders, Faith and Belief Network and "In Conversations with..." events taking place in local neighbourhoods in partnership with the South East Essex Alliance.
- 24.6. The overall results and comments from the range of consultations undertaken have continued to help inform the preparation of the draft 2024/25 revenue budget. Consultation has also taken place with the Chief Executive, Executive Directors, and their Directors as part of the budget preparation process who are fully committed to working within the budget proposed. Members are being consulted through Cabinet, Scrutiny Committees and Council.

- 24.7. Consultation with staff and unions will continue throughout the process. Briefings for local businesses and the voluntary sector have been undertaken to give them an opportunity to find out more about what is in the planned draft budget from the Leader, Deputy Leader and Executive Director (Finance & Resources).
- 24.8. Staff have been kept abreast of progress and opportunities for contributions through communications by the Chief Executive and Executive Director (Finance & Resources) and through media briefings.
- 24.9. The overall results, comments and feedback from the range of consultations that have been undertaken in 2023/24 have helped to inform the preparation of the 2023/24 budget and Medium-Term Financial Strategy to 2028/29.

## **25. Background Papers**

- Provisional Local Government Finance Settlement 2024/25, DLUHC
- Budget working papers held by the Finance and Resources team
- Southend-on-Sea City Council's Corporate Plan 2023 – 2027

## **26. Appendices**

- Appendix 1 Medium Term Financial Strategy 2024/25 – 2028/29  
 Annex 1 to Appendix 1 – Medium Term Financial Forecast to 2028/29  
 Annex 2 to Appendix 1 – Earmarked Reserves to 2028/29
- Appendix 2 Section 151 Officer's Statement on the Adequacy of Balances and the Robustness of the Budget
- Appendix 3 Appropriations to and from General Fund Earmarked Reserves
- Appendix 4 General Fund Revenue Budget for 2024/25 (one page summary)
- Appendix 5 Unavoidable Cost Pressures 2024/25
- Appendix 6 Proposed Budget Savings and Income Generation Initiatives
- Appendix 7 Overspend Reductions Proposals
- Appendix 8 Cost Avoidance Considerations
- Appendix 9 Dedicated Schools Grant Budget 2024/25 Budget planning and 2023/24 Forecast Outturn
- Appendix 10 Capital Investment Strategy – 2024/25 to 2028/29  
 Annex 1 to Appendix 10 – Capital Investment Policy
- Appendix 11 Capital Investment Proposals – 2024/25 to 2028/29
- Appendix 12 Other Requested Changes to Approved Capital Investment Programme

Appendix 13 Amended Capital Investment Programme 2024/25 to 2028/29  
(2023/24 shown for information)

Appendix 14a Revised Minimum Revenue Provision Policy 2023/24

Appendix 14b Minimum Revenue Provision Policy 2024/25

Appendix 15 Prudential Indicators 2024/25 to 2028/29

Appendix 16 Equality Analyses supporting budget proposals

## Report Authorisation

This report has been approved for publication by:

<b>This report has been approved for publication by:</b>		
	<b>Name:</b>	<b>Date:</b>
S151 Officer	Joe Chesterton	03/01/2024
Monitoring Officer	Kim Sawyer	03/01/2024
Executive Director(s)	Joe Chesterton	03/01/2024
Relevant Cabinet Member(s)	Councillors Cox and Moyies	03/01/2024

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**Medium Term Financial Forecast**  
2024/25 to 2028/29

	2024/25 £000s	2025/26 £000s	2026/27 £000s	2027/28 £000s	2028/29 £000s
<b>Base Budget</b>					
From prior year	143,875	150,074	160,557	173,007	183,825
LESS					
Appropriations to / (from) reserves in prior year	1,247	(5,298)	(292)	2,830	(1,025)
Revenue Contributions to Capital	(471)	(47)	(39)	0	0
Less other one-off expenditure / (savings)	(46)	(1,816)	(33)	(3,010)	1,500
<b>Adjusted Base Budget</b>	<b>144,605</b>	<b>142,913</b>	<b>160,193</b>	<b>172,827</b>	<b>184,300</b>
Appropriations to / (from) reserves	5,298	292	(2,830)	1,025	750
Revenue Contributions to Capital (Funded from Earmarked Reserves)	47	39	0	0	0
Other one-off / time limited expenditure bids	1,816	33	3,010	(1,500)	(1,500)
Unavoidable Pressures	14,580	11,069	7,729	7,495	7,095
Capital Programme Costs	(4,020)	(25)	540	275	940
Corporate Cost Pressures	(92)	251	(27)	31	40
Directorate (Savings) / Pressures					
Ongoing Executive Directorate investment	2,220	4,000	4,000	4,000	4,000
Budget reductions proposed	(10,089)	(393)	392	(328)	(618)
<b>Better Care Fund</b>					
Funding to Support Social Care and benefit Health	(16,233)	(16,233)	(16,233)	(16,233)	(16,233)
Expenditure relating to the BCF and IBCF	16,233	16,233	16,233	16,233	16,233
<b>Public Health</b>					
Projected Grant Income *	(10,401)	(10,401)	(10,401)	(10,401)	(10,401)
Projected Expenditure	10,401	10,401	10,401	10,401	10,401
<b>Housing Revenue Account</b>					
Projected Expenditure	28,610	29,220	29,804	29,804	29,804
Projected Income	(31,824)	(32,552)	(33,182)	(33,182)	(33,182)
Contributions to / (from) HRA Earmarked Reserves	3,214	3,332	3,378	3,378	3,378
<b>Dedicated Schools Grant</b>					
Projected Grant Income	(65,965)	(65,965)	(65,965)	(65,965)	(65,965)
Projected Expenditure	65,965	65,965	65,965	65,965	65,965
Pupil Premium received from Government (indicative)	(1,892)	(1,892)	(1,892)	(1,892)	(1,892)
Pupil Premium Expenditure	1,892	1,892	1,892	1,892	1,892
<b>Projected General Fund Net Expenditure</b>	<b>154,365</b>	<b>158,179</b>	<b>173,007</b>	<b>183,825</b>	<b>195,007</b>
Changes in General Grants	(4,291)	2,378	0	0	0
<b>Budget Requirement</b>	<b>150,074</b>	<b>160,557</b>	<b>173,007</b>	<b>183,825</b>	<b>195,007</b>
<b>Funded By</b>					
Council tax increase (2.99% in 23/24 & 24/25, 1.99% onwards) (taxbase +1.12% 23/24 and +0.5% p.a future years)	(88,510)	(91,018)	(93,593)	(96,235)	(98,941)
Social Care Precept (2.0% in 23/24 & 24/25, 0% onwards)	(14,985)	(15,060)	(15,135)	(15,211)	(15,287)
Business Rates	(37,989)	(37,989)	(37,989)	(37,989)	(37,989)
Revenue Support Grant	(7,590)	(7,590)	(7,590)	(7,590)	(7,590)
Collection Fund Surplus	(1,000)	0	0	0	0
<b>Total Funding</b>	<b>(150,074)</b>	<b>(151,657)</b>	<b>(154,307)</b>	<b>(157,025)</b>	<b>(159,807)</b>
<b>Funding Gap</b>	<b>0</b>	<b>8,900</b>	<b>18,700</b>	<b>26,800</b>	<b>35,200</b>
<b>Funding Gap (Cumulative)</b>	<b>0</b>	<b>8,900</b>	<b>27,600</b>	<b>54,400</b>	<b>89,600</b>
<b>Core Precept</b>	88,510	91,018	93,593	96,235	98,941
<b>Social Care Precept</b>	14,985	15,060	15,135	15,211	15,287
<b>Band D Council Tax</b>					
Council Tax for a Band D Property	1,713.24	1,747.26	1,782.00	1,817.46	1,853.55
% Increase in Council Tax	4.99%	1.99%	1.99%	1.99%	1.99%
<b>Council Tax Base</b>					
Council Tax Base	60,409	60,711	61,015	61,320	61,626
Increase in Tax Base on prior year	1.11%	0.50%	0.50%	0.50%	0.50%

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Appendix 1 - Annex 2

Earmarked Reserves	Balance 1/4/23 £000s	To Reserves £000s	From Reserves £000s	Transfers £000s	Balance 1/4/24 £000s	To Reserves £000s	From Reserves £000s	Transfers £000s	Balance 1/4/25 £000s	To Reserves £000s	From Reserves £000s	Transfers £000s	Balance 1/4/26 £000s	To Reserves £000s	From Reserves £000s	Transfers £000s	Balance 1/4/27 £000s	To Reserves £000s	From Reserves £000s	Transfers £000s	Balance 1/4/28 £000s	To Reserves £000s	From Reserves £000s	Transfers £000s	Balance 1/4/29 £000s
<b>Capital Reserves</b>																									
Capital Reserve	11,912	625	(471)		12,066	625	(47)		12,644	625	(664)		12,605	625	(625)		12,605	625	(625)		12,605				12,605
Interest Equalisation Reserve	3,050				3,050				3,050				3,050				3,050				3,050				3,050
MRP Equalisation Reserve	4,544		(1,400)		3,144				3,144		(645)		2,499		(685)		1,814		(715)		1,099		(740)		359
<b>Capital Reserves</b>	<b>19,506</b>	<b>625</b>	<b>(1,871)</b>	<b>-</b>	<b>18,260</b>	<b>625</b>	<b>(47)</b>	<b>-</b>	<b>18,838</b>	<b>625</b>	<b>(1,309)</b>	<b>-</b>	<b>18,154</b>	<b>625</b>	<b>(1,310)</b>	<b>-</b>	<b>17,469</b>	<b>625</b>	<b>(1,340)</b>	<b>-</b>	<b>16,754</b>	<b>-</b>	<b>(740)</b>	<b>-</b>	<b>16,014</b>
<b>Corporate Reserves</b>																									
Business Transformation Reserve	3,127		(763)		2,364		(205)		2,159		(33)		2,126		(10)		2,116				2,116				2,116
Business World ERP Reserve	1,828				1,828		(275)		1,553				1,553				1,553				1,553				1,553
Climate Change & Green Initiatives	380		(221)		159				159				159				159				159				159
Cost of Living	1,000		(225)		775				775				775				775				775				775
Technology Transition & Systems Modernisation	2,201		(856)		1,345		(1,180)		165				165				165				165				165
New Homes Bonus	1,825	81	(1,284)		622	26			648	26			674	26			700	26			726	26			752
Pension Reserve	6,000				6,000				6,000				6,000		(3,000)		3,000	1,500			4,500	1,500			6,000
Rental Equalisation	850				850				850				850				850				850				850
Service Redesign Reserve	2,637		(309)	(1,500)	828	1,255	(95)		1,988				1,988				1,988				1,988				1,988
Transformation Implementation Reserve	-			1,500	1,500		(145)		1,355				1,355				1,355				1,355				1,355
<b>Corporate Reserves</b>	<b>19,848</b>	<b>81</b>	<b>(3,658)</b>	<b>-</b>	<b>16,271</b>	<b>1,281</b>	<b>(1,900)</b>	<b>-</b>	<b>15,652</b>	<b>26</b>	<b>(33)</b>	<b>-</b>	<b>15,645</b>	<b>26</b>	<b>(3,010)</b>	<b>-</b>	<b>12,661</b>	<b>1,526</b>	<b>-</b>	<b>-</b>	<b>14,187</b>	<b>1,526</b>	<b>-</b>	<b>-</b>	<b>15,713</b>
<b>Grant Reserves</b>																									
Air Quality Reserve	175				175				175				175				175				175				175
Area Child Protection	32				32				32				32				32				32				32
Business Rates Section 31 Grant	485				485				485				485				485				485				485
COVID-19 Reserve	584		(145)		439				439				439				439				439				439
Dedicated Schools Grant	11,919	62	(2,937)		9,044				9,044				9,044				9,044				9,044				9,044
Enhanced Bus Partnership Capacity Grant 22/23-24/25	171		(73)		98				98				98				98				98				98
General Grants Carried Forward	7,077	60	(1,067)		6,070		(11)		6,059				6,059				6,059				6,059				6,059
Holiday Activity and Healthy Food Grant Reserve	5				5				5				5				5				5				5
Levelling Up Fund	168				168				168				168				168				168				168
Public Health Grant - DAAT	357				357				357				357				357				357				357
Public Health Grant - Public Health	1,671		(481)		1,190				1,190				1,190				1,190				1,190				1,190
<b>Grant Reserves</b>	<b>22,644</b>	<b>122</b>	<b>(4,703)</b>	<b>-</b>	<b>18,063</b>	<b>-</b>	<b>(11)</b>	<b>-</b>	<b>18,052</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>18,052</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>18,052</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>18,052</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>18,052</b>
<b>Insurance Reserves</b>																									
Insurance Reserve	5,422				5,422				5,422				5,422				5,422				5,422				5,422
<b>Insurance Reserves</b>	<b>5,422</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,422</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,422</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,422</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,422</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,422</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,422</b>
<b>Service Reserves</b>																									
Adult Social Care Reserve	2,500		(2,500)		-	2,500			2,500				2,500				2,500				2,500				2,500
Children's Social Care Reserve	2,500		(2,500)		-	2,500			2,500				2,500				2,500				2,500				2,500
Domestic Abuse Reserve	285				285				285				285				285				285				285
Elections Reserve	60		(60)		-	100			100	108			208		(36)		172		(36)		136		(36)		100
Internal Audit Reserve	393				393				393				393				393				393				393
Local Land Charges Reserve	100				100				100				100				100				100				100
Schools Improvement	150		(150)		-				-				-				-				-				-
SEND Neuro Hub Reserve	79				79				79				79				79				79				79
Shared Lives - Delayed Respite	117				117				117				117				117				117				117
Social Landlord Reserve	146				146				146				146				146				146				146
Supporting People Reserve	749				749				749				749				749				749				749
Waste Management Reserve	2,130		(609)		1,521				1,521				1,521				1,521				1,521				1,521
Welfare Reform Reserve	248				248				248				248				248				248				248
<b>Service Reserves</b>	<b>9,803</b>	<b>-</b>	<b>(5,907)</b>	<b>-</b>	<b>3,896</b>	<b>5,100</b>	<b>-</b>	<b>-</b>	<b>8,996</b>	<b>108</b>	<b>-</b>	<b>-</b>	<b>9,104</b>	<b>-</b>	<b>(36)</b>	<b>-</b>	<b>9,068</b>	<b>-</b>	<b>(36)</b>	<b>-</b>	<b>9,032</b>	<b>-</b>	<b>(36)</b>	<b>-</b>	<b>8,996</b>
<b>Monies Held In Trust</b>																									
Comp-3 When Children Reach 18	3				3				3				3				3				3				3
Emily Brigs Trust	17				17				17				17				17				17				17
Thorpe Smith Bequest	33				33				33				33				33				33				33
<b>Monies Held In Trust</b>	<b>53</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>53</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>53</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>53</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>53</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>53</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>53</b>
<b>Total General Fund Earmarked Reserves</b>	<b>77,276</b>	<b>828</b>	<b>(16,139)</b>	<b>-</b>	<b>61,965</b>	<b>7,006</b>	<b>(1,958)</b>	<b>-</b>	<b>67,013</b>	<b>759</b>	<b>(1,342)</b>	<b>-</b>	<b>66,430</b>	<b>651</b>	<b>(4,356)</b>	<b>-</b>	<b>62,725</b>	<b>2,151</b>	<b>(1,376)</b>	<b>-</b>	<b>63,500</b>	<b>1,526</b>	<b>(776)</b>	<b>-</b>	<b>64,250</b>

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COUNCIL BUDGET 2024/25 TO 2028/29

SECTION 151 OFFICER'S STATEMENT ON ADEQUACY OF BALANCES  
AND THE ROBUSTNESS OF THE BUDGET

**1. Introduction**

1.1. The Chief Financial Officer is required to make a statement on the adequacy of reserves and the robustness of the budget. This is a statutory duty under Section 25 of the 2003 Local Government Act which states the following:

- a) Where an authority to which Section 32 or 43 of the Local Government Finance Act 1992 (billing or major precepting authority) or Section 85 of the Greater London Authority Act 1999 (c.29) (Great London Authority) applies is making calculations in accordance with that section, the Chief Finance Officer of the authority must report to it on the following matters:
- The robustness of the estimates made for the purposes of the calculations, and
  - The adequacy of the proposed financial reserves.
- b) An authority to which a report under this section is made shall have regard to the report when making decisions about the calculations in connection with which it is made.

This includes reporting and considering:

- The key assumptions in the proposed budget and to give a view on the robustness of those assumptions.
  - The key risk areas in the budget and to assess the adequacy of the Council's reserves when reviewing the potential financial impact of these risk areas on the finances of the Council. This should be accompanied by a Reserves Strategy.
- 1.2. CIPFA published a new Financial Management (FM) Code in October 2019. One of the 17 standards included in the Code is ***'the budget report includes a statement by the chief financial officer on the robustness of the estimates and a statement on the adequacy of the proposed financial reserves.'*** Compliance with the FM Code has been required since 2021/22. This is a good practice approach that Southend-on-Sea have always followed, and the statement is updated in light of the

prevailing circumstances and assessment of relevant risks each financial year.

- 1.3. This statement must be considered and approved by full Council as part of the budget approval and Council Tax setting process.
- 1.4. This document concentrates on the General Fund budget, the Housing Revenue Account and Capital Investment Programme, but in addition it also considers key medium-term issues faced by the Council.
- 1.5. The importance of this overall approach and need for prudent and realistic levels of reserves and provisions was brought sharply into focus by the impact of COVID-19 on both the finances and operations of the Local Government Sector throughout 2020/21 and 2021/22. The importance has continued into 2022/23 and 2023/24 with the Council, like most local authorities, who are experiencing major increases in service demand post the pandemic combined with unavoidable rapid inflationary increases in operating costs across almost every aspect of its organisation. This has had a huge impact on the Council's financial plans for 2023/24.

## **2. Assurance Statement of the Council's Section 151 Officer**

- 2.1. The following are the summary assurances and recommendations of the Council's Section 151 Officer (currently the Executive Director of Finance and Resources). They must be read in conjunction with the supporting statement in this Appendix, which together make up the Section 151 Officer's statutory duty to report under Section 25 of the Local Government Act 2003.
  - 2.1.1. In relation to the 2024/25 General Fund Revenue budget, I have examined the budget proposals and I believe that, whilst the spending and service delivery proposals are challenging, they are nevertheless achievable given the political and management desire to implement the changes. Good management and the sound monitoring of performance and budgets will be essential. I am satisfied that sufficient management processes exist within the Council to deliver this budget and to identify and deal with any problems which may arise unexpectedly during the year.
  - 2.1.2. The key process risks in making the above statement are the level of resources within the Council dedicated to providing financial support, constructive challenge, insight and advice to service managers, to enable a clear focus to be placed on key high risk budget areas.
  - 2.1.3. My recommendations are also conditional upon:

- a) The Council continuing to assess, learn, report, and respond appropriately to the impact of the prevailing inflationary pressures and cost of living crisis across all aspects of its operations.
- b) The Council approving the updated Medium Term Financial Strategy for 2024/25 to 2028/29
- c) A recognition in the medium-term planning approach that the level of reserves and corporate risk assessment need to be regularly reviewed in the light of changing circumstances and that it may not be possible to match the two at any single point in time. The Council needs to show a commitment to maintain reserves at a level which provides adequate cover for most identified risks during the planning period. This approach is pragmatic and shows a clear commitment to prudent contingency planning.
- d) It must be noted, however, that the recommended levels of reserves could still leave the Council exposed to the very exceptional risks identified in this review and, if all those risks crystallised at the same time, then the total level of reserves could be inadequate.
- e) Cabinet Members, the Chief Executive, Executive Directors and service managers should not exceed their cash limits for 2024/25 (and future years covered by the Medium-Term Financial Strategy).
- f) Taking every opportunity to meet the Reserves Strategy as a first call on any windfall underspends.
- g) Not considering further calls on reserves other than for those risks that have been identified, those that could not have been reasonably foreseen and that cannot be dealt with through management or policy actions. The exception to this is where the Reserves Strategy (reviewed annually and reserves adjusted as required during the financial year) is met. Even in those circumstances, it is not prudent to finance ongoing spending from one-off reserves. Any excess reserves should be targeted towards business transformation via the Council's developing blueprint for transformational change (including any redundancies and invest to save initiatives), key services particularly Childrens and Adults, contributions to support capital investment, Local Government funding changes and the impacts of significant changes in national policy.
- h) Where there is a draw-down on reserves, which causes the approved Reserves Strategy to be temporarily off target, that this is replenished as part of a revised Medium Term Financial Strategy. This approach was taken in setting the 2022/23 Budget, where £2.5M of Earmarked Reserves were used and this is now planned to be replenished over 2024/25 – 2027/28. The first repayment instalment of £625,000 will be made to reserves in 2024/25. This approach was then continued in setting the 2023/24 Budget, where £1M of General Reserves were used and this is

planned to be replenished over 2024/25 – 2027/28. The first repayment instalment of £250,000 will be made to reserves in 2024/25.

- i) That the Council has arrangements and resources in place to consider and assess value for money across the delivery of all its services and operations in preparation for future years' budgets.

2.1.4. In relation to the adequacy of reserves, I recommend the following Reserves Strategy based on an approach to evidence the requisite level of reserves by internal financial risk assessment. The Reserves Strategy will need to be reviewed annually and adjusted in the light of the prevailing circumstances.

- a) An absolute **minimum level** of unallocated General Fund reserves of **£8 million** is maintained throughout the period between 2024/25 to 2028/29.
- b) An **optimal level** of unallocated General Fund reserves of between **£10 million and £11 million** over the period 2024/25 to 2028/29 to cover the absolute minimum level of reserves, in-year risks, cash flow needs and unforeseen circumstances.
- c) A **maximum level** of unallocated General Fund reserves of **£12 million** for the period 2024/25 to 2028/29 to provide additional resilience to implement the Medium-Term Financial Strategy.
- d) A Reserves Strategy to remain within the recommended level of reserves over the relevant period of 2024/25 to 2028/29.

2.1.5. The estimated level of unallocated General Fund reserves as at 31 March 2024, based on current projections is **£10 million** depending on the final outturn position. Therefore:

- a) The absolute minimum level of reserves of £8 million is currently being achieved.
- b) The optimal level of reserves of between £10 million and £11 million will be met as the approved use of £1 million to support the 2023/24 budget will be replenished over the life of the Medium-Term Financial Plan reverting back to £11 million.
- c) The maximum level of reserves of £12 million is not being exceeded.
- d) Reserves should remain within the recommended range of reserves during 2024/25. This is subject to the cash limited budget for 2024/25 being met.

2.1.6. These recommendations are made based on:

- a) The risks identified by the Chief Executive and Executive Directors reviews of their budgets.



- b) My own enquiries during the development of the current budget proposals.
- c) The resilience and sustainability required to deliver the Medium-Term Financial Strategy.
- d) One-off unallocated reserves not being used to fund new on-going commitments.
- e) That the reserves in 2024/25 and the foreseeable future are used only if risks materialise and cannot be contained by management or policy actions.
- f) That where reserves are drawn down, the level of reserves is maintained in line with the latest Medium Term Financial Strategy.

2.1.7. There are also serious exceptional risks which, if they crystallise, could significantly impact the Council's reserves, and leave its financial standing seriously in question. These include:

- a) There are still huge concerns over current inflationary pressures, particularly around energy. Sustained high levels of inflation will have a major impact across the Council's financial plans.
- b) The continuing major increasing cost and demand pressure trends for adult and children social care is of particular and growing concern and it is important in both areas that the relevant management teams ensure these budgets are demand managed effectively to ensure the Council's future financial sustainability.
- c) The potential for cliff slips, pier remediation works, and any other unforeseen Council owned infrastructure issues.
- d) The Recycling and Waste Collection contract is the largest single contract for the Council and is currently in live procurement and in order to deliver this procurement robustly an extension has been entered into with the current provider. The Council needs to complete the rest of the procurement process and work through the subsequent implementation. There is a lot of volatility, new legislative and environmental requirements, which will potentially add extra risks and significant costs nationally across the market. The Council has made the decision to proceed with alternate weekly recycling and waste collection, but careful consideration and evaluation of both the costs and service offer will be undertaken on receiving the market's response to the new contract opportunity. The Council must choose the most relevant waste collection arrangements providing the best value for money. This decision is critical to maintain the Council's future financial viability.
- e) The financial implications from the Care Act, adult social care and other welfare reform changes or other associated Housing legislation have been delayed but there is no clarity on when or if further national policy changes in these areas will be introduced in

the future. If they are implemented without appropriate levels of additional government funding, then this could have a major impact on the Council's future financial sustainability.

- f) The high risk surrounding the non-delivery of savings and exceeding investment proposals within the budget package for 2024/25.
- g) The risk of not comprehensively developing and robustly implementing and actioning the programme of transformation.
- h) The financial uncertainty for the public sector arising from the prevailing and continuing global, national and local conditions.
- i) The risk of further significant reductions in income and Government grant funding, particularly in relation to:
  - Growth and decline in the Council's Tax base and Business Rates base.
  - Academies funding.
  - Future Government changes in policy and funding for Local Government, particularly the unknown impact of when the next Comprehensive Spending Round will happen and the impending General Election.
  - The need to address the Country's ongoing Public Sector Borrowing Requirement (PSBR) and the structural financial deficit.
- j) Insurance Claims.
- k) Any ongoing impact on Council services and Budget in 2024/25 and later years arising from the withdrawal from the European Union on 01/01/2021.

2.1.8. In relation to the Housing Revenue Account (HRA) in 2024/25 and the medium to long term:

- a) Given the current status of housing management provision the recommendation is that general reserves be maintained at the target figure of £3.5m.
- b) A 2024/25 budget has been agreed with South Essex Homes Ltd. to maintain a balanced HRA.
- c) Forward projections for the HRA beyond 2024/25 are being remodelled. In addition, this is linked to the HRA's own Medium Term Financial Strategy for the period 2024/25 to 2028/29.

The current position demonstrates that it is possible to:

- Maintain a balanced HRA throughout that period.
- Meet current level of capital investment, and
- Repayment of required debt.

2.1.9. In relation to the General Fund and HRA Capital Investment Programme 2023/24 to 2028/29 (including commitments from previous years and new starts):

- a) The HRA Capital Programme will need to be contained within the total programme cost.
- b) The General Fund Capital Budget is substantial and is based on the best information available in terms of project costs. What is less certain but is in a far better position following the Leader's and Group Leader's capital challenge sessions is the actual phasing of expenditure, which urgently needs further consideration and further prioritisation of any new projects particularly those still subject to a viable business case.
- c) The key strategic schemes identified in the Capital Investment Programme will be closely monitored in-year.
- d) That the funding identified for the approved Capital Investment Programme is delivered and is proportionate, prudent, affordable, and sustainable.

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

- a) The delivery of the agreed Capital Strategy and Asset Management Plan is a critical priority to enable the matching of resources to needs and priorities.

## 2.2. **Assurance**

Given all these factors, I, as the Council's Section 151 Officer, consider the estimates for 2024/25 to be sufficiently robust and recommend for approval by the Council. I am also able to advise the Council that the level of General Fund Reserves is adequate and to recommend a Reserves Strategy which is achievable for 2024/25 – 2028/29.

**3. Supporting Statement**

**3.1. Processes**

3.1.1. Budget estimates are exactly that – estimates of spending and income made at a point in time and which will change as circumstances change. This statement about the robustness of estimates cannot give a 100% guarantee about the budget but gives Members reasonable assurance that the budget has been based on the best information and assumptions available at the time.

3.1.2. To meet the requirement on the robustness of estimates several key processes have been put in place, including:

- a) The issuing of clear guidance to Services on preparing budgets.
- b) The development of a Council wide risk assessment.
- c) The use of extensive budget monitoring and its escalation process to identify risks.
- d) The Council's S151 Officer providing advice throughout the process of budget preparation and budget monitoring.
- e) The Chief Executive and Executive Directors review of their budgets and appropriate sensitivity analysis.
- f) A review of all budget proposals and implications by CLT from April 2023 to January 2024.
- g) A review of budget proposals and implications by Cabinet Members from July 2023 to January 2024.
- h) An introduction of Revenue budget challenge sessions to complement the current Capital budget challenge sessions undertaken – both now overseen by the Leader and all group leaders
- i) Enquiries made directly by the Section 151 Officer and Finance Officers.

3.1.3. Notwithstanding these arrangements, which are designed to rigorously test the budget throughout its various stages of development, considerable reliance is placed on the Chief Executive, Executive Directors and Directors having proper arrangements in place to identify issues, project costs, service demands, income levels, to consider value for money and efficiency, and to implement changes in their service plans. These arrangements are supported by appropriately qualified financial staff. The "Knowing your Business" programme is vital to this process and all budget managers need to be fully engaged in this programme and be held accountable for both operational and financial performance.

- 3.1.4. A summary of the key budget assumptions considered by all service managers and professional finance staff in terms of assessing the robustness of their budgets are shown below:
- a) The treatment of inflation and interest rates.
  - b) The treatment of demand led pressures.
  - c) The treatment of efficiency savings/productivity gains.
  - d) The financial risks inherent in any significant new funding partnerships, major outsourcing deals, or major capital developments.
  - e) The availability of other funds to deal with major contingencies.
  - f) The Service's track record in budget and financial management.
  - g) The Service's capacity to manage in-year budget pressures.
- 3.1.5. The full key budget assumptions and comments by the Chief Executive and Executive Directors have been used in constructing all budget proposals.
- 3.1.6. Corporate and service processes are under continuous review and improvement. Over the last few years there has been a sustained emphasis on a robust scheme of budget and performance monitoring with an improved reporting format to Cabinet and Members in 2020/21, which was further improved in 2021/22 through to 2023/24. This will be further enhanced in 2024.25 with the new CLT Transformation Board and Cross-Party Members Finance Panel.
- 3.1.7. There are also clear plans in place for the continuous improvement and development of the ERP system (Business World) covering both Financial and HR systems. This will strengthen the authority's capacity and ability to monitor more effectively the overall budget. Continual improvement in these processes will also assist in the prevention or at least the earlier identification of issues to be dealt with in the budget and Medium-Term Financial Strategy and allow for any in-year rebalancing to be undertaken as soon as possible if required. Nevertheless, in preparing a comprehensive budget for such a complex Organisation, unforeseen issues will undoubtedly still arise throughout the year and in the future.

### 3.2. **Robustness of Estimates - General Fund Revenue Budget**

- 3.2.1. The 2024/25 budget and Corporate Plan priorities continues the need and our commitment to target our financial resources to delivering better outcomes and effectively manage risks. These arrangements have been enhanced further by the development and introduction of detailed service plans from 2023/24. In addition to improving efficiency, there are clearly choices for the Council in this respect:

- a) To increase financial resources to meet demand and reduce risk, and/or
  - b) To reduce (where possible) service levels and standards, frequency of service delivery, and eligibility for services.
- 3.2.2. As part of developing the budget, Members of the administration have considered these options and the outcome of these deliberations are reflected in the proposed overall budget package.
- 3.2.3. Most notably the Council has had to address major cost increases and pressures as well as corporate priorities including:
- a) Employee costs.
  - b) Significant inflationary pressures.
  - c) Increasing demand and cost pressures for Adult and Children Social Care.
  - d) The cost of prudential borrowing within the capital investment programme.
  - e) Some shortfalls in income and grant income.
- 3.2.4. The factors and risks considered in developing the proposed budget and recommendations on reserves are contained in each of the Executive Director's proposals surrounding their Service budget.
- 3.2.5. The relevant Executive Director and portfolio holder will also sign for their 2024/25 budget before the financial year commences to further enhance accountability and deliverability of the approved budget for each Department/Portfolio.
- 3.2.6. These assumptions will require the forecasts for future years to be reviewed early in each financial year leading to more detailed budgets during the autumn of each financial year.
- 3.3. **Financial Sustainability Strategy**
- 3.3.1. The Council has previously developed and updated a high-level long-term strategy that is designed to frame its financial future and intentions. This strategy helps set the context for the Medium-Term Financial Strategy, guide the Council's approach to maximising resources, prioritising investment and the effective targeting of resources to deliver the ambitions and outcomes contained within the Corporate Plan.
- 3.3.2. Its primary purpose is to outline the Council's approach, desire, and commitment to achieving financial sustainability by embracing the area's economic potential, growing our local tax base and increase sustainable income capabilities.

3.3.3. The Council will not review this strategy as part of the budget process for 2024/25 due to the following factors:

- the exceptionally challenging operating environment caused by the significant inflationary increases and service demand pressures in 2023/24.
- that these issues will continue into 2024/25.
- the funding settlement was for one year only, with no Comprehensive Spending Review announced.
- the likelihood of Government departmental spending plans being affected by the impending general election.

### 3.4. **Medium Term Financial Strategy**

3.4.1. The Council needs to deliver its Medium -Term Financial Strategy reflecting the continuing impact of the proposed budget and only planned growth in relation to issues that are statutory and unavoidable. Within the current uncertain financial climate, it is very likely that service standards for discretionary services will need to be reviewed and Council Tax increases will need to be implemented to the referendum limit. This is an expectation of Central Government as part of their local Spending Power calculations. The Council also requires a clear commitment to improving efficiency and productivity whilst adopting a more commercial approach to income generation will be required.

3.4.2. An updated Medium Term Financial Strategy (2024/25 – 2028/29) will be developed and considered for approval by Council in February 2024, as part of the budget setting process for 2024/25.

### 3.5. **Adequacy of Reserves – General Fund Revenue Budget**

3.5.1. Under the Local Government 2003 Act the Secretary of State has powers to set a minimum level of reserves. The most likely use of this power is where an authority is running down its reserves against the advice of their S151 Officer.

3.5.2. Determining the appropriate levels of reserves is not a precise science or a formula e.g. a simple percentage of the Council's budget. It is the Council's safety net for risks, unforeseen or other circumstances. The reserves must last the lifetime of the Council unless contributions are made from future years' revenue budgets. The minimum level of balances cannot be judged merely against the current risks facing the council as these can and will change over time.

3.5.3. Determining the appropriate levels of reserves is a professional judgement based on local circumstances including the overall budget

size, risks, robustness of budget preparation, major initiatives being undertaken, budget assumptions, other earmarked reserves and provisions, and the Council's track record in budget management. It is also a professional judgement on the external factors that influence the Council's current and future funding position.

3.5.4. The consequences of not keeping a minimum prudent level of reserves can be serious. In the event of a major problem or a series of events, the Council would run the serious risk of a deficit or of being forced to cut spending during the year in a damaging and arbitrary way.

3.5.5. The recommendation on the prudent level of reserves has been based on the robustness of estimate information and the Corporate Risk Register. In addition, the other strategic operational and financial risks considered when recommending the minimum level of unallocated General Fund reserves include:

- a) There is always some degree of uncertainty over whether the full effects of any economising measures and/or service reductions will be achieved. The Executive Directors have been requested to be prudent in their assumptions and that those assumptions, particularly about demand led budgets, will hold true in changing circumstances.
- b) The Bellwin Scheme Emergency Financial Assistance to Local Authorities provides assistance in the event of an emergency. The Local Authority can claim assistance with the cost of dealing with an emergency over and above a threshold set by the Government.
- c) The risk of major litigation, both current and in the future.
- d) Risks in the inter-relationship between the NHS and Social Service authorities coupled with the responsibilities of Public Health.
- e) The Local Council Tax Support Scheme with less Government funding and increases in caseload at the Council's own risk
- f) Issues arising from the final Housing Benefit Subsidy Claim.
- g) The localisation of Business Rates including the impact of businesses declining in the city boundaries.
- h) New and impending legislation.
- i) Unplanned volume increases in major demand led budgets, particularly in adult and children's services, learning disabilities, physical and sensory impairment, homelessness and housing benefits.
- j) The potential for income generated from fees and charges reducing
- k) The need to retain a general contingency to provide for some measure of unforeseen circumstances which may arise. This part of the reserves is not provided for directly but indirectly on the assumption that the financial risks identified will not all crystallise.



- l) The need to retain reserves for general day-to-day cash flow needs. This is minimal given the level of cash the Council holds at any given time.
- m) The potential impact nationally, regionally, and locally of new climate change initiatives and commitment to our green agenda.
- n) The longer-term impact of the inflationary pressure and cost of living crisis on the finances and operational arrangements of the Council.

3.5.6. Further exceptional risks identified may have a potential and serious call on reserves. The Council is advised to be cautious about these risks and commit to restoring any drawn down reserves in line with the Medium-Term Financial Strategy.

3.5.7. In these circumstances, I will require the Council, Cabinet, Chief Executive, Executive Directors and Directors:

- a) To remain within their service budget for 2024/25 and within agreed medium term financial strategy parameters for future years (2025/26 to 2028/29) with a strict adherence to recovering overspends within future years' financial plan targets.
- b) Repayment to reserves in line with the Medium-Term Financial Strategy should these risks materialise.
- c) Direct any windfall revenue savings/underspends to reserves should the General Fund Revenue Reserves Strategy require it.
- d) To make appropriate evidenced based value for money decisions.

### 3.6. **Estimated Earmarked General Fund Revenue Reserves**

3.6.1. I have reviewed the Council's General Fund earmarked revenue reserves which are estimated to amount to circa. £62.0 million as at 1<sup>st</sup> April 2024. This will be compiled of key reserves for Capital at £18.3 million, Corporate at £16.3 million, Grants at £18.1 million, Insurance at £5.4 million and Service Reserves at £3.9 million. Further consideration and potential reassessment of all earmarked reserves will be undertaken considering budget decisions taken in February 2024, which includes proposed appropriations of £5M in total to the Adult Social Care and Children's Social Care Reserves.

### 3.7. **Estimated Earmarked Housing Revenue Account Revenue Reserves**

3.7.1. I have reviewed the Council's Housing Revenue Account earmarked revenue reserves which are estimated to amount to £36.0 million as at 1<sup>st</sup> April 2024. This is compiled mainly of a Capital Investment reserve of £24.7 million and Major Repairs reserve of £10.5million.

3.8. **Schools' Balances**

- 3.8.1. Schools' balances, while consolidated into the Council's overall accounts, are a matter for Governing Bodies. Nevertheless, under the Council's Scheme for Financing Schools the Council has a duty to scrutinise whether any school holds surplus balances. In Section 5.1 of the Council's Scheme is "The right to carry forward surplus balances" identifies that Schools may carry forward from one financial year to the next any surplus/deficit in net expenditure relative to the school's budget share for the year plus/minus any balance brought forward from the previous year.
- 3.8.2. Any revisions to the Council's Scheme for Financing Schools in respect of balances will be amended in line with the requirements of the Secretary of State for Education with minor amendments agreed by the Schools' Forum.
- 3.8.3. I am satisfied that the arrangements in place are adequate.

3.9. **Capital Investment Programme – 2024/25 to 2028/29**

**The Capital Budget**

- 3.9.1. Projects, included in the capital investment programme, were prepared by Directors and managers in line with financial regulations and guidance. All projects were agreed by the relevant member of CLT and Cabinet Member and are fully funded for their estimated capital and revenue cost.
- 3.9.2. Projects have been costed at outturn prices with many subject to tender after inclusion in the programme. This may lead to variance in the final costs.
- 3.9.3. Services are required to work within the given cash envelope so any under or over provision must be found within these limits.

**Capital Investment Programme Risks**

- 3.9.4. The risk of the Council being unable to fund variations in the programme is minimal mainly due to phasing of projects. The Council can freeze parts of the programme throughout the year to ensure spend is within the agreed financial envelope, although this may have service implications.
- 3.9.5. A further key risk to the capital investment programme is the ability of the Council to fully deliver it within the agreed timescales.
- 3.9.6. In relation to the General Fund and HRA Capital Investment Programme specifically for 2024/25 (including commitments from previous years and new starts):

- a) The HRA Capital Investment Programme will need to be contained within total programme cost by delaying or stopping specified schemes.
- b) The General Fund Capital Budget is substantial but is based on the best information available in terms of project costs. What is less certain but is in a far better position following the Leader's and Group Leader's capital challenge sessions is the actual phasing of expenditure, which urgently needs further consideration and further prioritisation of any new projects particularly those still subject to a viable business case.
- c) The strategic schemes identified in the Capital Investment Programme will be closely monitored in-year.
- d) That the funding identified for the approved Capital Investment Programme is delivered and is proportionate, prudent, affordable, and sustainable.

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## Appropriations to and from General Fund Earmarked Reserves

### Appropriations for 2024/25

The proposed appropriations to and from earmarked reserves included within the 2024/25 budget are:

#### **Appropriations to Reserves**

**1. £26,000 to the New Homes Bonus Reserve**

The Council currently continues to receive New Homes Bonus Grant. Given the uncertainty over the level of this grant in the future, it is proposed that any monies continue to be used to support one-off projects.

**2. £625,000 to the Capital Reserve**

£2,500,000 which was used to support the overall budget in 2022/23 will be repaid into the reserve over the following four years at a rate of £625,000 per annum.

**3. £250,000 to the General Reserve**

£1,000,000 which was used to support the overall budget in 2023/24 will be repaid into the reserve over the following four years at a rate of £250,000 per annum.

**4. £100,000 to the Elections Reserve**

Replenishment of the Elections Reserve which has been depleted over recent years, largely due to increased costs associated with COVID-19 measures and the impact of inflation.

**5. £1,160,000 to the Service Redesign Reserve**

Provision for the costs associated with multiple service redesigns that form part of the 2024/25 savings proposals.

**6. £2,500,000 to the Adult Social Care Reserve**

Replenishment of the Adult Social Care Reserve. It is expected that the 2023/24 reserve will be required to fund the in-year deficit. The forecast outturn at November 2023 (Period 8) for Adult Social Care is £4.551M.

**Appropriations to and from General Fund Earmarked Reserves**

**7. £2,500,000 to the Children’s Social Care Reserve**

Replenishment of the Children’s Social Care Reserve. It is expected that the 2023/24 reserve will be required to fund the in-year deficit. The forecast outturn at November 2023 (Period 8) for Children’s Social Care is £7.022M.

**Total Appropriations to Reserves** **£7,161,000**

**Appropriations from Reserves**

**1. £47,000 from the Capital Reserve**

£47,000 to fund several capital projects proposed as part of the 2024/25 budget package.

**2. £205,000 from the Business Transformation Reserve**

Funding for multi-year projects agreed during 2022/23 and 2023/24.

**3. £1,180,000 from the Technology Transition and Systems Modernisation Reserve**

Funding to deliver year 4 of the Technology Modernisation programme.

**4. £145,000 from the Transformation Implementation Reserve**

Funding to help enable the delivery of the organisations proposals outlined in Appendices 6, 7 and 8.

**5. £275,000 from the Business World ERP Reserve**

Funding to enable the delivery of Phase 2 of the ERP project.

**6. £11,000 from the Grant Reserve**

One-off funding to support an existing project in Economic Inclusion.

**Total Appropriations from Reserves** **£1,863,000**

## Summary of General Fund Revenue Estimates

	Original Budget 2023/24	Probable Outturn 2023/24	Draft Budget 2024/25
	£000s	£000s	£000s
<b>Portfolios</b>			
Leader: SEND	17,266	18,678	15,667
Deputy Leader: Environment	19,771	21,059	20,897
Adult Social Care, Health, Public Health, and Constitutional Affairs	60,737	67,795	65,353
Arts, Culture, Heritage and Leisure	4,378	4,696	5,142
Childrens Services, Education and Learning	33,180	41,587	36,596
Community Safety and Public Protection	1,946	2,211	2,033
Economic Growth and Investment	1,211	1,224	779
Highways, Transport and Parking	278	782	(253)
Housing and Planning	4,110	4,086	4,088
Regulatory Services	2,436	2,925	1,750
<b>Portfolio Net Expenditure</b>	<b>145,313</b>	<b>165,043</b>	<b>152,052</b>
Levies	715	764	840
Contingency	1,048	393	3,193
Pensions Triennial Review	0	0	0
Financing Costs	17,927	12,805	12,047
<b>Total Net Expenditure</b>	<b>165,003</b>	<b>179,005</b>	<b>168,132</b>
Contribution to / (from) earmarked reserves	(1,762)	(8,622)	5,298
Revenue Contribution to Capital	471	471	832
Non Service Specific Grants	(19,837)	(19,896)	(24,188)
<b>Total Budget Requirement</b>	<b>143,875</b>	<b>150,958</b>	<b>150,074</b>
<b>Met from:</b>			
Revenue Support Grant	(7,118)	(7,118)	(7,590)
Business Rates	(36,258)	(37,058)	(37,989)
Collection Fund Surplus	(2,000)	(2,000)	(1,000)
General Reserves	(1,000)	(1,000)	0
<b>Council Tax Requirement</b>	<b>97,499</b>	<b>103,782</b>	<b>103,495</b>
Council Tax	(84,624)	(84,624)	(88,510)
Adult Social Care Precept	(12,875)	(12,875)	(14,985)
	<b>(97,499)</b>	<b>(97,499)</b>	<b>(103,495)</b>

The probable outturn is as reported to Cabinet on 11th January 2024. It is anticipated that the current forecast overspend will be met by a combination of management actions to reduce expenditure and/or Council reserves.

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## Unavoidable Cost Pressures

Reference	Justification	2024/25 Total £000
<b>Non-Portfolio and Cross-Organisational Pressures</b>		
01-COP	<b>Staffing Establishment Costs 2024/25</b> £3.63 million has been provided for a pay award of up to 4% and the impact of officers moving through their contractual scale point increments. The actual pay award is not yet known and could result in either a budget surplus or pressure, this estimate is based on the best information currently available. <b>[X-Council: EDFR]</b>	3,625
02-COP	<b>Investment, income and financing alignment</b> This now reflects all the planned changes to the Capital Programme and accounting requirements in accordance with the range of accountancy codes. The base budget will be set at the estimated right level as part of the medium term financial planning view. <b>[X-Council: EDFR]</b>	1,615
03-COP	<b>Contractual Inflation (Not Energy Related)</b> This amount will be allocated to our Corporate Contingency budget initially and drawn upon by services throughout 2024/25 to fund increases in contractual costs as a result of inflation clauses. Services will be expected to try to manage their 3rd Party contracts as cash limited budgets at 2023/24 levels wherever possible. <b>[X-Council: EDFR]</b>	1,000
04-COP	<b>Energy Inflation Costs 2024/25</b> This amount will be allocated to our Corporate Contingency budget initially and drawn upon by services throughout 2024/25 to fund increases in energy costs as a result of inflation clauses. Services will be expected to try to manage their energy usage as cash limited budgets at 2023/24 levels wherever possible. <b>[X-Council: EDFR]</b>	600
05-COP	<b>Debt Position Review</b> Increase for bad and doubtful debts following a review of the Council's overall debt position. <b>[X-Council: EDFR]</b>	330
06-COP	<b>Base Budget Adjustments</b> A range of low value investments across services have been made to adjust the base budget where appropriate and set services on a more robust footing for 2024/25. <b>[X-Council: EDFR]</b>	225

Reference	Justification	2024/25 Total £000
07-COP	<b>Business Rates Liabilities</b> The Council usually compensates services for fluctuations in business rates liabilities through the Contingency budget, however given the size of the expected change in 2024/25 it is prudent to include this as a separate investment in the revenue base. [ <b>X-Council: EDFR</b> ]	220
08-COP	<b>Levies</b> Essex County Council have notified the Council than the Coroners Court Levy in 2045/25 will increase by 25%, equivalent to £118,000. Notification of Environment Agency and Kent & Essex Fisheries levies has not been received at this time but an estimate of £7,000 has been provided to cover the expected inflationary increases in these levies. [ <b>EDFR</b> ]	125
<b>Cross-Organisational Pressures Total</b>		<b>7,740</b>

<b>Pressures Specific to Portfolio Services</b>		
<b>Leader: SEND</b>		
01-L	<b>Audit Fees</b> Public Sector Audit Appointments Ltd (PSAA), the Local Government Association-owned company responsible for procuring local authority audit services in England, announced on 3 October 2022 the results for the next five-year appointment period, commencing with financial years ending 31 March 2024. PSAA has warned local authorities to anticipate a fee increase in the order of 150% between 2022/23 and 2023/24. This investment will correct the base budget for future years. [ <b>EDFR</b> ]	265
02-L	<b>Legal Services Contract Specialist</b> This investment will enable a permanent member of staff specialising in contract law to be recruited to the Legal Services team. Without this investment advice will need to be purchased from external suppliers on an ad hoc basis and at a far higher cost to the organisation. [ <b>EDSC</b> ]	90
<b>Leader: Corporate Matters and Performance Delivery Total</b>		<b>355</b>

Reference	Justification	2024/25 Total £000
<b>Deputy Leader: Environment</b>		
01-DLENV	<p><b>Waste Collection Contract</b></p> <p>The recycling and waste collection contract is currently in live procurement and the Council has made the decision to proceed with alternate weekly recycling and waste collection (retaining weekly food waste collection). In order to deliver this procurement robustly an extension has been entered into with the current provider and this investment relates to the anticipated cost for the 2024/25 financial year. The medium term financial forecast includes an estimated investment for the new contract which is currently being procured. [EDEP]</p>	1,300
<b>Deputy Leader: Environment Total</b>		<b>1,300</b>
<b>Adult Social Care, Health, Public Health, and Constitutional Affairs</b>		
01-AHCA	<p><b>Provider Inflationary Uplift: National Living Wage</b></p> <p>This additional investment is to cover the increases in costs for providers of adult social care. It is intended to cover costs relating to increases in National Living Wage commitments and other costs increases faced by providers. This will help to improve the pay and conditions of the social care workforce and support the stability of the provider market. The additional monies set aside for this area will support an increase in prices paid for care and enable care providers to increase minimum wages so that they are able to meet statutory requirements. [EDAC]</p>	4,900
02-AHCA	<p><b>ASC Demographic Demand: Transitions, Older People and Working Age Adults</b></p> <p>Every year the number of people eligible for adult social care increases. This increase is made up of people receiving services as children who turn 18 and are eligible for adult social care (transitions), adults of working age and older people who become newly eligible for support through a change in personal circumstances, and people whose needs increase as a result of increased frailty or complexity. This amount is calculated from known costs for children turning 18, and a set of assumptions about population change for older people and adults of working age. [EDAC]</p>	1,300

Reference	Justification	2024/25 Total £000
03-AHCA	<b>NetPark</b> Exploring ways of continuing the support of the NetPark initiative. [EDAC]	50
<b>Adult Social Care, Health, Public Health, and Constitutional Affairs Total</b>		<b>6,250</b>

<b>Childrens Services, Education and Learning</b>		
01-CSEL  132	<b>Children's Social Care: Placements Pressure</b> This critical funding will be used to help offset part of the existing overspend across Children Placements. As reported through the Councils 2023/24 financial position, Children services remains with significant spend pressures and particularly within Children Care Placements for Residential Care and Independent Fostering agencies. £6.0M of the total £7.3M overspend directly attributable to Children Services (as reported at Period 8) is due to the cost pressures across care and support packages for children in care and children with disabilities supported under Section 17. Keeping safe and supporting our children in care must always remain a critical priority for the Council. This additional funding will therefore reduce opening spend pressures in 2024/25 on Children Services in relation to care placements to £3.420M (£6.0M 2023/24 overspend less this additional funding of £2.580M) prior to further and targeted cost pressure spend reductions. [EDCPH]	2,580
02-CSEL	<b>Children's Social Care: Placements</b> This funding will be used to help cover the costs of National Living wage increases for care and support for Children with Disabilities and allow a further uplift to support Inhouse foster care fees and allowances. This funding will also be partly used to assist with provider uplift requirements for supported accommodation placements as they are now required to be OFSTED registered under legislative changes when supporting 16 and 17 year olds. [EDCPH]	420

Reference	Justification	2024/25 Total £000
03-CSEL	<p><b>School Improvement Support</b></p> <p>This funding will be used to continue to support the ambition of all Southend schools to achieve good or outstanding. This funding effectively allows the continuation of posts supporting this function that was previously and annually one off funded. The functions of these posts is also wider than these critical aims including supporting governance arrangements of all Southend Schools and direct oversight of our maintained schools, offering professional challenge and support and statutory intervention measures if required. The posts also support quality assurance for pupils with additional and vulnerable needs, and will coordinate safeguarding investigations. [EDCPH]</p>	150
<b>Children and Learning and Inclusion Total</b>		<b>3,150</b>

<b>Economic Growth and Investment</b>		
01-EG	<p><b>Economic Recovery</b></p> <p>This funding will be used to deliver projects and initiatives supporting residents into work and advising/supporting local businesses following the Covid pandemic and current economic challenges. The funding will also enable some council match funding to attract and support wider external investment. [EDEP]</p>	100
<b>Economic Growth and Investment Total</b>		<b>100</b>

Reference	Justification	2024/25 Total £000
<b>Housing and Planning</b>		
01-HP	<b>Local Plan Staffing</b> This investment was included as part of the Cabinet decision to progress the Local Plan in 2019 but had not been included in the base budget. The service have managed their vacancies / secured additional income in previous years to fund this but this budget now needs to be rightsized accordingly. [EDEP]	140
<b>Housing and Planning Total</b>		<b>140</b>
<b>Total Pressures Specific to Portfolio Services</b>		<b>11,295</b>

	Cross-Organisational Pressures	7,740
	Leader: SEND	355
	Deputy Leader: Environment	1,300
134	Adult Social Care, Health, Public Health, and Constitutional Affairs	6,250
	Arts, Culture, Heritage and Leisure	-
	Childrens Services, Education and Learning	3,150
	Community Safety and Public Protection	-
	Economic Growth and Investment	100
	Housing and Planning	140
	Highways, Transport and Parking	-
	Regulatory Services	-
<b>Unavoidable Cost Pressures Total</b>		<b>19,035</b>

## Budget Savings and Income Generation Initiatives

Reference	Detail of Proposal	FTE Staffing Implications	Financial Impact		
			2024/25 £000	2025/26 £000	2026/27 £000
<b>Corporate Initiatives</b>					
COI-01	<b>Comprehensive Reserves and Capital Financing Requirement Review</b> Implementation of a more prudent policy for the provision of repayment of debt, giving the opportunity for replenishment of reserves that have been depleted over recent years in support of the overall budget position. [X-Council: EDFR]	-	(3,500)	(3,500)	(3,500)
COI-02	<b>Vacancy Factor</b> Introduce a departmental wide vacancy factor, the value is an estimate based on 3% of the budget for permanent staff. [All EDs]	-	(775)	(775)	(775)
COI-03	<b>Energy inflation 2023/24 unapplied</b> The 2023/24 budget included inflation contingency of £2.350m for energy. Actual rises in energy costs were lower than forecast and £0.5m of this contingency can be released as it is not required in the energy base budget for 2024/25. [EDFR]	-	(500)	(500)	(500)
COI-04	<b>Family Centres - Review</b> There are currently nine Family Centres delivering services across the city. Options being considered include retaining some existing sites and other sites focused to selected services, current service and activity offers will be reviewed. Any proposed changes, including which Family Centres would be affected, are subject to a six-week public consultation before a final decision is made. [EDCPH]	tbc	(350)	(350)	(350)
COI-05	<b>Redesign the 'Front Door' to the Council</b> Optimise digital channels so we can focus and direct manual support to the most complex interactions with residents. [X-Council: EDSC]	tbc	(300)	(600)	(600)
COI-06	<b>Utilisation of Education Grants</b> Part funding of Virtual School Officers from the Looked After Child Pupil Premium. [EDCPH]	-	(100)	(100)	(100)

Reference	Detail of Proposal	FTE Staffing Implications	Financial Impact		
			2024/25 £000	2025/26 £000	2026/27 £000
COI-07	<b>Utilisation of Education Grants - High Needs (Dedicated Schools Grant)</b> Part fund the Head of Service for Access and Inclusion at an applicable 75% of time allocation through the High Needs Dedicated Schools Grant. [EDCPH]	-	(70)	(70)	(70)
COI-08	<b>Museums Rateable Value Reductions</b> The rateable value of Museums will now be calculated by receipts and expenditure, which considers whether the property makes a net surplus, rather than the contractor's method, which assesses the cost of rebuilding the existing museum. Updated rateable values were effective from 1 April 2023 and this is the budget which can be removed as a result. [EDFR]	-	(60)	(60)	(60)
COI-09	<b>Discretionary Rate Relief Savings</b> See Council Tax Base Report Appendix C, elsewhere on the Agenda. [EDFR]	-	(60)	(60)	(60)
<b>Corporate Initiatives Total</b>		-	<b>(5,715)</b>	<b>(6,015)</b>	<b>(6,015)</b>



Reference	Detail of Proposal	FTE Staffing Implications	Financial Impact		
			2024/25 £000	2025/26 £000	2026/27 £000
<b>Efficiency and Productivity</b>					
EAP-01	<b>Equipment and Assistive Technology Pilots</b> Initiate projects to achieve better care and support packages with the aid of technology which in turn will reduce the reliance on paid care and prevent the rapid requirement for more care and support. [EDAC]	-	(250)	(250)	(250)
EAP-02	<b>Operational Estate Efficiencies</b> Better use of the Civic Campus (Civic One, Civic Two and Tickfield) with the closure of Civic Two and Tickfield. This will include changes to security, cleaning, space availability, controls, etc. [EDFR]	-	(170)	(170)	(170)
137	<b>Efficiency and Productivity Total</b>	-	<b>(420)</b>	<b>(420)</b>	<b>(420)</b>
<b>Organisational Redesign</b>					
ORE-01	<b>Restructure Adult Social Care Operations and Commissioning</b> Restructure Operations and Commissioning to deliver on new models of care and improved locality working. [EDAC]	10.00	(530)	(530)	(530)
ORE-02	<b>Director Roles and Vacancies</b> Remove three unfilled Director Positions from establishment. [X-Council]	3.00	(400)	(400)	(400)
ORE-03	<b>ICT Restructure</b> Full service restructure. [EDSC]	8.86	(395)	(395)	(395)

Reference	Detail of Proposal	FTE Staffing Implications	Financial Impact		
			2024/25 £000	2025/26 £000	2026/27 £000
ORE-04	<b>Pause Graduate Programme</b> Pause Graduate Programme for two years after the current cohort ends in September 2024. Consider options for apprenticeship programmes funded by the Apprenticeship Levy. [EDSC]	4.50	(200)	(200)	(150)
ORE-05	<b>Restructure the Senior Leadership Team of the Education, Inclusion and Early Years Service</b> Reduce the number of Heads of Service within the Directorate. [EDCPH]	1.00	(120)	(120)	(120)
ORE-06	<b>Centralisation of Project Managers</b> Centralising project management resource to optimise resource and capability. [EDSC]	2.00	(100)	(100)	(100)
ORE-07 138	<b>Corporate Strategy Staffing Restructure</b> Full service restructure of Corporate Strategy service. The saving is the estimated net impact of all the proposed changes. [EDSC]	1.00	(100)	(100)	(100)
ORE-08	<b>Service Restructures Excluding Library Restructure</b> Review and restructure museum, galleries and wider pier and foreshore teams. [EDAC]	tbc	(100)	(100)	(100)
ORE-09	<b>Environment and Place Leadership Team Restructure</b> The Environment and Place department has recently restructured its leadership team, resulting in a reduction in post numbers. The saving is the estimated net impact of all the proposed changes. [FDEP]	2.00	(85)	(85)	(85)
ORE-10	<b>Post Reduction: Workforce Practice Management</b> Deletion of a post which supports both Adults and Children's Services with workforce strategy and regional working initiatives. [EDCPH]	1.00	(80)	(80)	(80)
ORE-11	<b>Post Reduction: Operational Performance and Intelligence</b> This post has been vacant for a few months and will be deleted and therefore its functions will continue to now be distributed across other posts within the team. [EDCPH]	1.00	(70)	(70)	(70)

Reference	Detail of Proposal	FTE Staffing Implications	Financial Impact		
			2024/25 £000	2025/26 £000	2026/27 £000
ORE-12	<b>Post Reduction: Procurement</b> Review of the service resulting in the reduction of one post. [EDFR]	1.00	(70)	(70)	(70)
ORE-13	<b>Reception Staffing Reduction</b> Reduction in staffing for reception closure at Tickfield and Civic2 buildings. 2 FTE savings across both buildings. [EDSC]	2.00	(55)	(55)	(55)
ORE-14	<b>Post Reduction: People and Organisation</b> Restructure of Human Resources service managers. The saving is the estimated reduction in staffing costs offset by a reduction of circa £45,000 in income. [EDSC]	1.00	(35)	(35)	(35)
<b>Organisational Redesign Total</b>		<b>38.36</b>	<b>(2,340)</b>	<b>(2,340)</b>	<b>(2,290)</b>
<b>Service Offer Changes</b>					
SOC-01	<b>Parks Service Review</b> Undertake a thorough review of the Park Service with a view to implementing changes during 2024/25. Implement some short-term measures in 2023/24 through return of leased vehicles, decommissioning the nursery and reducing some agency staff leading to minor reductions in maintenance. [EDEP]	tbc	(250)	(250)	(250)
SOC-02	<b>Micro Enterprise Work</b> Cease the project to pump prime the setting up of small enterprises to provide personalised care responses as there is not a lack of this provision in the City [EDAC]	-	(100)	(100)	(100)
SOC-03	<b>Telecare Responder Service</b> Cease the Telecare Responder Service and align Telecare services and charging to those delivered by South Essex Homes. [EDAC]	-	(100)	(100)	(100)

Reference	Detail of Proposal	FTE Staffing Implications	Financial Impact		
			2024/25 £000	2025/26 £000	2026/27 £000
SOC-04	<b>Cultural and Pier Services Review</b> Reduce costs by limiting the opening hours or days of opening for specific services across Southend to reduce running costs and/ or rationalise rotas and staff numbers within existing opening hours. [EDAC]	1.00	(20)	(20)	(20)
SOC-05	<b>Concert Series</b> Concert services to be delivered as cost neutral. [EDAC]	-	(15)	(15)	(15)
SOC-06	<b>Review of Existing Library Provision</b> Explore the opportunity to reduce the number of libraries or their operating hours across the City. [EDAC]	-	-	To be evaluated	To be evaluated
<b>Service Offer Changes Total</b>		<b>1.00</b>	<b>(485)</b>	<b>(485)</b>	<b>(485)</b>
<b>Third Party Payments / Contractual Arrangements</b>					
TPP-01	<b>Concessionary Fares Scheme</b> This is underspending in the current year by an estimated £550k. It is anticipated there may well be an increase in costs / usage in the new year however there is a savings opportunity here. [EDEP]	-	(400)	(400)	(400)
TPP-02	<b>Transitional Supported Housing</b> Stop funding of the transitional supported housing contracts. [EDAC]	-	(300)	(300)	(300)
TPP-03	<b>Decommission Dementia Community Support Team</b> In response to the ending of the joint commissioning arrangements with partners, decommission the Dementia Community Support team and ensure that information and advice is available through our new social care structure and ongoing arrangements with the community and voluntary sector. This represents the Council's funding contribution to the partnership that is coming to an end. [EDAC]	14.00	(250)	(250)	(250)

Reference	Detail of Proposal	FTE Staffing Implications	Financial Impact		
			2024/25 £000	2025/26 £000	2026/27 £000
TPP-04	<b>Utilisation of Education Grants - Early Years (DSG)</b> Move 3 & 4 year old funding to the 97% passport rate (currently 98%). Timed with legislative duties of Children Care Expansion (will require Education Board approval). [EDCPH]	-	(100)	(100)	(100)
TPP-05	<b>Printing Resources</b> The function of the print room has evolved with the move to digital and remote working practices, the service delivery model will be reviewed alongside the print fleet contract which is due for renewal in September 2024. [EDFR]	-	(50)	(50)	(50)
TPP-06 141	<b>Southend Business Improvement District (BID) Service Level Agreement (SLA)</b> Review current SLA that has been in place since 2013 to ensure no cost burden to the Council in line with other BID areas. [EDAC]	-	(50)	(50)	(50)
TPP-07	<b>Essex County Council (ECC) Transferred Debt</b> Reduction in the amount we are required to reimburse ECC for the debt costs (interest and provision for repayment) on the remaining balance of the transferred debt. [EDFR]	-	(50)	(50)	(50)
TPP-08	<b>Internal Audit Resourcing</b> Review internal audit plan coverage to challenge whether all the assurance being sought is required, with a view to reducing expenditure with contractors in year and removal of vacant posts in the future. [EDFR]	-	(40)	(40)	(40)
TPP-09	<b>Connectivity Savings</b> Achieve fibre connectivity savings across the city. [EDSC]	-	(40)	(40)	(40)

Reference	Detail of Proposal	FTE Staffing Implications	Financial Impact		
			2024/25 £000	2025/26 £000	2026/27 £000
TPP-10	<b>Remove the ATM from Civic One</b> The ATM ('cash machine') is at the end of its life and in need of replacement. The number of transactions has been dropping and is well below that considered to be a well-used ATM. [EDFR]	-	(20)	(20)	(20)
TPP-11	<b>Consolidation of Low Value Third Party Payment Items</b> This item includes several proposals, each with a value of less than £10,000. Initiatives include: - Reduction of unused telephone lines [EDSC] - Cleaning in libraries [EDAC] - Southend Leisure and Tennis Centre (SLTC) Netball Courts [EDAC]	-	(15)	(15)	(15)
TPP <sub>1</sub> 12 <sub>42</sub>	<b>Community Grants</b> Reduce the community grant offer to Southend Association of Voluntary Services (SAVS) investment board. [EDAC]	-	-	To be evaluated	To be evaluated
<b>Third Party Payments / Contractual Arrangements Total</b>		<b>14.00</b>	<b>(1,315)</b>	<b>(1,315)</b>	<b>(1,315)</b>
<b>Income Generation Capability</b>					
IGC-01	<b>Reversal of Reduction in Investment Income</b> Due to an improvement in investment income, remove the reduction that was previously predicted when the 2023/24 budget was set. [EDFR]	-	(710)	(960)	(960)
IGC-02	<b>Investment Income Growth</b> Higher returns expected on many of the Council's treasury management investments as the bank base rate is expected to stay higher for longer, before decreasing again. [EDFR]	-	(1,835)	(195)	785

Reference	Detail of Proposal	FTE Staffing Implications	Financial Impact		
			2024/25 £000	2025/26 £000	2026/27 £000
IGC-03	<b>Full Cost Recovery for Council Services Provided Externally</b> Full cost recovery of support services (ICT, HR, payroll) provided to schools, traded companies and other external bodies. [EDSC]	-	(420)	(420)	(420)
IGC-04	<b>Fees and Charges Increase</b> An 10% increase of all the Council's fees and charges. Currently the Medium-Term Financial Plan (MTFP) assumes a 7% increase. Exceptions are parking, burials, cremation and planning charges, which are considered separately. [X-Council]	-	(260)	(260)	(260)
IGC-05 43	<b>Increase Planning Charges</b> Planning charges are set nationally and are due to increase by around 25%. [EDEP]	-	(150)	(150)	(150)
IGC-06	<b>South Essex Property Services (SEPS) Dividend</b> South Essex Property Services are a profitable subsidiary within our group of companies and it is proposed that a dividend of £150k is passported through to the parent company, the Council due to their successful their commercial activities. [EDEP]	-	(150)	(150)	(150)
IGC-07	<b>Increased Cremation Charges</b> After benchmarking cremation charges against neighbouring locations, indications are that we are currently below similar authorities and an overall increase of 15% to the charges is proposed which will still keep the service competitive. [EDEP]	-	(120)	(120)	(120)
IGC-08	<b>Pier Charging</b> Increase Pier ticket prices by 25p above the inflationary uplift that will be applied and review other Pier charges and ticketing schemes. [EDAC]	-	(100)	(100)	(100)

Reference	Detail of Proposal	FTE Staffing Implications	Financial Impact		
			2024/25 £000	2025/26 £000	2026/27 £000
IGC-09	<b>Beach Hut Terms</b> Revise the commercial terms for beach huts. It would involve renewing the terms for all beach huts to contain a claw back provision of 10% on non-family sales, extending the ability for all owners to offer day hire of their huts and applying a rent uplift. The 10% provision is already present in around a fifth of the huts. [EDFR]	-	(100)	(100)	(100)
IGC-10	<b>Electric Vehicle (EV) Charging Opportunities</b> Install EV charging points and receive commission on charging. [EDEP]	-	(50)	(150)	(150)
IGC-11	<b>Increased Burial Charges</b> Increase the cost of burials by 20% to help manage burial demand due to land availability. This will also increase the price differential between burial and cremation charges. Agreed by Cabinet 31 October 2023. [EDEP]	-	(40)	(40)	(40)
IGC-12	<b>Review Environment Protection Enforcement Model</b> Look at contracted, pro-active enforcement model for fly-tipping, littering, dog fouling, etc. which generates net income. [EDEP]	-	(30)	(30)	(30)
IGC-13	<b>Private Sector Leasing</b> Invest to save - set up leasing arrangements with a number of landlords to secure them working with us and not other councils. Would require some form of incentive over and above guarantees over our offer, liabilities and length of contract, but would speed up access to properties and be cheaper than ad hoc sourcing. Work is now underway to examine opportunities with some landlords, with an intention to pilot the approach and better understand its potential for scaling. Recent changes to Local Housing Allowance, announced as part of the autumn statement, will have some implications in the short term. [EDEP]	-	(25)	(25)	(25)



Reference	Detail of Proposal	FTE Staffing Implications	Financial Impact		
			2024/25 £000	2025/26 £000	2026/27 £000
IGC-14	<b>Introduce Penalties for Council Tax Reduction Scheme</b> Where discounts are incorrectly claimed through the Council Tax Reduction (CTR) scheme the Council will impose a Government set penalty charge on the claimant. [EDFR]	-	(20)	(20)	(20)
IGC-15  145	<b>Consolidation of Low Value Income Generation Items</b> This item includes several proposals, each with a value of less than £15,000. Initiatives include: <ul style="list-style-type: none"> <li>- Filming Opportunities [EDAC]</li> <li>- HRA contribution to Procurement [EDFR]</li> <li>- Museum Service - Special Exhibition Fee [EDAC]</li> <li>- Create "Pop-Up" or permanent Southend shop [EDAC]</li> </ul>	-	(30)	(30)	(30)
<b>Income Generation Capability Total</b>		-	(4,040)	(2,750)	(1,770)
<b>Total 2024/25 Budget Saving / Income Generation Proposals</b>		<b>53.36</b>	<b>(14,315)</b>	<b>(13,325)</b>	<b>(12,295)</b>

Reference	Detail of Proposal	FTE Staffing Implications	Financial Impact		
			2024/25 £000	2025/26 £000	2026/27 £000
<b>Agreed Savings from Prior Years - deferred</b>					
EAP-06 (2324)	<b>System for management of sickness absence</b> This saving is dependent on enhancements being delivered by the Business World project. Delays in delivery mean the saving in 2023/24 has not been achieved, this line reprofiles the saving across the new timeline for the project.	-	5	(60)	(60)
IGC-16 (2324)	<b>Long Term Empty Premium/Second Home Premiums</b> This was presented in the 2023/24 budget as being achievable from 2024/25 onwards but will now not be achievable until 2025/26 so the saving has been deferred. The delay is due to the legislative process outside of the Council's control.	-	-	(1,000)	(1,000)
IGC-18 (2324) 146	<b>Review allotment rents from 2024/25</b> This was presented in the 2023/24 budget as being achievable from 2024/25 onwards but will now not be achievable until 2025/26 so the saving has been deferred.	-	-	(25)	(25)
<b>Agreed Savings from Prior Years - Deferred Total</b> <i>Updated amounts</i>		-	5	(1,085)	(1,085)
<b>Agreed Savings from Prior Years Total</b> <i>Figures are as per February 2023 Council</i>		-	(610)	(1,453)	(2,791)
<b>Grand Total 2024/25 Budget Savings / Income Generation plus Agreed Savings from Prior Years</b>		53.36	(14,920)	(15,863)	(16,171)

Reference	Detail of Proposal	Overspend Reduction 2024/25 £000
OSR-01	<p><b>IT Contracts and Services</b> Review of IT licenses - consider reducing the number to essential users only, reduces license costs and also cost of application support IT maintenance contracts review. Consider the necessity of certain contracts and exit those no longer providing tangible use [EDSC]</p>	180
OSR-02	<p><b>Home Care Electronic Monitoring</b> Requires review and potential withdrawal from agreement. [EDAC]</p>	50
OSR-03	<p><b>Repairs and Maintenance</b> Only take forward repairs and maintenance that are essential to ensure statutory compliance; meet H&amp;S requirements and fire safety requirements; make safe/make secure; and/or maintain building operation. [EDFR]</p>	25
OSR-04	<p><b>Heads of Service within Children Social Care</b> These are hard to recruit roles, based on the current permanent salary offer (HR Benchmarking exercise undertaken). The plan is to offer permanent market supplements on these two roles and replace the interims through a permanent recruitment campaign. [EDCPH]</p>	150
OSR-05	<p><b>Service Managers within Children Social Care</b> These are hard to recruit roles, based on the current permanent salary offer (HR Benchmarking exercise undertaken). The plan is to offer permanent market supplements to these three roles and replace the interims through a permanent recruitment campaign. [EDCPH]</p>	100
OSR-06	<p><b>Legal &amp; Democratic Services</b> Reduce the external legal costs. [EDSC]</p>	50
OSR-07	<p><b>Learning Disability and Mental Health Service Reviews</b> Provider review programme. Learning Disability and Mental Health. [EDAC]</p>	500
OSR-08	<p><b>ABLE2 Programme</b> Extension of the ABLE2 programme to reduce double handed care and early pathways into residential care before required. [EDAC]</p>	300

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Reference	Detail of Proposal	Overspend Reduction 2024/25 £000
OSR-09	<b>Residential Savings (Children Social Care) - SCC's Purchased Children's Home</b> More efficient use of the Children's Care Home (90 Caulfield road) which the Council currently leases to an external provider. [EDCPH]	250
OSR-10	<b>Residential Savings (Children Social Care)</b> A strengthened Commissioning and brokerage function for negotiating Children Care home fees and reviewing those fees (at regular intervals). [EDCPH]	200
OSR-11	<b>Review of Supported Accommodation for UASC 18+</b> Review and move to a reduced level of support packages for all UASC 18+ accommodation whilst still meeting statutory requirements and duties, and support packages to be reviewed and move to basic statutory requirements. [EDCPH]	300
OSR-12	<b>Inhouse Foster Care Offer Model</b> Reduce current reliance on External Foster Carers and use more Inhouse Foster Carers. Thirteen new households are currently under assessment and the foster care team has also gone through significant changes. [EDCPH]	500
OSR-13	<b>Post Reduction: Customer Services</b> Reduction in Customer Services Team Leader post. [EDSC]	50
OSR-14	<b>Trust Links Grant</b> Cease the grants to Trust Links Mental Health. Currently unfunded and a pressure on the budget. [EDAC]	90
OSR-15	<b>Review of Parking Contracting Arrangements</b> Discussions are underway with South Essex Parking Partnership to see if there are opportunities or efficiency. [EDEP]	50
<b>Total Overspend Reduction</b>		<b>2,795</b>

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Reference	Detail of Proposal	Cost Avoidance 2024/25 £000
CAV-01	<p><b>Overtime Reduction</b> Review of overtime arrangements across all departments being undertaken by Executive Directors. <b>[All EDs]</b></p>	200
CAV-02	<p><b>Review Event Offering and Cost Recovery</b> Ensure that all events run directly by the council are cost neutral either via sponsorship or through bringing additional income into the Council via car parking / pier revenue for example. This could mean stopping or limiting the number of events we run. Where the Council is asked to support events, this will be a charged function to ensure the council will not be funding commercial / charitable or other non-council organised events. Ensure all smaller Council led events (other than Civic events) are cost neutral. <b>[EDAC]</b></p>	140
CAV-03	<p><b>Reduce Sickness Benefit</b> Reduce sickness benefit from 6-months full pay + 6-months half pay to 3-months full pay + 3-months half pay. This would require extensive consultation with unions and staff. <b>[EDSC]</b></p>	250
CAV-04	<p><b>Holiday Buy Back</b> Employees to be able to buy up to 10 additional days holiday per year subject to service constraints. <b>[EDSC]</b></p>	150
CAV-05	<p><b>Alternate Weekly Waste Collection</b> The recycling and waste collection contract is currently in live procurement and the Council has made the decision to proceed with alternate weekly recycling and waste collection (retaining weekly food waste collection). Following the first stage of procurement it is evident that a full weekly collection service would be considerably more expensive than moving to alternate weekly collections (retaining weekly food waste collection). The new contract is due to start from April 2025 with any changes to the current service taking effect later that year. £10m projected cost avoidance over lifetime of the contract. <b>[EDEP]</b></p>	1,250
<b>Total Cost Avoidance</b>		<b>1,990</b>

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# Southend-on-Sea City Council

Executive Director of Finance and Resources  
Executive Director of Children and Public Health

Agenda  
Item No.

To  
**Education Board**  
(School Forum Matters)

On  
**12<sup>th</sup> December 2023**

Report prepared by:  
Paul Grout, Senior Finance Business Partner  
In consultation with the:  
Resources Sub Group

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## Dedicated School Grant Budget Planning 2024/25 And Forecast Outturn 2023/24

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### **1 Purpose of Report**

- 1.1 To seek to agree a decision in principle with regard to the setting of our local 2024/25 Individual School Block funding allocations per pupil but also in view of very restrictive revisions of any such changes to the formulae as now administered through the National Funding Formulae (NFF).  
(And please be remain minded, this decision unfortunately had to be and was agreed to be deferred from the original Monday 9<sup>th</sup> October 2023 Education board to this now December 2023 Education board following the Department for Education (DfE) apologised error on Friday the 6<sup>th</sup> October 2023 in relation to the original National Funding Formulae (NFF) Mainstream School Funding allocations for 2024/25.)
- 1.2 To seek to agree a decision on final indicative 2024/25 DSG budget allocations for de-delegated maintained school block allocations and central block funded services all schools.
- 1.3 To update the Education Board on Dedicated School Grant forecast spend balances for 2023/24.

## 2 Recommendations

### Education Board (EB) are asked to agree for 2024/25:

- 2.1 With regard to individual school's budget (ISB) planning for 2024/25, to continue on the trajectory of adopting the principles of the National Funding Formulae (NFF). (As referenced in 5.1 through to 5.6). And therefore;
- 2.1.1 Any mainstream school that attracts their core NFF pupil led funding factors (i.e. with no need for Minimum Funding Guarantee (MFG) funding floor protections to be applied), to receive the full NFF applied rates as referenced in 5.4.2.
- 2.1.2 And all remaining mainstream schools whose per 2024/25 per pupil led funding rates are either above the revised NFF mandatory 2024/25 minimum funding amounts per pupil or core NFF funding rate per pupil as referenced in 5.4.3, to receive the same maximum NFF built in allowance of a 0.5% uplift per pupil.
- 2.2 [Maintained School voting rights only] the de-delegation of funding to be centrally retained from the Schools block for the following services, as referenced in 6.5.1:
- Staff cover costs (public duties)
- 2.3 The amounts and services that will continue to be funded centrally from the Central Block where the local authority holds a statutory responsibility for all schools, as referenced in 10.3.
- 2.4 And therefore on the basis of the decisions undertaken through both this December 2023 DSG paper and the following January 2024 DSG EB paper (which is for EB noting only, with the exception of the Early Years 2024/25 funding rates), will be recommended to Council for final approval in February 2024".

### Asked to Note:

- 2.5 In line with the EB principle decisions of both the March 2019 EB DSG paper and the December 2020 EB DSG paper, that the growth fund to support schools will continue to be held centrally within the Schools block and distributed to provide the extra required planned places within the authority, as referenced in 7.1.



### **3 Background**

- 3.1 This paper follows on from the previous 9th October 2023 “DSG 2024/25 budget planning and DSG budget update 2023/24” paper, where unfortunately it was highlighted that paper had to be urgently amended following the unfortunate and apologised DfE error on the 6<sup>th</sup> October 2023 in relation to the original individual mainstream DSG school block funding announcements for 2024/25.
- 3.2 Therefore, as agreed in the October 2023 Education Board the now updated DfE 2024/25 individual mainstream DSG school block funding announcements are now formally presented in this paper.
- 3.3 Aside from the unfortunate DfE error on the Individual School Block funding announcements, the October 2023 DSG paper still covered many other relevant points of important note for future consideration of 2024/25 DSG funding matters and where further applicable in this paper have been further referenced.
- 3.4 It is however now clear that the 2024/25 DfE DSG Early Years Funding announcements will not be released by the DfE in time for proper Local Authority (LA) planning and consideration for the presentation and recommendation at the December 2023 Education Board. The 2024/25 Early Years funding matters will therefore now have to be deferred to the January 2024 Education Board/School Forum.

### **4 Dedicated Schools Grant 2023/24 budget and forecast and 2024/25 budget update**

#### **Foreword**

- 4.1 The 2024/25 indicative DSG funding allocations at a total local level are presented alongside the detail of the latest 2023/24 Budget allocations as shown in “Appendix 1 – DSG Latest 2023/24 budget and forecast and Indicative 2024/25 budget”. The DfE total funding allocation for 2023/24 DSG resources is now £189.300M and the total indicative 2024/25 allocation is £198.452M. This represents a total indicative increase of £9.151M\* from 2023/24 applied across the Schools Block of £7.696M (and of which £4.920M of the £7.696M is the current 2023/24 mainstream school supplementary grant paid outside of the DSG for 2023/24 and now included in the DSG for 2024/25, and therefore the remaining £2.776M is the total indicative new funding applied to the Schools Block for 2024/25 or equivalent circa 2% uplift from 2023/24), High Needs block of £1.499M and a further net reduction of (£43,000) to the Central Block.

£9.151M\* – note for the pure purpose of illustration in this paper, both the 2024/25 Schools block Growth Fund and Early Years block funding are set to remain at their current 2023/24 allocation, as neither are updated indicatively under the DfE’s July and October 2023 indicative allocations for 2024/25, but both are expected to be updated in the December 2023 further DfE updates.

- 4.2 All the applicable required updates to the 2023/24 DSG budget and forecast, and further current considerations for the 2024/25 budget allocations are explained within each individual DSG block of this paper.

## **5 Schools Block – Individual School Block (ISB) allocations**

### **2023/24 Budget to Forecast Outturn – on line to budget**

### **2024/25 Individual Schools Budgets**

#### **Indicative DSG funding allocation £151.859M (Final tbc in January 2024)**

- 5.1 As referenced in the October 2023 paper it is important to continue to note the following:
- 5.1.1 The Government have continued to re-affirm their position of intention to move to a Hard NFF, whereby all individual school budgets nationally will be set through one single national formula rather than local funding formulae.
- 5.1.2 In terms of the NFF funding formulae itself, it must therefore be noted and continually commended that our own LA and Education Board has positioned itself well over the last now seven years to align our Mainstream School DSG resources to the principles of the NFF (which started in 2017/18). It must also be minded, it is also incredibly restrictive to now be able to move away from any of the principles regardless of the fact it still remains a local decision with the agreement of School Forum, and if you are an LA that does not follow the NFF, the DfE are also continuing to enforce all LA's to move to the NFF by reducing those flexible parameters. The DfE also report that just over 2/3<sup>rd</sup>s of all LA's now follow the full principles of the NFF.
- 5.2 The now October 2023 updated 2024/25 indicative DfE allocations published contain the actual 2024/25 primary unit of funding (PUF) and secondary unit of funding (SUF) that the DfE will use to calculate each LA's final school block allocation. And as repeated annually, the DfE will then also issue the updated and final total 2024/25 school block funding allocations in late December 2023 based on the latest pupils numbers and adjusted funding factors recorded through the October 2023 school census.
- 5.3 Despite the fact is it disappointing that the original 2024/25 NFF per pupil % uplifts were reduced by the DfE due to that apologised error (originally a 2.4% uplift for those schools on the minimum amounts per pupil or core NFF rates), it is continually noted that schools budgets are very stretched and some schools are also declaring forecast cumulative deficits, the Education Board ofcourse still has a core statutory duty to ensure local school budget allocations are set for 2024/25 within the DSG mainstream school funding available.
- 5.4 The following are therefore now the key headlines related to the now October 2023 updated mainstream school funding allocations for 2024/25 released by the DfE:
- 5.4.1 The minimum per pupil levels will be set at £4,610 for primary schools (£4,405 in 2023/24) and for secondary schools £5,995 (£5,715 in 2023/24), both with an equivalent circa 1.4% increase from 2023/24. And to simply remind from 2020/21 the minimum amounts per pupil are also now a mandatory funding factor, and these are set as a fixed amount.

- 5.4.2 Where schools are attracting their underlying core NFF allocations, the NFF has built in an increase of circa 1.4% from the 2023/24 Pupil led funding factors: basic entitlement, additional needs factors and lump sum, and 1.6% specifically to the free schools meals factor.
- 5.4.3 And for those Schools whose per pupil led funding rate is already above both 5.2.1 and 5.2.2, the NFF funding floor per pupil led rate has been set at a maximum 0.5% increase from their 2023/24 per pupil led base line.
- 5.4.4 And for further important clarity, the 2023/24 mainstream schools additional supplementary grant has now been rolled in the schools DSG NFF for 2024/25, so the % increases quoted (in 5.4.1 – 5.4.3) above are adjusted for this and therefore reflect the % uplift increase amount in addition to that grant now continuing in the mainstream DSG NFF formulae for 2024/25.
- 5.4.5 The per pupil led Minimum MFG (Minimum Funding Guarantee) protection from 2023/24, can be set between a +0.0% and + 0.5% per pupil.
- 5.4.6 LAs continue to be able to propose a transfer up to 0.5% from their schools block to other DSG blocks with school forum approval. And a disapplication request to the DfE continues to be required for any transfer request above 0.5% or any amount without school forum approval.
- 5.4.7 Significant restrictions continue to now be in place to be able to move away from any of the core principles above. LAs under local formulae who have not been following NFF Core funding factors (excluding the mandatory minimum amount per pupil), in 2024/25 must also continue to move their factors a further 10% closer to the NFF Values (which was first introduced in 2023/24). To move away from any of these core principles above, would also require a disapplication request to the DfE (to be approved by the secretary of state). It does therefore make it very unlikely any proposed changes outside of the restricted parameters would therefore now be approved.
- 5.5 Again, from a local perspective, given that our local Education Board has been a strong adopter from the start of the NFF reforms (from 2017/18, 7 years ago) and effectively we are LA and Education Board that has mirrored the NFF for mainstream schools, and that the government's strong intention remains to move to a single 'hard' national funding formula to determine every school's budget, there is therefore no foreseeable reason why our EB on a technical and or strategic reason would therefore choose to try and move away from these NFF principles. Our Education Board has also historically supported the principle that each block of DSG funding is contained within its own funding allocation.
- 5.6 It is therefore recommended (excluding the minimum funding amounts per pupil which is a compulsory factor regardless), that for 2024/25 the Education Board continue to fully adopt the principles of the NFF as listed in 5.4.1 to 5.4.3.

- 5.7 In view of the recommendation of 5.5, using the 2023/24 School block data set, the illustrative 2024/25 school level per pupil led rates are shown in Appendix 2 including a % increase comparison to their 2023/24 base line. It must remain caveated that with regard to the applied 2024/25 increases on the core underlying NFF funding rates, it will only be possible to know the actual final per pupil led rate for those applicable schools once the DfE have released in late December 2023 the updated School Block data set for 2024/25 (which is based on the October 2023 school census). **And please note** - the then actual final 2024/25 individual school allocations will be subsequently shown in the January 2024 EB DSG paper which will include the updated numbers of pupils on roll at each school (based on the DfE's October 2023 census) multiplied by these now proposed 2024/25 per pupil led funding rates to form the final 2024/25 funding allocations.
- 5.8 On a separate note, under the NFF (after further consulted DfE NFF changes, and a consultation the Resource Sub Group did respond on under delegation of the Education Board) There has now been further confirmed changes to the 2024/25 split site funding allowance. It is now a compulsory factor, ensuring that split site funding will be allocated under a consistent formulae across the country for those eligible schools. It is now split in two parts, a part for basic eligibility funding (allocated by lump sum), and a distance funding approach tapered between 100m and 500m apart, and full split site distance funding applies where the schools are 500m apart. Any school in our local area for whom this applies, will be contacted directly to be made fully aware of these 2024/25 changes and respective funding rates within.

## **6 School block – Centrally retained de-delegated public duties (Voting rights Maintained Schools only)**

### **2023/24 Budget to Forecast Outturn – a projected over spend of circa £2,900**

6.1 The current overspend forecast balance reflects the expected run rate of claims to date projected forward and that currently 3 academy schools have bought in for their 2023/24 academic year in addition to the de-delegated sum from maintained schools. And to remind a small in year overspend also occurred on this fund in 2022/23. There remains small sufficient DSG public duty reserve balances to cover this overspend as shown in the reserve balance table under section 12.

### **2024/25 Indicative DSG funding allocation £4,505 (Final tbc in January 2024)**

6.2 Whilst the projected overspend for 2023/24 is no issue as it will fall to the small DSG Public duties reserves to cover, it is not financially sustainable longer term for this fund to carry on running future in year deficits which will occur if the claims are to continue at the current rate in future years compared to the current in year funding.

6.3 To simply remind, this is a historical fund that enables maintained schools or academy schools that choose to buy in, to reclaim staff cover costs paid at standard hourly rates of staff who undertake Public Duties (usually jury service) and / or who undertake trade union duties in work time in accordance with the facilities agreement for schools, which can also by default contribute for matters representing all schools.

6.4 Given the Local Authority does not directly promote this fund but administers the fund and can continue to do so provided it is financially sustainable. Based on forecast estimates there remains sufficient balances in 2024/25 if claims continue at current levels and £1.00 per pupil remains the buy in rate and de-delegated sum.

6.5 It is therefore proposed that the fund from the 1<sup>st</sup> April 2024 (voting right maintained schools only) is administered with the continued following conditions:

6.5.1 That the annual de-delegated sum is maintained at £1.00 per pupil. £1.00 per pupil does remain a small de-delegated sum for maintained schools and for academy schools to buy in, and it is also set at a maximum £1.00 per pupil in view of the principle fairness to maintained schools when only a low number of academy schools do currently buy in, yet representation from the fund can cover all Schools.

6.6 The longer term sustainability of this fund will therefore have to remain subject to annual review and it is therefore also strongly encouraged that more if not all Southend academy schools buy in. It must also be considered that if more schools did buy in, both the buy in and de-delegate rate per pupil will also likely be able to be reduced in future years to an even smaller sum per pupil.

## **7 Schools Block – Centrally retained Growth Fund**

### **2023/24 and 2024/25 Budget Planning**

- 7.1 As referenced and agreed, in the March 2019 EB “DSG Growth Fund application 2019/20 and future years” paper and the December 2019 EB “DSG budget planning 2020/21” paper:
- 7.1.1 The application of applied Growth fund is now managed on a long term basis, allowing any one year to either overspend or underspend against the DfE’s allocated amount for Growth provided that the total distribution of the growth fund is affordable over the life of the planned growth. The per pupil Growth rates to be paid out from September 2024 can also be no lower than the minimum agreed per pupil rate tolerances declared in the March 2019 EB DSG paper.
  - 7.1.2 The actual total growth fund amount for 2024/25 will be shown by the DfE in late December 2023, separated and shown within the final 2024/25 School Block funding allocations.
  - 7.1.3 Therefore, in accordance with the previous agreement and conditions, the growth fund rates from September 2024 will be presented in the next January 2024 DSG paper, alongside any potential for growth funding rates to be increased from September 2023 if affordable over the planned life of the growth. The growth model will therefore be revised and displayed as an Appendix in that paper.
- 7.2 The now £120,000 forecast overspend for 2023/24 reflects a further required and urgent agreement to fund from October 2023 a further year 2 and year 3 bulge classes to meet required further and urgent places, both of which are within appropriate conditions and use of growth funding and requested through the Head of Access and Inclusion. Whilst, this additional and new funding requirement will now return a forecast a cumulative deficit reserve for growth funding in 2023/24, it will be recovered in future years in accordance with the conditions above managed over the longer term requirement of growth funding. It should therefore again be recognised and welcome that given the required and managed flexibility of our growth model allocations over the longer term, that it can adapt to these urgent requirements that are not always possible to foresee but do happen.

## 8 Early Years Block

**2023/24 Budget to Forecast Outturn – forecast underspend of (£410,000), although note currently anticipated this will be clawed back by the DfE shown under section 11. DSG Funding.**

- 8.1 It must continue to remain minded, the DSG Early Years Block 2023/24 (funding in) allocations remain provisional until the DfE have processed the January 2024 early years census (for the spring term 2024), and will therefore announce revised and final funding allocations for 2023/24 in July 2024. However, at this time, and to give a sense of current direction from head count payment data, in board terms currently based on the Summer 2023 final head counts and Autumn 2023 latest estimates, both 2 year old and 3&4 year old universal entitlement funding are less than the current DfE allocations at approx. circa (10%) 2 year old funding and 3 & 4 year old universal entitlement is also running at a slightly lower decrease of an average (8%) reduction. This is not by any means a case of providers not being paid what is due but an indication of early years head count data. Payment profiles can change for the final month of Autumn (due to any late head count adjustments) and of course spring term 2024 data (is not yet known) but it does give a guise at this point. We do know that the 0-4 age populations have continued to decrease in Southend over the last 10 years which will be part of this reasoning, but not all, and the LA EY team continue to target and promote up take.
- 8.2 Indicatively and positively, 3&4 year old extended entitlement and Early years pupil premium take up remains currently very close to the latest revised 2023/24 funding allocations.
- 8.3 All centrally retained services and previously agreed use of reserve balances remain forecast on line at this time.

### 2024/25 Budget Planning

- 8.4 Early considerations for 2024/25 were covered in the previous October 2023 EB DSG paper, but as stated for reasons in the background section 3.3 the 2024/25 formal budget planning will now need to be deferred to the January 2024 Education Board.

## 9 High Needs Block

### 2023/24 Budget to Forecast Outturn – a projected (£0.991M) under spend

- 9.1 Appendix 1 – displays the most up to date 2023/24 forecast outturn for High Needs on a line by line basis, which is also summarized in the table below including a comparison to the previous forecast as shared at the June 2023 EB DSG High need budget setting paper. It also has to remain heavily caveated, that these forecasts do remain subject to material change, particularly as always on independent providers placements but also including final EHCP banded top up funding amounts for the rest of this financial year.

Summary Heading	2022/23 Final Spend	2023/24 Latest Budget	2023/24 Opening Forecast (June 23)	2023/24 Current forecast (Dec 23)
Place funding	£8.546m	£9.209m	£8.865m	£9.019m
Special and PRU/AP top up funding	£7.459m	£9.322m	£9.137m	£9.276m
<b>Subtotal</b>	<b>£16.004m</b>	<b>£18.531m</b>	<b>£18.002m</b>	<b>£18.295m</b>
Schools, early years, post-16 top up funding	£4.916m	£5.930m	£5.930m	£6.085m
Independent Providers	£3.038m	£3.000m	£3.000m	£3.000m
Other HN Provisions	£1.845m	£3.864m	£3.614m	£3.271m
<b>Total services line total</b>	<b>£25.803m</b>	<b>£31.325m</b>	<b>£30.546m</b>	<b>£30.651m</b>
Funding allocations to support required future permanent growth in high need provision	£0.072m	£1.046m	£0.700m	£0.480m
One off funding - funded from HN DSG reserves		£2.750m	£2.750m	£2.750m
Remaining balance held aside from service provision to support any in year high need funding pressures*		(£0.249m)		
<b>Total*</b>	<b>£25.875m</b>	<b>£34.872m</b>	<b>£34.034m</b>	<b>£33.881m</b>

Remaining balance held aside from service provision to support any in year high need funding pressures\*

Total\* - Note, this total excludes the now annual £100k HN DSG funding attached to the EY DSG SEND Inclusion Fund

- 9.2 Although forecasts remain heavily caveated, the table above does indicate that all service line current spend forecasts as a total are broadly on line to the forecasts as presented in the June 2023 DSG High Needs paper. And for 2023/24 this is a welcome DSG position for balances considering the extra required demand on place funding allocations and top up rates increases applied to support inflationary pressures. These balances also highlight a number of new and wider high need Initiatives now live as previously shared through the Education Board.

- 9.3 Within allocated service line budget expenditure the current forecast underspend and reduction from the June 2023 forecast is shown within the



“other high needs funding provision” where vacancies have been present but now mainly filled and a now projected underspend this year against the new 2023/24 permanent high needs baseline allocation for “SEND Inclusion direct school support”. The funding allocation remains critical for long term planning supporting the much needed Inclusion agenda and is being re-positioned to now develop centralized specialist teaching teams including emotional and wellbeing support. These are planned to now come on stream during 2024/25.

- 9.4 There is also an underspend shown against “funding held aside for continued future High Need place and top up funding growth”. Although it must be noted the November 23 place funding confirmation through to the DfE has been submitted for 2024/25 and much of this required permanent funding has now been formally allocated on a long term basis and it will therefore no longer be possible on early review of 2024/25 balances to hold aside these particular allocations which have been crucial for planning to date. The place funding appendix will be shared and once confirmed by the DfE in the annual June 2024 EB DSG HN paper, but regardless individual schools and colleges will be aware of those submitted place funding allocations for 2024/25 academic year in consultation with both the LA Head of SEND and LA Head of Access and Inclusion.
- 9.5 Whilst, it remains welcome that DSG HN balances are contained within funding availability for 2023/24, it must also be noted there has been a further 11% net increase in required Education Health and Care Plans (EHCPs) from this time last year which is a continued large growth. This is the board picture nationally as well as locally. So whilst it is therefore a welcome DSG financial position that we can continue to afford that growth in 2023/24 balances this position does continue to remain at risk moving forward. This is also in further view that unfortunately there remains an approximate 20 week back log on EHCP assessments due to current continued stretched capacity and in particular for early years.

## 2024/25 Budget Planning

- 9.6 As previously stated, careful financial and strategic High Needs funding planning remains absolutely critical to ensure High Needs balances are sustainable for future years given the demand and volatile nature of these services which is never static. This crucial planning also in turn benefits all HN schools and providers and provides stability in their future funding allocations.
- 9.7 And as stated in the October 2023 DSG HN paper, it is welcome that a further £1.5M funding has indicatively been allocated to Southend's High Needs block in 2024/25, but is also has to remain minded, this is considerably less funding than has been received for the past 4 years in additional permanent growth at circa £3.2M per year. A position nationally that also has been applied to all LA high needs blocks.
- 9.8 Again, as per our local DSG annual funding cycle, the actual full detailed application of this additional 2024/25 funding will be considered as part of the EB June 2024 High Need detailed allocation budget paper. June was agreed through the EB to allow enough time for the SEND team in consultation with respective special schools and mainstream schools to allocate the expected in borough EHCP banded rates for the following academic year 2024/25, a major and significant exercise that accounts for a large and rightly proportion of the HN funds before any further funding considerations are put forward by the LA for further permanent funding allocations.

## 10 Central Block

### 2023/24 Budget to Forecast Outturn – held on line to budget

### 2024/25 Budget Planning

#### Indicative In Year total allocation of £1.333M (Final tbc in January 2024)

- 10.1 EB approval is required each year to approve the amounts and funded services listed within the Central Block DSG allocation.
- 10.2 In the last October 2023 EB DSG paper and previous papers, it was, again explained about the continuation of DfE funding losses in the combined budgets (historic commitments), but with the current expectation and plan as agreed in EB DSG December 2020 paper, that the now funded commitments for individual service allocations moving forward at this time can hopefully be sustained until 2026/27 by drawing on remaining reserve balances within the Central block. And it remains minded, those remaining service allocations were presented as a Part 2 Appendix (not for public view) in the December 2020 paper given the natural sensitivities around those proposals.
- 10.3 The Education board are therefore asked to approve the allocation of the Central Block 2024/25 funds as follows, which distributes the full amount available to these services lines and in line with previous years decisions and no new commitments are being entered into:

	<b>2024/25 Indicative Amount</b>
<b>From Central Services Block</b>	
Combined Budgets (historic commitments)*	£296,515
CLA/MPA Licences	£158,594
Schools Admissions	£289,398
Servicing of Schools Forum	£18,700
Centrally employed teacher contr.	£95,322
ESG Retained Duties*	£474,650
<b>Actual In Year funding Total</b>	<b>£1,333,179</b>
+ Combined Budgets (historic commitments)* - funded from remaining central block reserves	£133,373
<b>Revised Funding Total</b>	<b>£1,466,552</b>

Combined Budgets (historic commitments)\*, and note this budget allocation will now be further increased by £133,000 for 2024/25 from the DSG Central block reserves. So the total commitments can remain sustained at £430,000 for 2024/25.

ESG Retained Duties \* - ongoing funding (former Education Service Grant) to support LA Statutory duties - Child and Educational Leadership, Planning and Budget planning, monitoring, Education Welfare and Asset Management

## **11 DSG Funding**

### **2023/24 Budget to Forecast Outturn – forecast net £540,000 claw back adjustment due to the potential Early Years funding adjustments.**

11.1 As first shared and explained in the October 2023 DSG Paper, the DfE have reclaimed an additional circa (£130,000) for DSG funds to early year balances in 2023/24 but of which relate to their final funding adjustment for 2022/23. The DSG funding adjustment for early years, also now in addition currently forecasts as explained in section 7 a further anticipated claw back of (£410,000) that will be processed in 2024/25 but of which relates to DSG funding in 2023/24 and this figure itself will be formally confirmed at the 2023/24 year end. Whilst these funding issues are technical accounting matters, it is with reassurance that they currently have no detrimental impact on overall early years reserves balance as effectively it is a DfE reclaim of unused funds, but, none the less important they are displayed as it also further recognises the overall management and planning of DSG funds and balances.

### **2024/25 Budget Planning**

11.2 The current indicative Total DSG funding allocation for 2023/24 is shown as £198.452M. However, we continue to note that the total school block funding allocation will also be updated once the October 2023 census has been processed by the DfE with the results released late in December 2023, and therefore will be displayed in the next January 2024 DSG EB paper.

## **12 Latest forecast DSG reserve balances**

12.1 The table below updates the current expected DSG reserve balance by year end, reflecting any updated forecasts for 2023/24 presented within this paper. It also remains minded, the reserve balance table includes as formally agreed through the EB DSG October 2021 paper, the presentation of recommended minimum reserve balances for each block, and where reserve forecast balances are now above those minimum recommended balances the following DSG expenditure conditions apply for the one off use of those reserve balances for both the reserve balances of Early Years and High Needs:

12.1.1 That any one off cumulative use of reserve balances below £50,000 in any one financial year has the required LA lead officer approval to proceed, but on the conditional basis this is reported back through to EB.

12.1.2 That any single expenditure item or where the cumulative use of reserve balance was to fall above £50,000 in any one financial year then EB consultation is firstly required. If the item or the matter is urgent, then consultation can firstly be sought by an urgent virtual EB meeting but with a subsequent note to the actual and following scheduled EB meeting for formal minuting.

<b>Block</b>	<b>Schools - ISB</b>	<b>Schools - growth</b>	<b>Schools - de- delegate</b>	<b>Early Years</b>	<b>High Needs</b>	<b>Central</b>	<b>Total</b>
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Reserves surplus / (deficit)</b>							
<b>1 April 2023 B'fwd</b>	<b>11</b>	<b>(10)</b>	<b>8</b>	<b>1,514</b>	<b>9,890</b>	<b>506</b>	<b>11,919</b>
Agreed (Issue) to* 2023/24 budget	0	33	0	(167)	(2,750)	(59)	(2,943)
Early years funding adjustments				(540)			(540)
2023/24 current forecast variance	0	(120)	(3)	410	991	0	1,278
<b>31 March 2024</b>	<b>11</b>	<b>(97)</b>	<b>5</b>	<b>1,216</b>	<b>8,131</b>	<b>447</b>	<b>9,713</b>
Agreed Issue to future yr budgets				0	(0)	(133)	(133)
<b>Recommended* Minimum Reserve balance</b>	<b>0</b>	<b>(97)</b>	<b>5</b>	<b>500</b>	<b>3,372</b>	<b>313</b>	<b>4,093</b>
<b>One off Funding Available for DSG Conditional Use</b>				<b>716</b>	<b>4,759</b>		<b>5,475</b>

\*Recommended Minimum Reserve balances, now currently set at 5% for Early Years and 10% for High needs of current total in year funding available for both of those blocks. Both these recommended minimum reserves %'s are subject to review and agreement should we see any funding pressures materialize in future years. All other block reserves balances are ring fenced to support those reserve block positions, particularly with note to the Central Block reserve that will be fully utilized to support the unwinding of DfE DSG commitments to Central Block Historic commitment services.

## 13 Conclusion

- 13.1 Whilst, it again, must be highlighted with praise for the collaborative working approach of the Local Authority with the Education Board and respective sub groups representing all sectors including high needs that the DSG funding itself continues to be maintained and sustained on an affordable basis.
- 13.2 It must, however continue to be noted and recognised which is a wider issue than the funding allocations available through the DSG that there are now some significant financial pressures within our Schools.

## 14 Appendices

Appendix 1 - DSG Latest 2023/24 budget and forecast and Indicative 2024/25 budget

Appendix 2 - DSG Illustrative Individual mainstream school budget per pupil led funding rates 2024/25

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# Capital Investment Strategy

## 2024/25 – 2028/29

January 2024



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### Annexes:

Annex 1 – Capital Investment Policy



## **SOUTHEND-ON-SEA CITY COUNCIL**

### **CAPITAL INVESTMENT STRATEGY**

#### **1 Purpose**

The Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code requires local authorities to produce a capital investment strategy to demonstrate that capital expenditure and investment decisions are taken in line with service objectives and take account of stewardship, value for money, proportionality prudence, sustainability and affordability.

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

#### **2 Scope**

This Capital Investment Strategy includes all capital expenditure and capital investment decisions, not only as an individual local authority but also those entered into under group arrangements. It sets out the long-term context in which capital expenditure, borrowing and investment decisions are made and gives due consideration to both risk and reward and impact on the achievement of priority outcomes.

#### **3 Capital Expenditure**

Capital expenditure is incurred on the acquisition or creation of assets, or expenditure that enhances or adds to the life or value of an existing fixed asset. Fixed assets are tangible or intangible assets that yield benefits to the Council generally for a period of more than one year, e.g. land, buildings, roads, vehicles. This is in contrast to revenue expenditure which is spending on the day to day running costs of services such as employee costs and supplies and services.

The capital investment programme is the authority's plan of capital works for future years. Included are projects such as the purchase of land and buildings, the construction of new buildings, design fees and the acquisition of vehicles and major items of equipment. Also included could be service, housing, regeneration or transformation investments.

## **4 Capital vs. Treasury Management Investments**

Treasury Management investment activity covers those investments which arise from the organisation's cash flows and debt management activity, and ultimately represent balances which need to be invested until the cash is required for use in the course of business.

For Treasury Management investments the security and liquidity of funds are placed ahead of the investment return. The management of associated risk is set out in the Treasury Management Policy and the Annual Treasury Management Investment Strategy.

The CIPFA Treasury Management Code recognises that organisations may make investments for policy reasons outside of normal treasury management activity. These may include investments for service purposes (e.g. housing, regeneration and local infrastructure) or investments for commercial purposes (e.g. commercial property). The management of associated risk for these investments is set out in the Capital Investment Policy attached as Annex 1 to this strategy.

## **5 Links to other corporate strategies and plans**

To support the Council's desired outcomes a number of key strategies have been agreed, for example the Corporate Plan (2023 to 2027), Local Transport Plan and the Housing, Homelessness and Rough Sleeping Strategy. To support the delivery of these key strategies a number of other interrelated strategies and plans are in place, such as the Sustainability Strategy, Medium Term Financial Strategy, Capital Investment Strategy, Corporate Asset Management Strategy (and related asset management plans), Treasury Management Strategy and Annual Treasury Management Investment Strategy.

The operation of all these strategies and plans is underpinned by the Council's constitution, in particular the Contract Procedure Rules and the Financial Regulations.

A diagram in the Medium Term Financial Strategy shows how this Capital Investment Strategy links to the other corporate strategies and plans. This is all in the context of the activities of the Council's group portfolio, the plans and ambitions of the South Essex Councils and the wider national context.

Capital resources should be directed to those programmes and projects that optimise the achievement of these outcomes. The following processes are designed to ensure this happens.

## **6 Resources available to finance capital**

The first step is to ascertain the total resources available to finance the capital investment programme. This is based on the level of borrowing the Council can support, notified capital grants, prudent assumptions over the level of other grants and the timing and valuation of capital receipts that will be realised. More information by each source of capital funding is set out below:

### **6.1 External Funding**

This can be in the form of grants and contributions from outside bodies including central government. Services must seek to maximise external funding wherever possible to support capital schemes. However, if services bid for external funding for schemes and say at tender or during construction or procurement, costs exceed the available funding, then services must fund any shortfall from their existing resources (either revenue or capital).

In respect of match funding bids then the relevant service must fully identify the necessary match funding resources from within existing budgets. If this is not possible then the appropriate service must raise this for consideration with the members of the Corporate Leadership Team and the relevant Cabinet Member prior to submitting any bid for funding.

### **6.2 Capital Receipts**

A capital receipt is an amount of money exceeding £10,000 which is received from the sale of an asset. They cannot be spent on revenue items. The Executive Director (Finance and Resources) will ensure all the Council's property is reviewed annually against the aims and objectives of the Corporate Asset Management Strategy. The general policy is that any capital receipts are then pooled and used to finance future capital expenditure and investment according to priorities, although they may be used to repay outstanding debt on assets financed by borrowing, as permitted by the regulations.

### **6.3 Revenue Funding**

Revenue resources may be used to fund capital expenditure. This may be via earmarked reserves such as the capital reserve which is an internal fund set up to finance capital expenditure as an alternative to external borrowing.

The Chief Finance Officer will take an overview and decide the most appropriate way of using such revenue resources, taking into account the impact of other cash flows, the strategy regarding the levels of general and earmarked reserves and the Council's financial resilience.

## **6.4 Prudential/Unsupported Borrowing**

Capital projects that cannot be funded from any other source can be funded from borrowing. Local Authorities can set their own borrowing levels based on their capital need and their ability to pay for the borrowing. The levels will be set by using the indicators and factors set out in the Prudential Code. This borrowing may also be referred to as Prudential Borrowing.

The Council's Minimum Revenue Provision Policy sets out a prudent approach to the amount set aside for the repayment of debt. The borrowing costs are not supported by the Government so the Council needs to ensure it can afford the interest and repayment costs from existing revenue budgets or must see this as a key priority for the budget process and be factored into the medium term financial strategy accordingly.

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

Should the requested borrowing levels be unaffordable or not prudent, then the schemes will be prioritised against the available funding from borrowing as determined by the assumptions factored into the Medium Term Financial Forecast.

Members approve the overall borrowing levels at the budget Council meeting in February each year as part of the Treasury Management Report. The taking of loans then becomes an operational decision for the Chief Finance Officer who will decide on the basis of the level of reserves and money market position whether borrowing should be met internally (from running down cash balances) or whether to enter into external borrowing.

Whether capital projects are funded from grant, contributions, capital allocations or borrowing, the revenue costs must be able to be met from existing revenue budgets or identified (and underwritten) savings or income streams.

## **7 Prioritisation of capital investment**

Capital investment is key to the delivery of the Council's corporate plan and desired outcomes and can be a means to contribute to the achievement of revenue sustainability and local or regional growth ambition. However, there will inevitably be a gap between the capital investment programme ambition and the finite available resources and there is a limit on the number and value of schemes that are affordable and deliverable.

Not all the capital investment programme is deliverable directly by the Council and so the programme is split so that the schemes to be delivered by subsidiaries and partners are separately identified.

Capital investment must be focussed on priorities and priority projects must have viable delivery plans. An on-going review will be undertaken to re-assess and re-prioritise the capital investment programme. The following will be considered when reviewing projects:

- For schemes financed by borrowing: whether the scheme generates an income stream which at least covers the borrowing costs and any running/maintenance costs, or whether future capital receipts are expected to enable the borrowing to be repaid.
- Whether there are the staff resources available to deliver the project or any supply chain issues.
- Whether the main contract has been awarded.
- Whether the project spend is committed.
- Whether deleting or postponing the project would give rise to a significant health and safety or maintenance issue.
- Any feasibility study costs that would be transferred to revenue if the scheme does not go ahead.
- Whether the project is still relevant in the context of the current economic climate.
- For schemes financed by grants and third-party contributions: the grant conditions and any match funding.

In order to aim for a deliverable level of programme each financial year there will need to be prioritisation and re-sequencing of projects to ensure that resources are being directed into projects that will best achieve our corporate plan priorities and improve outcomes for local people. These priorities may include the following:

Achievement of the Council's strategic outcomes within its corporate priorities:

- Sustainable homes which meet local needs.
- Support economic regeneration and business development.
- Supporting growth in key sectors.
- City centre vitality.
- Enhance the tourism, cultural and leisure offer.
- Streets and public spaces.
- Transport and accessibility.
- Climate change projects.
- Improve community safety
- Addressing coastal flood and erosion risk.
- Schools and skills.
- Health and active lifestyles.
- Social care.
- Smart use of technology.
- Financial Sustainability.

Enabling works:

- Maintenance of the essential infrastructure of the organisation.
- Essential Health and Safety works.

- Rolling programmes essential to the day to day operation of the Council.
- Service redesign and transformation – investment in technology.

Political priorities:

- Special Educational Needs and Disability
- Environment
- Arts, Culture, Heritage and Leisure
- Children’s Services, Education and Learning
- Community Safety and Public Protection
- Economic Growth and Investment
- Highways, Transport and Parking.
- Housing and Planning
- Public Health, Adult Social Care and Constitutional Affairs
- Regulatory Services

## **8 Building a pipeline of projects**

### **8.1 Identifying the need for Capital Expenditure/Investment**

The need for capital investment may be identified through one or more of the following processes.

- Service areas prepare plans for the delivery and improvement of their services which align with or enable priorities in the Corporate Plan.
- The Corporate Asset Management Strategy and the Education and Schools Asset Management Plans highlight deficiencies in the condition, suitability and sufficiency of the Council’s existing building stock and identify future areas of need.
- The Housing Asset Management Plan highlights deficiencies in the condition, suitability and sufficiency of the Council’s existing housing stock and identifies future areas of need.
- The Transport Asset Management Plan is the Council’s primary transport asset planning tool to ensure the highway infrastructure and public realm is managed sustainably and in a way that underpins the wider corporate outcomes.
- Reviews and external Inspections may also identify areas that need capital investment.
- The need to respond to Government initiatives and new laws and regulations.

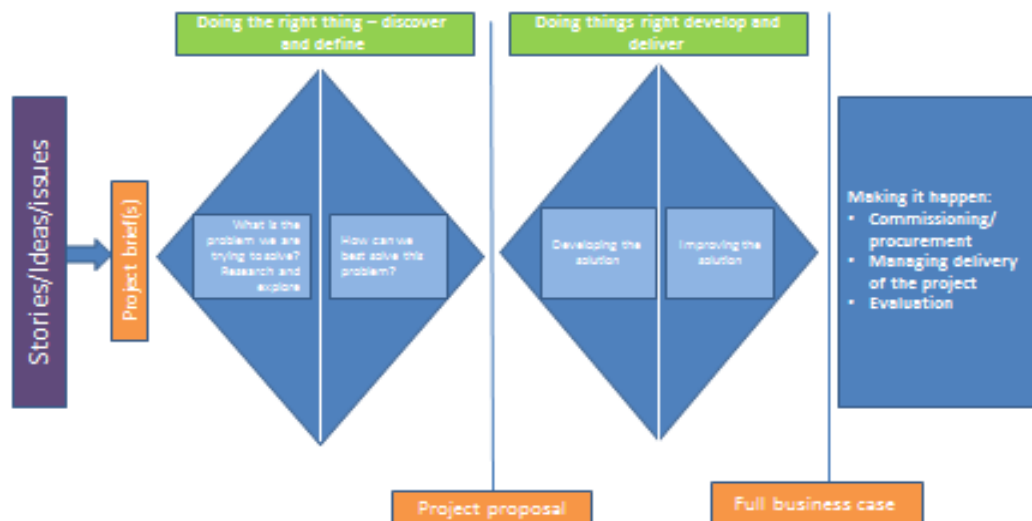
### **8.2 The Project Approval Process**

Within the Council an agile approach to project management is promoted. As such we are happy that we apply different methodologies to make our projects work. Whatever

approach is taken all projects should follow a standard project development and approval process which embeds the principles of the Commissioning Framework.

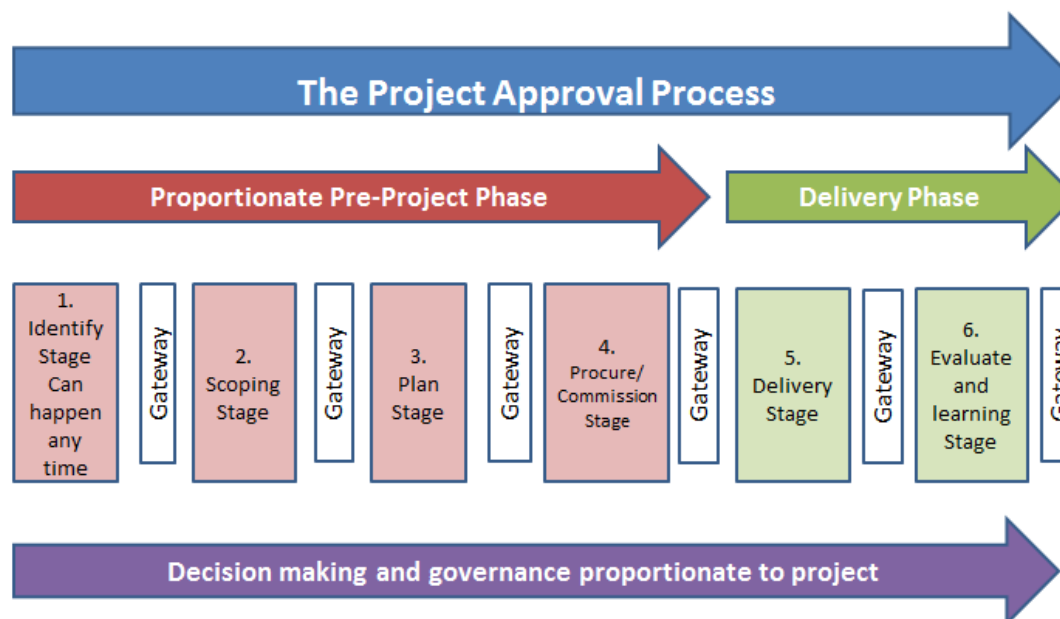
Our design and approval process is based on the Double Diamond design model developed by the British Design Council. The process is divided into four phases: Discover, Define, Develop and Deliver. The main feature of the Double Diamond is the emphasis on “divergent” and “convergent thinking”, where first many ideas are created, before refining and narrowing down to the best idea. This is happening twice in this model—once to confirm the problem definition and once to create the solution.

### Project development and approval process



The agreed process should include gateway review stages when the proposal can be reviewed and a decision made whether to proceed to the next stage. The decision making and governance process should be proportionate to the scale and impact of the project being put forward for approval.

The following diagram shows the project approval process used for capital investment proposals:



The project approval process divides the project's lifecycle into six stages. The first four involve gathering the business case information that gives the Council confidence that the project should be implemented. The final stages cover project implementation and post-project evaluation. A potential 'Decision Gateway' separates each stage.

This incremental approach provides regular opportunities for the Council to review progress and check that projects are still on track. It also avoids unnecessary resource being spent developing potential projects beyond the point at which a decision could be made that they are unlikely to be viable (potentially because needs or priorities have changed or available solutions are unlikely to offer value for money). Feasibility studies will be used where appropriate.

The capital investment programme is split into the main approved programme and the Subject to Viable Business Case section, for schemes that are subject to the completion of a process or event. This could be the agreement of a viable business case, the outcome of an application to a committee or board, agreement of external funding or property purchase due diligence and negotiations. This allows schemes to be brought into the programme at the appropriate time.

Whilst all projects consider the same basic questions as they pass through each stage, the level of information that must be gathered, and the number of formal approvals required for a project to progress, will vary significantly depending on the scale of the project.

### 8.3 Proportionality

Projects will be categorised as major, mid or minor, depending on the assessment of the following criteria to determine the scale and impact of the proposal:



- Level of contribution to the Corporate Plan.
- Impact on the organisation to deliver the project.
- Potential impact of project failure on the Council's reputation.
- Statutory or regulatory context.
- The scope of stakeholders or partnerships involved.
- Contract complexity.
- Project costs.
- The timescales involved.

This categorisation will help to determine the level of detail needed to progress through the gateway stages.

#### **8.4 Developing the business case**

The business case will be developed incrementally with the amount of detail dependent on the scale and impact of the project and with more detail added as the business case matures through the gateway stages. Each business case covers five areas:

- Strategic case – demonstrating the fit with investment priorities.
- Economic case – demonstrating that the project provides value for money.
- Financial case – demonstrating that the project is prudent, affordable and sustainable (including the revenue implications) and proportionality.
- Commercial case – demonstrating that the project is commercially viable.
- Management case – demonstrating that the project will be delivered effectively.

For the financial case due consideration should be given to:

##### **Prudence:**

- Recognition of the ability to prioritise and refocus following transformation work.
- Recognition of the capacity in the organisation to deliver such a programme.
- Recognition of the knowledge and skills available and whether these are commensurate with the appetite for risk.
- The approach to commercial activities including ensuring effective due diligence, expert advice and scrutiny, defining the risk appetite and considerations of proportionality in respect of overall resources.
- The approach to treasury management and the management of risk as set out in the Treasury Management Strategy.

##### **Affordability:**

- Revenue impact of the proposals on the Medium Term Financial Strategy.
- The borrowing position of the Council, projections of external debt and the use of internal borrowing to support capital expenditure.
- The authorised limit and operational boundary for the following year.

- Whether schemes are profiled to the appropriate financial year.

**Sustainability:**

- Recognition of the objectives of the Sustainability Strategy.
- A long-term view of capital expenditure plans, where long term is defined by the financing strategy of and risks faced with reference to the life of the project/assets.
- Provision for the repayment of debt over the life of the underlying debt as set out in the Minimum Revenue Provision policy.
- An overview of asset management planning including maintenance requirements and planned disposals.

**Proportionality:**

- The risks associated with investments for service and regeneration purposes are proportionate to the Council's financial capacity.

All project proposals are submitted using an agreed template that captures the information necessary to have a structured approach that provides:

- Proper definition to projects, making sure it is clear what will be delivered, by when, and with what resource and that appropriate approvals have been given.
- Clear roles and responsibilities, and clear delegation of responsibility.
- Controls to provide early warnings of deviation from the plan, as well as risks and issues, and a way of managing them.
- Good communication channels, making sure management and stakeholders are involved at the right time in the right way.
- Regular reviews of the project to make sure it is still viable, worthwhile and deliverable.
- A common language across the Council and a process that is repeatable.

Whilst this approach will not guarantee that every project will be successfully delivered, having a consistent approach to managing projects will mean that:

- All projects are prioritised using a consistent and coherent set of standards and based on a sound business case.
- Projects are more likely to provide an optimum contribution to Corporate Plan priorities and service improvement.
- Projects are more likely to be delivered on time and within budget.

## 8.5 Risk Management

Risk is the threat that an event or action will adversely affect the Council's ability to achieve its desired outcomes and to execute its strategies successfully.

Risk management is the process of identifying risks, evaluating their potential consequences and determining the most effective methods of managing them and/or responding to them. It is both a means of minimising the costs and disruption to the organisation caused by undesired events and of ensuring that staff understand and appreciate the element of risk in all their activities.

The aim is to reduce the frequency of adverse risk events occurring (where possible), minimise the severity of their consequences if they do occur, or to consider whether risk can be transferred to other parties. The corporate risk register sets out the key risks to the successful delivery of the Council's corporate aims and priorities and outlines the key controls and actions to mitigate and reduce risks or maximise opportunities.

To manage risk effectively, the risks associated with each capital project need to be systematically identified, analysed, influenced and monitored.

It is important to identify the appetite for risk by each scheme and for the capital investment programme as a whole, especially when investing in capital assets that have an element of financial return. Under the CIPFA Prudential Code these are defined as investments and so the key principle applies of control of risk and optimising returns consistent with the level of risk.

Risk appetite:

The Council accepts there will be a certain amount of risk inherent in delivering the desired outcomes of the Corporate Plan priorities. The Council seeks to keep the risk of capital projects to a low level whilst making the most of opportunities for improvement. Where greater risks are identified as necessary to achieve desired outcomes, the Council seeks to mitigate or manage those risks to a tolerable level. All key risks identified as part of the capital planning process are considered for inclusion in the corporate risk register.

The Chief Finance Officer will report explicitly on the deliverability, affordability and risk associated with the Capital Investment Strategy. Where appropriate they will have access to specialised advice to enable them to reach their conclusions.

## 9 Governance processes

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

Before any project can enter the procurement or delivery phase approval must be obtained from full Council to include it in the capital investment programme. This can be achieved by taking proposals through the Cabinet and Scrutiny process, either as part of

the annual budget round or throughout the year so that schemes enter the programme at the required time.

### **9.1 Approval via the annual budget round**

The Corporate Leadership Team will consider any proposals from a corporate priority perspective. As part of the budget process Executive Briefing (EB) meetings enable Cabinet Members to be briefed and understand the expected outcomes and the budget consequences, both revenue and capital, of completing the scheme. Where appropriate schemes will be reported to Members based on the schemes being subject to external funding or viable business case approval.

The Chief Finance Officer will consider the proportionality of the proposals as a whole in respect of overall resources and longer-term sustainability and risk. The Chief Finance Officer will also take an overall view on the prudence, affordability and sustainability of the overall borrowing level if all proposals are accepted.

The Cabinet receive the capital investment programme in draft in January each year which is then subject to scrutiny via the relevant scrutiny committees. Then the Cabinet receive the updated capital investment programme in February each year and in turn make their recommendations to full Council.

### **9.2 Approval throughout the year**

New schemes can be added throughout the year as appropriate, for urgent or service critical schemes or when gateway stages are successfully completed. Project proposals are submitted to the Investment Board, which is part of the Governance Architecture refined in accordance with driving Simple and Effective Governance. Investment Board takes a strategic view of capital investment in line with the Corporate Plan priorities and acts as the advisory body to the Corporate Leadership Team and Cabinet for all capital investment projects.

Using the proportionate approach outlined earlier, the Investment Board will consider all business cases for project proposals. The Board will either:

- reject the proposal and give the reasons for this.
- recommend that the proposal is delayed to ensure business alignment.
- refer the proposal to another Governance Board for further consideration.
- ask for further clarification and assurances.
- agree that a feasibility study would be the most appropriate way forward.
- agree that the project can proceed to the next Gateway stage.
- agree whether bids for new capital grants/funding can be submitted.

- make recommendations to Cabinet for approval of the project or feasibility study in line with financial regulations.

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

## **10 Monitoring the progress of delivery**

It is important that the progress of the delivery of the capital investment programme can be properly monitored. This is approached in several ways:

### **10.1 Investment Board**

The Board will challenge the existing capital investment programme as part of the redirection and re-prioritisation of resources and will consider possibilities for disinvestment where appropriate. This will be particularly important where capital projects are not delivering to time and/or budget and where appropriate the Board will seek project evaluation updates or commission post completion reviews.

### **10.2 Capital Programme Delivery Board**

The Board will oversee and guide the delivery of the capital investment programme to ensure it is being managed in line with corporate requirements (in terms of time, cost, quality, scope, risks/issues and benefits/outcomes), in compliance with corporate policies and procedures and within the terms of any relevant grant funding agreements. The Board will seek to:

- Agree a pipeline of investment propositions and co-ordinate the preparation of business cases and appropriate bid documents for consideration by Investment Board.
- Manage resources (operational) to deliver the capital investment programme in an efficient and effective manner.
- Manage key programme risks and scope changes.
- Ensure that the conditions exist for the desired benefits and outcomes to be realised.
- Promote a successful approach to capital project development and management across the Council.

The Board will meet on a monthly basis but will also meet on an ad hoc or extraordinary basis to respond to significant change requests or to resolve issues and risks that have been escalated. Board members will receive monthly highlight reports to ensure they are aware of the status of projects throughout the lifecycle of the programme.

### 10.3 Capital Challenge meetings

At appropriate times throughout the year capital challenge meetings will be undertaken, led by the Cabinet member with responsibility for the capital investment programme. The aim of these challenge meetings is to ascertain whether:

- Any projects are not aligned to the delivery of the Corporate Plan priorities and can be removed from the programme.
- There are any opportunities for disinvestment.
- Any project budgets need to be re-profiled to better align them to the predicted spend across the years of the programme.
- The projects in each financial year are deliverable given their number, scope, size and complexity.
- Any projects currently funded by borrowing that can be alternatively financed.
- Projects funded by borrowing are still affordable.
- Any projects in the main programme need to be moved to the Subject to Viable Business Case section.
- The actual physical progress of each scheme (e.g. out to tender, site assembly, on site, etc.) and whether the current year's budget will be spent.
- The desired benefits and outcomes are still realistically achievable within the budget available.

### 10.4 Capital budget performance reports

Capital expenditure and its financing are monitored monthly, with the expenditure to date identified and projected to year end to forecast the outturn position based on project managers' realistic expectation.

The capital budget performance is reported to Cabinet four times a year (via the Corporate Leadership Team and Executive Briefing) with a commentary on scheme progress. One of these reports is to inform members of the capital investment programme outturn. These reports include recommendations to approve the requested changes to the programme such as proposed re-profiles of scheme budgets across financial years, new schemes, deletions, virements of budget between schemes, additions where new external funding has been received or transfers between the main programme and the 'subject to' section. These changes are either as a result of recommendations from Investment Board, the outcome of capital challenge meetings, the year-end closure procedures or identified in the normal course of the monthly budget performance monitoring.

A summary of the capital budget performance is also reported to the Corporate Leadership Team for many of the months when it does not go to Cabinet.

## **11 Multi-Year Schemes**

Payments for capital schemes often occur over many years, depending on the size and complexity of the project. Therefore, estimated payment patterns are calculated for each project so that the expected capital expenditure per year is known. This is called a cash flow projection or budget profiling.

The length of the planning period should be defined by the financing strategy and the risks faced with reference to the life of the project/assets. For example, some schemes may span two or three years (e.g. building an extension to a school) whereas others may be over much longer timeframes (e.g. the 30-year business plan for the HRA decent homes programme).

The approval of a rolling multi-year capital investment programme assists the Council in a number of ways. It assists service managers, allowing them to develop longer term capital plans for service delivery.

It allows greater flexibility in planning workloads and more certainty for preparation work for future schemes. It will also allow greater integration of the revenue budget and capital investment programme. It also matches the time requirement for scheme planning and implementation since capital schemes can have a considerable initial development phase.

## **12 Other Considerations**

The Council has a Procurement team that ensures that value for money is provided and to see where efficiency savings can be achieved. This also covers capital procurement. It is essential that all capital procurement activities comply with prevailing regulations and best practice and with the Councils policies and regulations such as the Contract Procedural Rules and Financial Regulations.

The main aim is to hold 'value for money' as a key goal in all procurement activity to optimise the combination of cost and quality.

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

January 2024

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**SOUTHEND-ON-SEA CITY COUNCIL**

**CAPITAL INVESTMENT POLICY**

**1 Scope of this policy**

- 1.1 This investment policy covers capital investments, including:
- investment for service purposes which are taken or held primarily and directly for the delivery of public services (including housing, regeneration and local infrastructure) or in support of joint working with others to deliver such services.
  - investments for commercial purposes which are taken or held primarily for financial return and are not linked to treasury management activity or directly part of delivering services.
- 1.2 Investments for Treasury Management purposes are covered by the Annual Treasury Management Investment Strategy, which forms part of the Treasury Management Strategy.

**2 Investment Objectives**

- 2.1 The underlying objectives for these investments will be:
- Security – protecting the capital sum invested from loss.
  - Liquidity – ensuring the funds invested are available for expenditure when needed.
  - Yield – consideration of the yield obtainable consistent with proper levels of security and liquidity.
- 2.2 Due to the nature of the assets or for valid service reasons, such investments do not always give priority to security and liquidity over yield. In these cases, such a decision will be explicit, with the additional risks set out and the impact on financial sustainability identified and reported.

**3 Capital investments**

- 3.1 Capital investment will only be undertaken if it contributes to the delivery of the Corporate Plan and strategic delivery plans, desired outcomes and priorities.
- 3.2 Before capital investments can be entered into, they must be included as part of the approved capital investment programme, by either having a specific budget or via a pooled budget (e.g. strategic and regeneration acquisitions).

- 3.3 The Council's risk appetite and approach to risk management for capital projects is set out in the risk management section of the Capital Investment Strategy.
- 3.4 The Chief Finance Officer will ensure that the Council has the appropriate legal powers to undertake such investments. Annex A sets out each type of investment, the primary purpose and the legal powers to be used.
- 3.5 The Chief Finance Officer will ensure the proportionality of all investments so that the Council does not undertake a level of investing which exposes it to an excessive level of risk compared to its financial resources.

#### **4 Service investments**

- 4.1 These will be investments taken or held primarily and directly for the delivery of public services (including housing, regeneration and local infrastructure) or in support of joint working with others to deliver such services.
- 4.2 Service investments may or may not involve financial returns. However, obtaining those returns will not be the primary purpose of the investment.
- 4.3 It may be appropriate to borrow to finance service investments.

#### **5 Regeneration and transformation projects**

- 5.1 These will be investments entered into as part the Council's wider strategy, for example regeneration, transformation, economic recovery, development and growth. These may include investments arising as part of a business structure, such as shares and loans in subsidiaries or other outsourcing structures such as IT providers or building services providers.
- 5.2 These may be investments that include an aim of making a financial surplus for the Council, but this will not be the primary purpose of the investment.
- 5.3 Investment may include property purchases for strategic and regeneration purposes. These would not be primarily for yield but would be part of the wider strategic, regeneration, transformation or recovery aims of the Council.

#### **6 Commercial investments**

- 6.1 These are investments taken or held primarily for financial return and are not linked to treasury management activity or directly part of delivering services. This includes non-financial assets such as commercial property. These are any property which is bought and held primarily for financial return.

- 6.2 No new commercial investments will be entered into, where the primary purpose is to make a financial return.
- 6.3 Borrowing will not be undertaken to invest primarily for financial return.
- 6.4 The Council holds an existing portfolio of commercial land and property that were bought before HM Treasury's new lending rules came into force. The Council is permitted to invest in maximising its value, including repair, renewal and updating of the properties. These assets are held as Investment Properties on the Council's balance sheet.
- 6.5 The Council's Commercial Property Investment Strategy (including the purpose of the Investment Portfolio) is set out in the Corporate Asset Management Strategy.
- 6.6 The Chief Finance Officer will assess the extent to which the Council's balanced budget and Council Tax setting is dependent on returns from commercial investments.

## **7 Loans**

- 7.1 These may be loans to local enterprises, local charities or third sector bodies, wholly owned companies and joint ventures. They may not all be seen as prudent if adopting a narrow definition of prioritising security and liquidity but would be entered into as part the Council's wider strategy, for example economic development and growth.
- 7.2 Such loans will only be entered into if the Chief Finance Officer is satisfied that the financial exposure to these types of loans is proportionate and that the expected credit losses have been appropriately assessed in accordance with International Financial Reporting Standard (IFRS) 9 Financial Instruments.
- 7.3 Any overdue payments would be recovered using the credit control arrangements set out in the Council's Debt Management Strategy.
- 7.4 The total level of loans will be formally agreed as part of the process for inclusion in the capital investment programme.

## **8 Financing of Capital Investments**

- 8.1 As capital investments that exclude Commercial Investment, the above will be financed by any of the sources in the funding strategy section of the Capital Investment Strategy.
- 8.2 Although not the primary purpose, where capital investment, property purchases and loans do generate an income stream the Chief Finance Officer may choose to finance these capital investments by borrowing. Where this is the case the Chief Finance Officer will set out the rationale for doing so and how the risks of the investment are to be managed (e.g.

risk of not achieving the desired returns or the risk of the borrowing costs increasing) and that all the appropriate due diligence has been undertaken.

## **9 Due Diligence**

9.1 For all capital investments, the appropriate level of due diligence will be undertaken with the extent and depth reflecting the level of additional risk being considered.

9.2 Due diligence process and procedures may include:

- effective scrutiny of proposed investments by the relevant committee.
- identification of the risk to both the capital sums invested and the returns.
- understanding the extent and nature of any external underwriting of those risks.
- the potential impact on the financial sustainability of the Council if those risks come to fruition.
- identification of the assets being held for security against debt and any prior charges on those assets.
- where necessary independent and expert advice will be sought.

9.3 The Chief Finance Officer will ensure that Members are adequately informed and understand the risk exposures being taken on.

## **10 Governance and Scrutiny of Capital Investments**

10.1 The approach to capital investment is set out in the Corporate Asset Management Strategy and includes Members and Chief Officers at key stages.

10.2 Significant or strategic capital investments will be overseen by the Chief Finance Officer, relevant officers of the Corporate Leadership Team (CLT) and the appropriate Governance boards and managed by project boards and teams appropriate to the scale of the investment.

10.3 The Investment Board and/or the Chief Finance Officer (and CLT where appropriate) will agree which projects should proceed to Cabinet for decisions and scrutiny and on to full Council for approval as part of the capital investment programme.

10.4 For strategic and regeneration property purchases an overall unspecified budget will be put forward for approval as part of the capital investment programme and individual acquisitions can then be acquired within that budget envelope. Decisions will need to be made, which will be

commercially confidential and often made quickly and efficiently but only after undertaking the necessary due diligence of the appropriate extent and depth. Therefore, these decisions will need to be directed by the Chief Finance Officer who will follow the most appropriate governance route to expedite any acquisition and in line with the constitution and/or any necessary delegation. These decisions will be included as part of the next scheduled capital reporting to Cabinet and also part of any necessary reporting requirement to Cabinet (e.g. SO46, etc).

Type of investment	Primary purpose	Secondary purposes	Legal power to undertake investment
Service investments	Contribute to the delivery of the Council's Corporate Plan, strategic delivery plans, recovery plans and desired outcomes.	Provision of operational services, including housing	Notes 1 and 2
Regeneration and transformation		To support the Council's wider strategy, for example regeneration, transformation, economic recovery, development and growth.	Notes 1, 2 and 3
Strategic and Regeneration Acquisitions		As part of the Council's wider strategic, regeneration, transformation or recovery aims. To make a financial surplus.	Notes 1, 2 and 5
Loans		To support wider strategy whilst also generating an income stream.	Notes 1, 2 and 4

Note 1 – Capital expenditure defined in S16 of Local Government Act 2003.

Note 2 – Power to borrow – S1 of Local Government Act 2003.

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

Note 4 – The Local Authorities (Capital Finance and Accounting (England) Regulations 2003 – section 25(1)(b) – the giving of a loan, grant or other financial assistance to any person, whether for use by that person or by a third party, towards expenditure which would, if incurred by the authority, be capital expenditure.

Note 5 – The Council can build and manage an investment portfolio under the general power of competence set out in Section 1 of the Localism Act 2011. In accordance with this Act, the Council has the legal powers to purchase assets inside or outside the city (or the UK) and manage them for investment and commercial gain.

**ADDITIONAL CAPITAL INVESTMENT PROPOSALS AND SCHEMES SUBJECT TO VIABLE BUSINESS CASES IDENTIFIED AS A PRIORITY: 2024/25 to 2028/29**

**1. Summary**

<b>Corporate Plan Priority</b>	<b>Proposed additional investment (£000)</b>	<b>Proposed additional investment subject to viable business cases (£000)</b>
A safe city with a good quality of life for all	0	12,225
A growing city with a strong and prosperous community	0	0
A clean city with a resilient environment	0	3,400
A transforming council delivering efficient, cost-effective services	6,585	3,755
<b>Total</b>	<b>6,585</b>	<b>19,380</b>
<i>General Fund:</i>	6,585	13,905
<i>Housing Revenue Account (HRA)</i>	0	5,475

<b>Proposed additional investment – main programme</b>	<b><u>2024/25</u> <u>(£'000)</u></b>	<b><u>2025/26</u> <u>(£'000)</u></b>	<b><u>2026/27</u> <u>(£'000)</u></b>	<b><u>2027/28</u> <u>(£'000)</u></b>	<b><u>2028/29</u> <u>(£'000)</u></b>	<b><u>5 Year Total</u> <u>(£'000)</u></b>
Proposed investment each year	1,960	1,175	1,150	1,150	1,150	6,585
Borrowing	1,175	1,175	1,150	1,150	1,150	5,800
GF Reserves	785					785

<b>Proposed additional investment subject to viable business cases – Rolling programmes</b>	<b><u>2024/25</u> <u>(£'000)</u></b>	<b><u>2025/26</u> <u>(£'000)</u></b>	<b><u>2026/27</u> <u>(£'000)</u></b>	<b><u>2027/28</u> <u>(£'000)</u></b>	<b><u>2028/29</u> <u>(£'000)</u></b>	<b><u>5 Year Total</u> <u>(£'000)</u></b>
Proposed investment each year	3,375	7,280	6,125	550	550	17,880
Proposed investment – profile across years yet to be determined						1,500
<b>Financed by:</b>						
Borrowing	1,050	4,955	3,800	550	550	10,905
						1,500
External Funding	500	500	500			1,500
HRA Capital Receipts	600	600	600			1,800
HRA Reserves	1,225	1,225	1,225			3,675

**ADDITIONAL CAPITAL INVESTMENT PROPOSALS AND SCHEMES SUBJECT TO VIABLE BUSINESS CASES IDENTIFIED AS A PRIORITY: 2024/25 to 2028/29**

**2. Proposed Additional Investment into the main Capital Investment Programme**

<b>Priority</b>		<b>Total (£)</b>	<b>Proposed Initiatives</b>
A transforming council delivering efficient, cost- effective services	C1	785,000  <i>Funded by: Reserves</i>	<p><b>Technology Modernisation Programme</b> (24/25 - £785,000)</p> <p>This is the 24/25 programme of works for the ICT – Smart Council project. This capital investment is to continue to provide the ICT core services to the Council (software and hardware). The additional work has been broken down into projects, which, when delivered together, will achieve quantitative and qualitative benefits and mitigates risk.</p> <p>Part of the project is to provide regular device refreshes, to ensure the estate does not go beyond the end of its supported life and result in security risks and to enable officers and members to carry on working remotely.</p> <p>The Technology Modernisation Programme is fundamental to enabling transformation. The forecast costs over the remaining years from 24/25 to 25/26 of £7,050,000 is estimated to be £4,940,000 of capital investment and £2,110,000 of revenue investment.</p> <p>£2,220,000 of this capital investment has already been included in the programme for 24/25 to 25/26 regarding software licences. A further £1,180,000 is being included as part of C2 below for 24/25 to 25/26 regarding software licences.</p> <p>This investment for 24/25 is being moved up from the ‘subject to viable business case’ section. Inclusion of the Smart Council project from 25/26 in the main programme is subject to approval of appropriate viable business cases.</p>
A transforming council delivering efficient, cost- effective services	C2	5,800,000  <i>Funded by: Corporate borrowing (alternative methods of funding will be considered if available)</i>	<p><b>Software Licencing</b> (24/25 to 25/26 - £1,175,000 p.a, 26/27 to 28/29 - £1,150,000 p.a.)</p> <p>This scheme is to maintain the on-going software licences required to deliver corporate wide systems, without which the Council would not be entitled to use all proprietary applications.</p>
	<b>Total</b>	<b>6,585,000</b>	<b>General Fund</b>
		<b>6,585,000</b>	<b>TOTAL ADDITIONAL CAPITAL INVESTMENT PROPOSALS – MAIN CAPITAL INVESTMENT PROGRAMME</b>



**ADDITIONAL CAPITAL INVESTMENT PROPOSALS AND SCHEMES SUBJECT TO VIABLE BUSINESS CASES IDENTIFIED AS A PRIORITY: 2024/25 to 2028/29**

**3. Schemes Subject to Viable Business Cases Identified as a Priority**

Viable business cases will need to be produced and approved before these schemes can progress and be brought into the capital investment programme.

Priority		Total (£)	Proposed Initiatives
A transforming council delivering efficient, cost-effective services	C3	755,000 <i>Funded by: Corporate borrowing</i>	<p><b>Technology Modernisation Programme (25/26 - £755,000)</b></p> <p>This is the 24/25 programme of works for the ICT – Smart Council project. This capital investment is to continue to provide the ICT core services to the Council (software and hardware). The additional work has been broken down into projects, which, when delivered together, will achieve quantitative and qualitative benefits and mitigates risk.</p> <p>Part of the project is to provide regular device refreshes, to ensure the estate does not go beyond the end of its supported life and result in security risks and to enable officers and members to carry on working remotely.</p> <p>The Technology Modernisation Programme is fundamental to enabling transformation. The forecast costs over the remaining years from 24/25 to 25/26 of £7,050,000 is estimated to be £4,940,000 of capital investment and £2,110,000 of revenue investment.</p> <p>£2,320,000 of this capital investment has already been included in the programme for 24/25 to 25/26 regarding software licences.</p> <p>This investment for 24/25 is being moved up from the ‘subject to viable business case’ section. Inclusion of the Smart Council project from 25/26 in the main programme is subject to approval of appropriate viable business cases.</p>
A safe city with a good quality of life for all	C4		<p><b>Palace Theatre (Dixon Studio) – RAAC</b></p> <p>Following the increased awareness of the risks of Reinforced Autoclaved Aerated Concrete (RAAC) raised regarding educational settings, further due diligence has been undertaken in relation to the wider Council operational portfolio. This has identified the presence or RAAC within the Dixon Studio at the Palace Theatre. The main auditorium, entrance lobby and other facilities are not affected but the Dixon Studio will be closed whilst further investigatory works are undertaken.</p>

**ADDITIONAL CAPITAL INVESTMENT PROPOSALS AND SCHEMES SUBJECT TO VIABLE BUSINESS CASES IDENTIFIED AS A PRIORITY: 2024/25 to 2028/29**

Priority		Total (£)	Proposed Initiatives
			<p>This investment is in addition to the budget of £40,000 already in the approved capital investment programme for 23/24. This amount was transferred from the Priority Works budget to facilitate some short-term mediation works until a longer-term solution can be undertaken.</p> <p>Inclusion in the main programme is subject to approval of a viable business case.</p>
A safe city with a good quality of life for all	C5	<p align="center">2,500,000</p> <p align="center"><i>Funded by: Corporate borrowing</i></p>	<p><b>Southend Pier – Condition Works</b> (25/26 to 26/27 - £1,250,000 p.a.)</p> <p>This investment is to deliver the ongoing planned approach to addressing the condition works and bearing refurbishment identified within the condition survey. This proactive approach reduces the requirement for urgent and/or reactive condition works and ensures the integrity of this landmark structure that helps drive millions of visitors to Southend-on-Sea each year.</p> <p>This investment is in addition to the £2,087,000 budget already in the approved capital investment programme for the years 23/24 to 24/25.</p> <p>Inclusion in the main programme is subject to approval of a viable business case.</p>
A clean city with a resilient environment	C6	<p align="center">1,400,000</p> <p align="center"><i>Funded by: Corporate borrowing</i></p>	<p><b>Coastal Defence Refurbishment Programme</b> (24/25 - £400,000, 25/26 to 26/27 - £500,000 p.a.)</p> <p>This investment is to deliver a planned approach for the essential refurbishment works to the city’s coastal defences. This proactive approach reduces the requirement for urgent and/or reactive condition works.</p> <p>This investment is in addition to the £23,000 budget already in the approved capital investment programme for 23/24.</p> <p>Inclusion in the main programme is subject to approval of a viable business case.</p>

**ADDITIONAL CAPITAL INVESTMENT PROPOSALS AND SCHEMES SUBJECT TO VIABLE BUSINESS CASES IDENTIFIED AS A PRIORITY: 2024/25 to 2028/29**

Priority		Total (£)	Proposed Initiatives
A safe city with a good quality of life for all	C7	1,500,000 <i>Funded by: External funding</i>	<p><b>Schools – Condition Works</b> (24/25 to 26/27 - £500,000 p.a.- amount is indicative)</p> <p>This investment is for condition works at Children Centres and emergency works at schools. These are mainly larger, urgent projects to be agreed between the Council's property team and head teachers.</p> <p>This is funded from Government Grant (the amount is subject to final Government capital funding announcements).</p> <p>This investment is in addition to the budget of £699,000 already in the approved capital investment programme.</p> <p>Inclusion in the main programme is subject to confirmation of the funding from the Department for Education.</p>
A transforming council delivering efficient, cost-effective services	C8	1,500,000 <i>Funded by: Corporate borrowing</i>	<p><b>Property Refurbishment Programme</b> (25/26 to 26/27 - £750,000 p.a.)</p> <p>This investment is to enable the Council's Property and Estate Management service to take a proactive approach to maintaining the buildings for which it is responsible. This will ensure investment is made in the fabric and services within building before they get to a stage that capital works become urgent or have a detrimental impact on service users' use of the building or leads to urgent repairs and maintenance works which are usually more costs long term.</p> <p>This investment is in addition to the budget of £741,000 already in the approved capital investment programme for the years 23/24 to 24/25.</p> <p>Inclusion in the main programme is subject to approval of a viable business case.</p>
A transforming council delivering efficient, cost-effective services	C9	1,500,000 <i>Funded by: Corporate borrowing</i>	<p><b>Fire Improvement Works</b> (25/26 to 26/27 - £750,000 p.a.)</p> <p>This scheme is for the implementation of fire safety and associated compliance works across the Council's corporate property estate arising as a result of any changes to building regulations and/or other standards or updated fire risk assessments.</p> <p>This investment is in addition to the budget of £1,641,000 already in the approved capital investment programme for the years 23/24 to 24/25.</p> <p>Inclusion in the main programme is subject to approval of a viable business case.</p>

**ADDITIONAL CAPITAL INVESTMENT PROPOSALS AND SCHEMES SUBJECT TO VIABLE BUSINESS CASES IDENTIFIED AS A PRIORITY: 2024/25 to 2028/29**

Priority		Total (£)	Proposed Initiatives
A safe city with a good quality of life for all	C10	2,500,000  <i>Funded by: Corporate borrowing</i>	<b>Carriageways Improvements</b> (24/25 to 28/29 - £500,000 p.a.)  Improving local roads is a priority for local people and for this council. This investment is to improve the highways infrastructure, reduce long term structural maintenance and improve public safety.  The programme of works includes some of the highest priority roads that need repair, across a range of wards and is part of more major investment across future years that will be needed to enable all the highest priority roads to be brought up to standard across the borough.  Inclusion in the main programme is subject to approval of a viable business case.
A safe city with a good quality of life for all	C11	250,000  <i>Funded by: Corporate borrowing</i>	<b>New Street Lighting – Column Replacement</b> (24/25 to 28/29 - £50,000 p.a.)  This is to deliver replacement street light columns where they are damaged or reach the end of their useful lives.  Inclusion in the main programme is subject to approval of a viable business case.
A clean city with a resilient environment	C12	1,500,000  <i>Funded by: Corporate borrowing</i>	<b>Climate Change Provision</b> (profile to be determined)  This is to deliver suitable projects aimed at reducing the impact of climate change and support the Council's aspirations to achieve net-zero emissions by 2030 in line with the Climate Emergency Declaration.  Inclusion in the main programme is subject to approval of a viable business case.
A clean city with a resilient environment	C13	500,000  <i>Funded by: Corporate borrowing</i>	<b>Cliffs Stabilisation</b> (24/25 - £100,000, 25/26 - £400,000)  It is recognised that consideration needs to be given to schemes to remedy ground movement and reduce the risk of cliff slips.  Schemes will be prioritised and slopes where there is evidence of ongoing, persistent ground movement, affecting a wide area with the potential to affect adjacent buildings or infrastructure would be considered first.  Inclusion in the main programme is subject to approval of a viable business case.
	<b>Total</b>	<b>13,905,000</b>	<b>General Fund</b>

**ADDITIONAL CAPITAL INVESTMENT PROPOSALS AND SCHEMES SUBJECT TO VIABLE BUSINESS CASES IDENTIFIED AS A PRIORITY: 2024/25 to 2028/29**

<b>Priority</b>		<b>Total (£)</b>	<b>Proposed Initiatives</b>
A safe city with a good quality of life for all	C14	975,000  <i>Funded by: Reserves</i>  <i>Delivered by South Essex Homes</i>	<p><b>HRA Right to Buy – Buybacks Refurbishment</b> (24/25 to 26/27 - £325,000 p.a.)</p> <p>This investment is to support the continuation of the programme to buy back ex-council houses and other properties to increase the stock on the housing register. These funds would be used to refurbish the properties that are purchased in order to bring them up to Decent Homes standard.</p> <p>These works are wholly funded through the HRA, from the Capital Investment Reserve. This investment is in addition to the budget of £147,000 already in the approved capital investment programme for 23/24.</p> <p>Inclusion in the main programme is subject to approval of a viable business case.</p>
A safe city with a good quality of life for all	C15	4,500,000  <i>Funded by: 40% Right to Buy Receipts and 60% HRA Capital Investment Reserve</i>	<p><b>HRA Affordable Housing Acquisitions Programme</b> (24/25 to 26/27 - £1,500,000 p.a.)</p> <p>Housing is a clear priority of this council and through purchasing suitable private homes for council use, the acquisitions programme is already helping to ensure that everyone has a home that meets their needs, including those with complex needs.</p> <p>It is 40% financed by retained Right to Buy capital receipts. The balance of 60% is financed from the HRA capital investment reserve.</p> <p>This investment is in addition to the budget of £2,878,000 already in the approved capital investment programme for the years 23/24.</p> <p>The profile of these budgets across 2024/5 and future years is subject to change as the Government has introduced a cap on the use of Right to Buy receipts on acquisitions, to encourage new builds to help drive new supply of Council Housing.</p> <p>Inclusion in the main programme is subject to approval of a viable business case.</p>
	<b>Total</b>	<b>5,475,000</b>	<b>Housing Revenue Account</b>
		<b>19,380,000</b>	<b>TOTAL CAPITAL INVESTMENT PROPOSALS – SUBJECT TO VIABLE BUSINESS CASES</b>

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**SUMMARY OF CHANGES TO THE CAPITAL INVESTMENT PROGRAMME**

**Appendix 12**

**Summary - programme to be delivered by the Council:**

	2023/24 Budget £000	2024/25 Budget £000	2025/26 Budget £000	2026/27 Budget £000	2027/28 Budget £000	2028/29 and future years Budget £000	Total Budget (all years) £000
<b>Approved Capital Investment Programme - November 2023 Cabinet</b>	<b>45,502</b>	<b>64,376</b>	<b>11,169</b>	<b>6,681</b>	<b>4,172</b>	-	<b>131,900</b>
Carry Forwards	(4,453)	(3,286)	7,739	-	(3,177)	3,177	-
Accelerated Deliveries	573	(378)	-	-	(195)	-	-
Additions to the Programme	369	1,960	1,175	1,150	1,150	1,150	<b>6,954</b>
Deletions from the Programme	(2)	-	-	-	-	-	<b>(2)</b>
Virements	-	-	-	-	-	-	-
New External Funding	268	591	148	-	-	-	<b>1,007</b>
Transfers from 'Subject to Viable Business Case' section of the programme	116	-	-	-	-	-	<b>116</b>
Transfers to 'Subject to Viable Business Case' section of the programme	-	(850)	-	-	-	-	<b>(850)</b>
<b>Proposed Investment Programme - following amendments</b>	<b>42,373</b>	<b>62,413</b>	<b>20,231</b>	<b>7,831</b>	<b>1,950</b>	<b>4,327</b>	<b>139,125</b>

Total budget for 2024/25 to 2028/29:

96,752

**Summary - programme to be delivered by Subsidiary Companies, Partners and Joint Ventures:**

	2023/24 Budget £000	2024/25 Budget £000	2025/26 Budget £000	2026/27 Budget £000	2027/28 Budget £000	2028/29 and future years Budget £000	Total Budget (all years) £000
<b>Approved Capital Investment Programme - November 2023 Cabinet</b>	<b>13,783</b>	<b>6,774</b>	<b>6,329</b>	<b>6,491</b>	-	-	<b>33,377</b>
Carry Forwards	(500)	500	-	-	-	-	-
<b>Proposed Investment Programme - following amendments</b>	<b>13,283</b>	<b>7,274</b>	<b>6,329</b>	<b>6,491</b>	-	-	<b>33,377</b>

Total budget for 2024/25 to 2028/29:

20,094

**Carry Forwards to Future Years - programme to be delivered by the Council**

Scheme	2023/24 Budget £000	2024/25 Budget £000	2025/26 Budget £000	2026/27 Budget £000	2027/28 Budget £000	2028/29 and future years Budget £000	Total Budget (all years) £000
Marine Parade - Levelling Up Funding	(1,138)	1,138	-	-	-	-	-
Local Growth Fund - A127 Growth Corridor	(139)	139	-	-	-	-	-
Better Queensway - Programme Management	(70)	70	-	-	-	-	-
Safer Roads Fund - A13	(500)	(1,088)	1,588	-	-	-	-
CIL Main Fund Allocation - Enhancing Children's Play Provision in Public Parks	(250)	250	-	-	-	-	-
Housing Construction Scheme - Phase 4	(50)	(1,334)	1,384	-	-	-	-
Next Steps Accommodation Programme	-	(50)	50	-	-	-	-
Social Housing Decarbonisation Funding	(480)	480	-	-	-	-	-
ICT - Application Transformation	(40)	40	-	-	-	-	-
ICT - Childrens and Adults Social Care - Implementation of ContrOCC Modules	(27)	27	-	-	-	-	-
ICT - Core Application and Database Migration	(15)	15	-	-	-	-	-
ICT - Digital Enablement	(40)	40	-	-	-	-	-
Civic Campus - Efficient Use of Space	(169)	169	-	-	-	-	-
Seaways - Homes England Condition Funding	-	(99)	99	-	-	-	-
High Needs Provision	(1,429)	(2,795)	4,224	-	-	-	-
Fairways Primary - Curtain Walling	(95)	95	-	-	-	-	-
S106 23/04/2015 Hinguar and Saxon - Public Art Contribution	(8)	8	-	-	-	-	-
S106 Avenue Works 14/01968/AMDT - Public Art Contribution	(2)	2	-	-	-	-	-
S106 Former Balmoral 14/00914/FULM - Public Art Contribution	(1)	1	-	-	-	-	-
HRA Disabled Adaptations - Major Adaption	-	(394)	394	-	-	-	-
Disabled Facilities	-	-	-	-	(3,177)	3,177	-
<b>Total Carry Forwards - programme to be delivered by the Council</b>	<b>(4,453)</b>	<b>(3,286)</b>	<b>7,739</b>	<b>-</b>	<b>(3,177)</b>	<b>3,177</b>	<b>-</b>

**Carry Forwards to Future Years - programme to be delivered by Subsidiary Companies and Partners**

Scheme	2023/24 Budget £000	2024/25 Budget £000	2025/26 Budget £000	2026/27 Budget £000	2027/28 Budget £000	2028/29 and future years Budget £000	Total Budget (all years) £000
No Use Empty - Growing Places Fund	(500)	500	-	-	-	-	-
<b>Total Carry Forwards - programme to be delivered by Subsidiary Companies and Partners</b>	<b>(500)</b>	<b>500</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Accelerated Deliveries - programme to be delivered by the Council**

Scheme	2023/24 Budget £000	2024/25 Budget £000	2025/26 Budget £000	2026/27 Budget £000	2027/28 Budget £000	2028/29 and future years Budget £000	Total Budget (all years) £000
DfT - Belton Way East Cliff Slip	16	(16)	-	-	-	-	-
Southend Transport Model	50	(50)	-	-	-	-	-
Passive House Pilot	50	(50)	-	-	-	-	-
Special Provision Capital Fund	262	(262)	-	-	-	-	-
Disabled Facilities	195	-	-	-	(195)	-	-
<b>Total Accelerated Deliveries - programme to be delivered by the Council</b>	<b>573</b>	<b>(378)</b>	<b>-</b>	<b>-</b>	<b>(195)</b>	<b>-</b>	<b>-</b>

**SUMMARY OF CHANGES TO THE CAPITAL INVESTMENT PROGRAMME**

Appendix 12

**Additions to the Programme - programme to be delivered by the Council**

Scheme	2023/24 Budget £000	2024/25 Budget £000	2025/26 Budget £000	2026/27 Budget £000	2027/28 Budget £000	2028/29 and future years Budget £000	Total Budget (all years) £000
Software Licensing	369	1,175	1,175	1,150	1,150	1,150	6,169
Technology Modernisation Programme:							
ICT - Core Application and Database Migration		60					60
ICT - Technology Device Refresh		725					725
<b>Total Additions to the Programme - programme to be delivered by the Council</b>	<b>369</b>	<b>1,960</b>	<b>1,175</b>	<b>1,150</b>	<b>1,150</b>	<b>1,150</b>	<b>6,954</b>

**Deletions from the Programme - programme to be delivered by the Council**

Scheme	2023/24 Budget £000	2024/25 Budget £000	2025/26 Budget £000	2026/27 Budget £000	2027/28 Budget £000	2028/29 and future years Budget £000	Total Budget (all years) £000
Parks Fuel Storage	(2)						(2)
<b>Total Deletions from the Programme - programme to be delivered by the Council</b>	<b>(2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2)</b>

**Virements between schemes - programme to be delivered by the Council**

Scheme	2023/24 Budget £000	2024/25 Budget £000	2025/26 Budget £000	2026/27 Budget £000	2027/28 Budget £000	2028/29 and future years Budget £000	Total Budget (all years) £000
Cliffs Pavilion - Air Handling Unit	(1)						(1)
Cliffs Pavilion - Auditorium Air Handling Unit	1						1
<b>Total Virements between schemes - programme to be delivered by the Council</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**New External Funding - programme to be delivered by the Council**

Scheme	2023/24 Budget £000	2024/25 Budget £000	2025/26 Budget £000	2026/27 Budget £000	2027/28 Budget £000	2028/29 and future years Budget £000	Total Budget (all years) £000
Housing Construction Scheme - Phase 5/6 Feasibility (S106)	40						40
Local Electric Vehicle Infrastructure Funding		148	148				296
Highways Maintenance - Potholes	219	219					438
Childcare Expansion		224					224
CIL Ward NA - Victoria - Patchwork Orchard Project	5						5
CIL Ward NA - Prittlewell - Gainsborough Park Woodland and Orchard Project	4						4
<b>Total New External Funding - programme to be delivered by the Council</b>	<b>268</b>	<b>591</b>	<b>148</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,007</b>

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

Scheme	2023/24 Budget £000	2024/25 Budget £000	2025/26 Budget £000	2026/27 Budget £000	2027/28 Budget £000	2028/29 and future years Budget £000	Total Budget (all years) £000
Irrigation Tanks	16						16
Sea Wall Access Refurbishment	100						100
<b>Total Transfers from 'Subject to Viable Business Case' section to main Capital Investment Programme - programme to be delivered by the Council</b>	<b>116</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>116</b>

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

Scheme	2023/24 Budget £000	2024/25 Budget £000	2025/26 Budget £000	2026/27 Budget £000	2027/28 Budget £000	2028/29 and future years Budget £000	Total Budget (all years) £000
CIL Main Fund Allocation - Enhancing Cycle Infrastructure		(850)					(850)
<b>Total Transfers to 'Subject to Viable Business Case' section from main Capital Investment Programme - programme to be delivered by the Council</b>	<b>-</b>	<b>(850)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(850)</b>



**Proposed Capital Investment Programme 2023/24 to 2028/29 and future years -  
Summary by Area of Investment**

**Appendix 13**

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Scheme to be delivered by the Council	2023/24 Budget £000	2024/25 Budget £000	2025/26 Budget £000	2026/27 Budget £000	2027/28 Budget £000	2028/29 and future years Budget £000	Total Budget (all years) £000
General Fund Housing	830	800	800	800	800	3,177	7,207
Social Care	64	199	-	-	-	-	263
Schools	1,497	2,736	4,224	-	-	-	8,457
Enterprise and Regeneration	1,542	925	125	125	-	-	2,717
Southend Pier	1,499	4,241	2,500	-	-	-	8,240
Culture and Tourism	922	35	-	-	-	-	957
Community Safety	142	-	-	-	-	-	142
Highways and Infrastructure	13,853	12,290	5,588	4,000	-	-	35,731
Works to Property	6,080	2,497	699	600	-	-	9,876
Energy Saving	231	488	148	-	-	-	867
ICT	3,614	4,476	2,331	2,306	1,150	1,150	15,027
S106/S38/CIL	725	948	-	-	-	-	1,673
<b>TOTAL PROPOSED CAPITAL INVESTMENT PROGRAMME - GENERAL FUND</b>	<b>30,999</b>	<b>29,635</b>	<b>16,415</b>	<b>7,831</b>	<b>1,950</b>	<b>4,327</b>	<b>91,157</b>

Total budget for 2024/25 to 2028/29: 60,158

Scheme to be delivered by the Council and Funded by the Levelling Up Fund	2023/24 Budget £000	2024/25 Budget £000	2025/26 Budget £000	2026/27 Budget £000	2027/28 Budget £000	2028/29 and future years Budget £000	Total Budget (all years) £000
Enterprise and Regeneration - Funded by the Levelling Up Fund	1,600	22,100	-	-	-	-	23,700
<b>TOTAL PROPOSED CAPITAL INVESTMENT PROGRAMME - GENERAL FUND - FUNDED BY LEVELLING UP FUND</b>	<b>1,600</b>	<b>22,100</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>23,700</b>

Total budget for 2024/25 to 2028/29: 22,100

**Proposed Capital Investment Programme 2023/24 to 2028/29 and future years -  
Summary by Area of Investment**

**Appendix 13**

Scheme to be delivered by the Council	2023/24 Budget £000	2024/25 Budget £000	2025/26 Budget £000	2026/27 Budget £000	2027/28 Budget £000	2028/29 and future years Budget £000	Total Budget (all years) £000
Council Housing New Build Programme	1,513	6,670	3,263	-	-	-	11,446
Council Housing Acquisitions Programme	7,611	3,358	50	-	-	-	11,019
Council Housing Refurbishment	650	650	503	-	-	-	1,803
<b>TOTAL PROPOSED CAPITAL INVESTMENT PROGRAMME - HRA</b>	<b>9,774</b>	<b>10,678</b>	<b>3,816</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>24,268</b>

Total budget for 2024/25 to 2028/29: 14,494

	2023/24 Budget £000	2024/25 Budget £000	2025/26 Budget £000	2026/27 Budget £000	2027/28 Budget £000	2028/29 and future years Budget £000	Total Budget (all years) £000
<b>TOTAL PROPOSED CAPITAL INVESTMENT PROGRAMME - TO BE DELIVERED BY THE COUNCIL</b>	<b>42,373</b>	<b>62,413</b>	<b>20,231</b>	<b>7,831</b>	<b>1,950</b>	<b>4,327</b>	<b>139,125</b>

Total budget for 2024/25 to 2028/29: 96,752

Scheme to be delivered by the Subsidiary Companies, Partners or Joint Ventures	2023/24 Budget £000	2024/25 Budget £000	2025/26 Budget £000	2026/27 Budget £000	2027/28 Budget £000	2028/29 and future years Budget £000	Total Budget (all years) £000
Council Housing Refurbishment	8,578	6,274	6,329	6,491	-	-	27,672
Enterprise and Regeneration	4,705	1,000	-	-	-	-	5,705
<b>PROPOSED CAPITAL INVESTMENT PROGRAMME - TO BE DELIVERED BY SUBSIDIARY COMPANIES, PARTNERS OR JOINT VENTURES</b>	<b>13,283</b>	<b>7,274</b>	<b>6,329</b>	<b>6,491</b>	<b>0</b>	<b>0</b>	<b>33,377</b>

Total budget for 2024/25 to 2028/29: 20,094

**Proposed Capital Investment Programme 2023/24 to 2028/29 and future years - Summary by Strategic and Other Schemes**

Appendix 13

Scheme to be delivered by the Council	2023/24 Budget £000	2024/25 Budget £000	2025/26 Budget £000	2026/27 Budget £000	2027/28 Budget £000	2028/29 and future years Budget £000	Total Budget (all years) £000
<b>Strategic schemes</b>							
Airport Business Park (including Local Growth Fund)	908	575	125	125	-	-	1,733
Victoria Centre	876	-	-	-	-	-	876
Schools - High Needs Provision	72	-	-	-	-	-	72
Southend Pier schemes	1,499	4,241	2,500	-	-	-	8,240
ICT schemes	3,614	4,476	2,331	2,306	1,150	1,150	15,027
Footways and Carriageways Schemes	5,592	4,992	4,000	4,000	-	-	18,584
Highways Infrastructure Schemes	1,808	3,571	1,588	-	-	-	6,967
Highways and Infrastructure - Local Growth Fund and Local Transport Plan Schemes	3,308	3,467	-	-	-	-	6,775
<b>Total Strategic - General Fund</b>	<b>17,677</b>	<b>21,322</b>	<b>10,544</b>	<b>6,431</b>	<b>1,150</b>	<b>1,150</b>	<b>58,274</b>
Leigh Port Detailed Design	500	6,956	-	-	-	-	7,456
Cliffs Pavillion	1,000	13,206	-	-	-	-	14,206
City Beach	100	1,938	-	-	-	-	2,038
<b>Total Strategic - General Fund - funded by the Levelling Up Fund</b>	<b>1,600</b>	<b>22,100</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>23,700</b>
HRA Affordable Housing Acquisitions Programme	6,569	50	50	-	-	-	6,669
Council Housing New Build Programme	1,513	6,670	3,263	-	-	-	11,446
Social Housing Decarbonisation Funding	788	2,382	-	-	-	-	3,170
<b>Total Strategic - HRA</b>	<b>8,870</b>	<b>9,102</b>	<b>3,313</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>21,285</b>
<b>Total Strategic - GF and HRA</b>	<b>28,147</b>	<b>52,524</b>	<b>13,857</b>	<b>6,431</b>	<b>1,150</b>	<b>1,150</b>	<b>103,259</b>
<b>Other Schemes</b>	<b>14,226</b>	<b>9,889</b>	<b>6,374</b>	<b>1,400</b>	<b>800</b>	<b>3,177</b>	<b>35,866</b>
<b>TOTAL PROPOSED CAPITAL INVESTMENT PROGRAMME - TO BE DELIVERED BY THE COUNCIL</b>	<b>42,373</b>	<b>62,413</b>	<b>20,231</b>	<b>7,831</b>	<b>1,950</b>	<b>4,327</b>	<b>139,125</b>

Total budget for 2024/25 to 2028/29: 96,752

Scheme to be delivered by the Subsidiary Companies and Partners	2023/24 Budget £000	2024/25 Budget £000	2025/26 Budget £000	2026/27 Budget £000	2027/28 Budget £000	2028/29 and future years Budget £000	Total Budget (all years) £000
Council Housing Refurbishment	8,578	6,274	6,329	6,491	-	-	27,672
Better Queensway - SELEP	3,825	-	-	-	-	-	3,825
<b>Total Strategic - Delivered by Subsidiary Companies or Joint Ventures</b>	<b>12,403</b>	<b>6,274</b>	<b>6,329</b>	<b>6,491</b>	<b>-</b>	<b>-</b>	<b>31,497</b>
<b>Other Schemes</b>	<b>880</b>	<b>1,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,880</b>
<b>TOTAL PROPOSED CAPITAL INVESTMENT PROGRAMME - TO BE DELIVERED BY SUBSIDIARY COMPANIES AND PARTNERS</b>	<b>13,283</b>	<b>7,274</b>	<b>6,329</b>	<b>6,491</b>	<b>-</b>	<b>-</b>	<b>33,377</b>

Total budget for 2024/25 to 2028/29: 20,094

**Proposed Capital Investment Programme 2023/24 to 2028/29 and future years**

**Appendix 13**

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Scheme to be delivered by the Council	2023/24 Budget £000	2024/25 Budget £000	2025/26 Budget £000	2026/27 Budget £000	2027/28 Budget £000	2028/29 and future years Budget £000	Total Budget (all years) £000
<b>General Fund Housing</b>							
Disabled Facilities	800	800	800	800	800	3,177	7,177
Housing and Development Pipeline Feasibility - GF	30						30
<b>Total General Fund Housing</b>	<b>830</b>	<b>800</b>	<b>800</b>	<b>800</b>	<b>800</b>	<b>3,177</b>	<b>7,207</b>
<b>Social Care</b>							
AHDC Short Breaks for Disabled Children	64						64
Community Capacity		29					29
Mental Health Funding steam only		31					31
Transforming Care Housing		139					139
<b>Total Social Care</b>	<b>64</b>	<b>199</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>263</b>
<b>Schools</b>							
Childcare Expansion		224					224
Devolved Formula Capital	92						92
Fairways Primary - Curtain Walling	5	95					100
Future Condition Projects Post 10 11	699						699
High Needs Provision	232	2,417	4,224				6,873
Leigh Primary - Window Replacement (inc Radiators)	72						72
Prince Avenue Extended Nursery Provision	6						6
SEND works - Best Centre First Floor Class Room	50						50
Special Provision Capital Fund	341	-					341
<b>Total Schools</b>	<b>1,497</b>	<b>2,736</b>	<b>4,224</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,457</b>
<b>Enterprise and Regeneration</b>							
Airport Business Park	908	575	125	125			1,733
Better Queensway - Programme Management	484	270					754
Queensway Footbridge	150	80					230
<b>Total Enterprise and Regeneration</b>	<b>1,542</b>	<b>925</b>	<b>125</b>	<b>125</b>	<b>-</b>	<b>-</b>	<b>2,717</b>
<b>Southend Pier</b>							
Southend Pier - Condition Works Engineers	837	1,250					2,087
Southend Pier - Prince George Extension (Phase Two)	107	2,300	2,500				4,907
Southend Pier - Timber Outer Pier Head	505	691					1,196
Southend Pier Head: Drainage	50						50
<b>Total Southend Pier</b>	<b>1,499</b>	<b>4,241</b>	<b>2,500</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,240</b>
<b>Culture and Tourism</b>							
Cart and Wagon Shed	47						47
Central Museum Works	80						80
Chalkwell Park and Priory Park Tennis Courts	329						329
Cliffs Pavilion - Admiral's and Mariner's Rooms Air Source Heat Pumps	47						47
Cliffs Pavilion - Air Handling Unit	79						79
Cliffs Pavilion - Auditorium Air Handling Unit	1						1
Irrigation Tanks	16						16

**Proposed Capital Investment Programme 2023/24 to 2028/29 and future years**

**Appendix 13**

Scheme to be delivered by the Council	2023/24 Budget £000	2024/25 Budget £000	2025/26 Budget £000	2026/27 Budget £000	2027/28 Budget £000	2028/29 and future years Budget £000	Total Budget (all years) £000
Library Refurbishment Works	50						50
Milton Gardens LUF Project	51						51
Playground Gates	23	35					58
Shoebury Leisure Centre Sports Hall Floor	80						80
Shoebury Library/Youth Centre Lift	32						32
Southchurch Cricket Pavilion Demolition	82						82
Southend Tree Policy Review - Additional Trees	5						5
<b>Total Culture and Tourism</b>	<b>922</b>	<b>35</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>957</b>
<b>Community Safety</b>							
CCTV Equipment Renewal	142						142
<b>Total Community Safety</b>	<b>142</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>142</b>
<b>Highways and Infrastructure</b>							
<u>Cliff Stabilisation schemes:</u>							
- Cliff Parade Cliff Slip	225						225
<u>Flood Prevention and Resilience schemes:</u>							
- Coastal Defence Refurbishment Programme	23						23
- EA Innovation Resilience Programme	1,011						1,011
- East Beach Sea Wall Refurbishment	50						50
- Groyne Field Refurbishment Programme	141						141
- Improving Resilience to flooding – Eastwood Brook Hydraulic Catchment	40						40
- Local Surface Water Modelling and Mapping Grant Scheme	45						45
- Sea Wall Access Refurbishment	833						833
<u>Footways and Carriageways schemes:</u>							
- Carriageways Improvements	1,325	1,500	1,500	1,500			5,825
- Footways Improvements	2,582	2,500	2,500	2,500			10,082
- Highways Maintenance - Potholes	1,301	992					2,293
- Improve Footway Condition Around Highway Trees	40						40
- Junction Protection	234						234
- Zebra Crossing Surfacing Replacement	110						110
<u>Highways Infrastructure schemes:</u>							
- Bridge Strengthening - Challenge Fund	381						381
- DFT - Belton Way East Cliff Slip	296	1,984					2,280
- DfT Active Travel - Tranche 2	700						700
- Safer Roads Fund	250	1,587	1,588				3,425
- Street Lighting Infills	75						75
- Traffic Signs Upgrade	86						86
- Vehicle Restraint Replacement	20						20
<u>Parking schemes:</u>							
- Car Park Infrastructure Improvements	193						193
- Car Park Resurfacing	37						37
- Parking Bays	175						175
- Parking Signage Replacement	98						98
<u>Local Transport Plan schemes:</u>							

**Proposed Capital Investment Programme 2023/24 to 2028/29 and future years**

**Appendix 13**

Scheme to be delivered by the Council	2023/24 Budget £000	2024/25 Budget £000	2025/26 Budget £000	2026/27 Budget £000	2027/28 Budget £000	2028/29 and future years Budget £000	Total Budget (all years) £000
- LTP - Maintenance	661	595					1,256
- LTP - Maintenance - Street Lighting	195	121					316
- LTP (Integrated Transport Block) - Better Networks	490	629					1,119
- LTP (Integrated Transport Block) - Better Sustainable Transport	426	870					1,296
- LTP (Integrated Transport Block) - Bridge Strengthening	250	250					500
- LTP (Integrated Transport Block) - Traffic Control Systems	214	263					477
- LTP (Integrated Transport Block) - Traffic Management Schemes	726	600					1,326
<u>Local Growth Fund schemes:</u>							
- A127 Growth Corridor (Bell Junction and A127 Essential Maintenance Works)	90	139					229
- Local Growth Fund - Southend Town Centre Interventions	256						256
<u>Other Transport schemes:</u>							
- Security Measures	172						172
- Southend Transport Model	102	260					362
<b>Total Highways and Infrastructure</b>	<b>13,853</b>	<b>12,290</b>	<b>5,588</b>	<b>4,000</b>	<b>-</b>	<b>-</b>	<b>35,731</b>
<b>Works to Property</b>							
125 F/F Valkyrie Road Void Works	18						18
Aviation Way Car Park		336					336
Avro/Viking House Demolition	52	200					252
Civic Campus - Efficient Use of Space	40	169					209
Clearance and Fencing, Land off Sutton Road	2						2
Crematorium Refurbishment	2,250						2,250
East Beach Café	1,452						1,452
Fire Improvement Works	820	821					1,641
Futures Demolition	35						35
Parks Fuel Storage	13						13
Priority Works	100	600	600	600			1,900
Property Refurbishment Programme	370	371					741
RAAC - Operational Estate	40						40
Seaways - Homes England Condition Funding	12	-	99				111
Victoria Centre	876						876
<b>Total Works to Property</b>	<b>6,080</b>	<b>2,497</b>	<b>699</b>	<b>600</b>	<b>-</b>	<b>-</b>	<b>9,876</b>
<b>Energy Saving</b>							
Air Quality Grant	52	30					82
Climate Change Projects	97	250					347
Local Electric Vehicle Infrastructure Funding	65	148	148				361
ULEV Taxi Infrastructure Scheme	17	60					77
<b>Total Energy Saving</b>	<b>231</b>	<b>488</b>	<b>148</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>867</b>
<b>ICT</b>							
ASELA Local Full Fibre Network	500						500
ICT - Application Transformation	34	40					74
ICT - Childrens and Adults Social Care - Implementation of ContrOCC Modules	150	42					192
ICT - Core Application and Database Migration	13	115					128

**Proposed Capital Investment Programme 2023/24 to 2028/29 and future years**

**Appendix 13**

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Scheme to be delivered by the Council	2023/24 Budget £000	2024/25 Budget £000	2025/26 Budget £000	2026/27 Budget £000	2027/28 Budget £000	2028/29 and future years Budget £000	Total Budget (all years) £000
ICT - Digital Enablement	38	40					78
ICT - Operational Requirements - Microsoft Licences	982	1,064	1,156	1,156			4,358
ICT - Security & Resiliency	34	25					59
ICT - Technology Device Refresh	161	835					996
My Southend Replacement	560	1,140					1,700
Software Licensing	1,142	1,175	1,175	1,150	1,150	1,150	6,942
<b>Total ICT</b>	<b>3,614</b>	<b>4,476</b>	<b>2,331</b>	<b>2,306</b>	<b>1,150</b>	<b>1,150</b>	<b>15,027</b>
<b>S106/S38/CIL</b>							
CIL Main Fund Allocation - Enhancing Children's Play Provision in Public Parks	250	750					1,000
CIL Main Fund Allocation - Enhancing Cycle Infrastructure	150	-					150
CIL Ward NA - Blenheim Park - Blenheim Park 'Makeover'	1						1
CIL Ward NA - Blenheim Park - Mendip Wildlife Garden	4						4
CIL Ward NA - Blenheim Park - St Cedd's Community Kitchen Refurbishment	2						2
CIL Ward NA - Milton - Milton Park Improvements	2						2
CIL Ward NA - Milton - Park Street Replacement Bollards	1						1
CIL Ward NA - Prittlewell - Gainsborough Park Woodland and Orchard Project	4						4
CIL Ward NA - Prittlewell - Priors Park Fountains Restoration	12						12
CIL Ward NA - Southchurch - Southchurch Speedwatch	1						1
CIL Ward NA - St Laurence - St Laurence Park Benches	2						2
CIL Ward NA - Thorpe - Southchurch Park Safety Rail	10						10
CIL Ward NA - Victoria - Patchwork Orchard Project	5						5
S106 10 Fairfax Drive 18/00810/FULM - Biodiversity Contribution	5						5
S106 22-23 The Leas 07/00820/FULM - Bus Service Contribution	21	21					42
S106 23/04/2015 Hinguar and Saxon - Public Art Contribution	-	8					8
S106 27 Victoria Avenue 18/02151/FULM - Biodiversity Contribution	11						11
S106 659-665 London Road 21/00161/FULM - Essex Coast RAMS Contribution	3						3
S106 Ajax Works 03/00130/FUL - Landscaping Maintenance	3	2					5
S106 Avenue Works 14/01968/AMDT - Cycleway Improvement	1						1
S106 Avenue Works 14/01968/AMDT - Public Art Contribution	-	2					2
S106 Bellway Homes Prittlebrook 14/00943/FULM - TRO Contribution	2						2
S106 Essex House 15/00521/FULM - Bus Stop Improvement	3						3
S106 Former Balmoral 14/00914/FULM - Public Art Contribution	-	1					1
S106 Former College Building 15/00803/BC4M - Parking Survey Contribution	10						10
S106 Former South East College 10/00225/FUL - Tree Replacement	11						11
S106 Hinguar Primary School 14/01672/BC4M - Highway Contribution	5						5
S106 HRA Land Review	11						11
S106 Land East of Fossetts Way 21/00711/FULM - RAMS Contribution	31						31
S106 Lifstan Way 00/00273/OUT - Open Space Maintenance	13	62					75
S106 North Road and Salisbury Avenue 12/00056/FULM - Highway Works Contribution	2						2
S106 North Shoebury Road 03/01504/OUT - Shoebury Park Enhancement	7						7
S106 North Shoebury Road 03/01504/OUT - Shoebury Park Maintenance	39	102					141
S106 Shoebury Garrison 00/00777/OUT Deposit - Information Boards	2						2
S106 Shoebury Garrison 00/00777/OUT Deposit - Junior Play Area Maintenance	8						8

**Proposed Capital Investment Programme 2023/24 to 2028/29 and future years**

**Appendix 13**

Scheme to be delivered by the Council	2023/24 Budget £000	2024/25 Budget £000	2025/26 Budget £000	2026/27 Budget £000	2027/28 Budget £000	2028/29 and future years Budget £000	Total Budget (all years) £000
S106 Shoebury Garrison 00/00777/OUT Deposit - Sea Wall and Assoc Structure Maintenance	34						34
S106 Shoebury Garrison 00/00777/OUT Deposit - Toddler Play Area maintenance	6						6
S106 Shoebury Garrison 00/00777/OUT Deposit - CCTV	1						1
S106 Shoebury Garrison Park Store	1						1
S106 Sunlight Laundry 14/00411/FULM - Highway Works	2						2
S106 University H-Way 04/01561/FUL	2						2
S278 Star Lane - Great Wakering	23						23
S38 Bellway Homes Prittlebrook 14/00943/FULM	2						2
S38 Fossetts (const&maint fee)	1						1
S38/S278 Southend Airport 09/01960/FULM	13						13
S78 Bellway Homes Prittlebrook 14/00943/FULM	8						8
<b>Total S106/S38/CIL</b>	<b>725</b>	<b>948</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,673</b>
<b>TOTAL PROPOSED CAPITAL INVESTMENT PROGRAMME - GENERAL FUND</b>	<b>30,999</b>	<b>29,635</b>	<b>16,415</b>	<b>7,831</b>	<b>1,950</b>	<b>4,327</b>	<b>91,157</b>

Total budget for 2024/25 to 2028/29: 60,158

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Scheme to be delivered by the Council and Funded by the Levelling Up Fund	2023/24 Budget £000	2024/25 Budget £000	2025/26 Budget £000	2026/27 Budget £000	2027/28 Budget £000	2028/29 and future years Budget £000	Total Budget (all years) £000
<b>Enterprise and Regeneration - Funded by the Levelling Up Fund</b>							
Cliffs Pavillion - Levelling Up Funding	500	6,956					7,456
Leigh Port Detailed Design and Construction	1,000	13,206					14,206
Marine Parade - Levelling Up Funding	100	1,938					2,038
<b>Total Enterprise and Regeneration - Funded by the Levelling Up Fund</b>	<b>1,600</b>	<b>22,100</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>23,700</b>
<b>TOTAL PROPOSED CAPITAL INVESTMENT PROGRAMME - GENERAL FUND FUNDED BY LEVELLING UP FUND</b>	<b>1,600</b>	<b>22,100</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>23,700</b>

Total budget for 2024/25 to 2028/29: 22,100

	2023/24 Budget £000	2024/25 Budget £000	2025/26 Budget £000	2026/27 Budget £000	2027/28 Budget £000	2028/29 and future years Budget £000	Total Budget (all years) £000
<b>COUNCIL'S PROPOSED CAPITAL INVESTMENT PROGRAMME - GENERAL FUND</b>	<b>32,599</b>	<b>51,735</b>	<b>16,415</b>	<b>7,831</b>	<b>1,950</b>	<b>4,327</b>	<b>114,857</b>

Total budget for 2024/25 to 2028/29: 82,258



**Proposed Capital Investment Programme 2023/24 to 2028/29 and future years**

**Appendix 13**

Scheme to be delivered by the Council	2023/24 Budget £000	2024/25 Budget £000	2025/26 Budget £000	2026/27 Budget £000	2027/28 Budget £000	2028/29 and future years Budget £000	Total Budget (all years) £000
<b>Council Housing New Build Programme</b>							
Housing Construction Scheme - Land Assembly Fund (S106)	277						277
Housing Construction Scheme - Modern Methods of Construction (MMC)	46	700					746
Housing Construction Scheme - Phase 3	1,084	4,586	1,879				7,549
Housing Construction Scheme - Phase 4	57	1,384	1,384				2,825
Housing Construction Scheme - Phase 5/6 feasibility (S106)	49						49
<b>Total Council Housing New Build Programme</b>	<b>1,513</b>	<b>6,670</b>	<b>3,263</b>	-	-	-	<b>11,446</b>
<b>Council Housing Acquisitions Programme</b>							
Acquisition of Rower Block Leaseholds - Queensway	450						450
Affordable Housing Acquisitions Programme	2,878						2,878
Housing and Development Pipeline Feasibility - HRA	112						112
LAHF - Afghan & Ukraine resettlement scheme	3,216						3,216
Next Steps Accommodation Programme	25	50	50				125
Passive House Pilot	142	926					1,068
Social Housing Decarbonisation Funding	788	2,382					3,170
<b>Total Council Housing Acquisitions Programme</b>	<b>7,611</b>	<b>3,358</b>	<b>50</b>	-	-	-	<b>11,019</b>
<b>Council Housing Refurbishment</b>							
HRA Disabled Adaptations - Major Adaptions	650	650	503				1,803
<b>Total Council Housing Refurbishment - HRA</b>	<b>650</b>	<b>650</b>	<b>503</b>	-	-	-	<b>1,803</b>
<b>TOTAL PROPOSED CAPITAL INVESTMENT PROGRAMME - HRA</b>	<b>9,774</b>	<b>10,678</b>	<b>3,816</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>24,268</b>

Total budget for 2024/25 to 2028/29: 14,494

	2023/24 Budget £000	2024/25 Budget £000	2025/26 Budget £000	2026/27 Budget £000	2027/28 Budget £000	2028/29 and future years Budget £000	Total Budget (all years) £000
<b>COUNCIL'S PROPOSED CAPITAL INVESTMENT PROGRAMME - GENERAL FUND AND HRA</b>	<b>42,373</b>	<b>62,413</b>	<b>20,231</b>	<b>7,831</b>	<b>1,950</b>	<b>4,327</b>	<b>139,125</b>

Total budget for 2024/25 to 2028/29: 96,752

**Proposed Capital Investment Programme 2023/24 to 2028/29 and future years**

**Appendix 13**

Scheme to be delivered by the Subsidiary Companies and Partners	Project code	2023/24 Budget £000	2024/25 Budget £000	2025/26 Budget £000	2026/27 Budget £000	2027/28 Budget £000	2028/29 and future years Budget £000	Total Budget (all years) £000
<b>Council Housing Refurbishment - delivered by South Essex Homes Limited</b>								
Balmoral Estate Improvement and Structural Works	C11112	1,898	64					1,962
Bathroom Refurbishment	C10161	40	210	264	183			697
Central Heating	C10162	300	246	296	210			1,052
Common Areas Improvement	C10168	1,332	1,523	2,106	2,700			7,661
Energy Efficiency Measures	C11033	92						92
Environmental H&S Works	C10163	1,760	2,970	2,160	2,484			9,374
HRA - SCC Buybacks Refurbishment	C11134	147						147
Kitchen Refurbishments	C10164	110	184	114	114			522
Remodelling of Tied Accommodation	C11187	216	302	216	345			1,079
Rewiring	C10165	1,400	443	208	275			2,326
Roofs	C10166	1,060	173	242	86			1,561
Sprinkler System Installation Pilot	C11081	88						88
Windows and Doors	C10167	135	159	723	94			1,111
<b>Total Council Housing Refurbishment</b>		<b>8,578</b>	<b>6,274</b>	<b>6,329</b>	<b>6,491</b>	<b>-</b>	<b>-</b>	<b>27,672</b>
<b>Enterprise and Regeneration - delivered by Porters Place Southend-on-Sea LLP</b>								
Better Queensway - SELEP	C11141	3,825						3,825
<b>Enterprise and Regeneration - delivered by Kent County Council</b>								
No Use Empty - Getting Building Fund	C11166	824						824
No Use Empty - Growing Places Fund	C11165		1,000					1,000
UK Shared Prosperity Fund	C11241	56						56
<b>Total Enterprise and Regeneration</b>		<b>4,705</b>	<b>1,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,705</b>
<b>PROPOSED CAPITAL INVESTMENT PROGRAMME - TO BE DELIVERED BY SUBSIDIARY COMPANIES OR JOINT VENTURES</b>		<b>13,283</b>	<b>7,274</b>	<b>6,329</b>	<b>6,491</b>	<b>0</b>	<b>0</b>	<b>33,377</b>

Total budget for 2024/25 to 2028/29:

20,094

**Proposed Capital Investment Programme 2023/24 to 2028/29 and future years - Schemes subject to viable business cases**

**Appendix 13**

Priority Schemes Subject to Viable Business Cases	2024/25 Budget £000	2025/26 Budget £000	2026/27 Budget £000	2027/28 Budget £000	2028/29 and future years Budget £000	Total Budget (all years) £000
Technology Modernisation Programme		755				755
Palace Theatre (Dixon Studio) - RAAC	Will be profiled across the years as and when viable business case is agreed					-
Southend Pier - Condition Works		1,250	1,250			2,500
Coastal Defence Refurbishment Programme	400	500	500			1,400
Schools - Condition Works (externally funded - indicative amount included)	500	500	500			1,500
Property Refurbishment Programme		750	750			1,500
Fire Improvement Works		750	750			1,500
Carriageways Improvements	500	500	500	500	500	2,500
New Street Lighting - Column Replacement	50	50	50	50	50	250
Climate Change Provision	Will be profiled across the years as and when viable business case is agreed					1,500
Cliffs Stabilisation	100	400				500
HRA Right to Buy - Buybacks Refurbishment	325	325	325			975
HRA Affordable Housing Acquisitions Programme	1,500	1,500	1,500			4,500
<b>TOTAL SCHEMES SUBJECT TO VIABLE BUSINESS CASES:</b>						<b>19,380</b>

Other Schemes Subject to Viable Business Cases	2024/25 Budget £000	2025/26 Budget £000	2026/27 Budget £000	2027/28 Budget £000	2028/29 and future years Budget £000	Total Budget (all years) £000
Footways Improvements	4,000	4,000	4,000	4,000	4,000	20,000
Carriageways Improvements	1,500	1,500	1,500	1,500	1,500	7,500
Strategic and Regeneration Acquisitions	Will be profiled across the years as and when viable business cases are agreed					10,500
Local Growth Fund - A127 Growth Corridor						530
Seaway Leisure						10,000
Acquisition of Tower Block Leaseholds - Queensway						1,535
Public Toilet Provision						700
Victoria Centre						1,250
Housing Infrastructure Funding						14,500
CIL Main Fund Allocation - Enhancing Cycle Infrastructure						850
<b>TOTAL SCHEMES SUBJECT TO VIABLE BUSINESS CASES (plus investment yet to be costed):</b>						<b>67,365</b>

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## **SOUTHEND-ON-SEA CITY COUNCIL**

### **REVISED MINIMUM REVENUE PROVISION POLICY 2023/24**

#### **1 Background**

- 1.1 The Minimum Revenue Provision (MRP) is an amount to be set aside for the repayment of debt. The Council has a general duty to make an MRP charge to revenue which it considers to be prudent. Full Council has the responsibility to approve an annual MRP policy statement.
- 1.2 The MRP Guidance sets out that such policies may be amended at any time, as long as the Council maintains a prudent approach whilst ensuring any changes are sustainable with regard to the revenue budget. The MRP policy adopted should ensure that revenue provision is made over a period broadly similar to which the asset provides a service.
- 1.3 A policy statement regarding a financial year should be approved before the start of that financial year. However, the policy can be revised during the year by the full Council.
- 1.4 Under the regulations capital receipts may be used to repay the principal of any amount borrowed.
- 1.5 The Department for Levelling Up, Housing and Communities guidance on MRP specifies that MRP would not have to be charged until the asset came into service and would begin in the financial year following the one in which the asset became operational.
- 1.6 The MRP Guidance allows that any charges made in excess of the statutory MRP (i.e. voluntary revenue provision or overpayments), can be reclaimed in later years if deemed necessary or prudent. In order for these sums to be reclaimed for use in the budget, this policy must disclose the cumulative overpayment made each year. There were no voluntary overpayments up to 31st March 2023. However, this balance is subject to change until the 2022/23 audit has concluded and any change will be subsequently reported.

#### **2 Duration of the Policy Statement**

- 2.1 This Revised Minimum Revenue Provision Statement covers the 2023/24 financial year.
- 2.2 Following a comprehensive review of MRP charges and methodology the Council's MRP policy has been revised for 2023/24. This updated policy reflects the new MRP calculation methods to be implemented.

### **3 Minimum Revenue Provision Policy**

- 3.1 For historic capital expenditure financed by supported borrowing:
- The amount of MRP chargeable will be calculated using the annuity method.
  - The period over which it will be charged will be assessed by applying the Asset Life Method.
  - The annuity rate which will be applied will reflect the market conditions at the time and will be the PWLB rate that most reasonably relates to that financial year.
- 3.2 For capital expenditure financed by prudential (unsupported) borrowing from the Public Works Loan Board or from internal borrowing:
- The amount of MRP chargeable will be calculated using the annuity method.
  - The period over which it will be charged will be assessed on a basis which is most reasonably commensurate with the weighted average estimated useful life of the assets.
  - The annuity rate which will be applied will reflect the market conditions at the time and will be the PWLB rate that most reasonably relates to that financial year.
- 3.3 The amount of MRP chargeable in respect of assets acquired under finance leases will be charged at an amount equal to the principal element of the annual lease rental for the year.
- 3.4 MRP will commence in the year following the year in which capital expenditure financed from borrowing is incurred, except for asset under construction where the MRP will be deferred until the year after the asset becomes operational.
- 3.5 If capital receipts are utilised to repay debt in year, the value of the Capital Financing Requirement (CFR) will be reduced by the value of the receipts utilised.
- 3.6 For capital expenditure financed by prudential (unsupported) borrowing from other financial institutions:
- The amount of MRP chargeable will be the amount specified in the repayment schedule of each loan.

3.7 No MRP will be applied to:

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

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

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

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## **SOUTHEND-ON-SEA CITY COUNCIL**

### **MINIUMUM REVENUE PROVISION POLICY 2024/25**

#### **1 Background**

- 1.1 The Minimum Revenue Provision (MRP) is an amount to be set aside for the repayment of debt. The Council has a general duty to make an MRP charge to revenue which it considers to be prudent. Full Council has the responsibility to approve an annual MRP policy statement.
- 1.2 The MRP Guidance sets out that such policies may be amended at any time, as long as the Council maintains a prudent approach whilst ensuring any changes are sustainable with regard to the revenue budget. The MRP policy adopted should ensure that revenue provision is made over a period broadly similar to which the asset provides a service.
- 1.3 A policy statement regarding a financial year should be approved before the start that financial year. However, the policy can be revised during the year by the full Council.
- 1.4 Under the regulations capital receipts may be used to repay the principal of any amount borrowed.
- 1.5 The Department for Levelling Up, Housing and Communities guidance on MRP specifies that MRP would not have to be charged until the asset came into service and would begin in the financial year following the one in which the asset became operational.
- 1.6 The MRP Guidance allows that any charges made in excess of the statutory MRP (i.e. voluntary revenue provision or overpayments), can be reclaimed in later years if deemed necessary or prudent. In order for these sums to be reclaimed for use in the budget, this policy must disclose the cumulative overpayment made each year. There were no voluntary overpayments up to 31st March 2023. However, this balance is subject to change until the 2022/23 audit has concluded and any change will be subsequently reported.

#### **2 Duration of the Policy Statement**

- 2.1 This Minimum Revenue Provision Statement covers the 2024/25 financial year.

### **3 Minimum Revenue Provision Policy**

- 3.1 For historic capital expenditure financed by supported borrowing:
- The amount of MRP chargeable will be calculated using the annuity method.
  - The period over which it will be charged will be assessed by applying the Asset Life Method.
  - The annuity rate which will be applied will reflect the market conditions at the time and will be the PWLB rate that most reasonably relates to that financial year.
- 3.2 For capital expenditure financed by prudential (unsupported) borrowing from the Public Works Loan Board or from internal borrowing:
- The amount of MRP chargeable will be calculated using the annuity method.
  - The period over which it will be charged will be assessed on a basis which is most reasonably commensurate with the weighted average estimated useful life of the assets.
  - The annuity rate which will be applied will reflect the market conditions at the time and will be the PWLB rate that most reasonably relates to that financial year.
- 3.3 The amount of MRP chargeable in respect of assets acquired under finance leases will be charged at an amount equal to the principal element of the annual lease rental for the year.
- 3.4 MRP will commence in the year following the year in which capital expenditure financed from borrowing is incurred, except for asset under construction where the MRP will be deferred until the year after the asset becomes operational.
- 3.5 If capital receipts are utilised to repay debt in year, the value of the Capital Financing Requirement (CFR) will be reduced by the value of the receipts utilised.
- 3.6 For capital expenditure financed by prudential (unsupported) borrowing from other financial institutions:
- The amount of MRP chargeable will be the amount specified in the repayment schedule of each loan.

3.7 For capital loans to third parties for the purposes of meeting the Council's service objectives:

- Where loan repayments are received in year then those capital receipts will be used in lieu of MRP and applied to write down the CFR.
- In years where no capital receipt is received, or where future capital receipts are anticipated (including maturity loans) then MRP will not be provided until the capital receipt is received, at which point the receipt will be applied to write down the CFR.
- Where an actual or expected credit loss has been recognised then the MRP amount in the year will be equal to the amount of the credit loss. However, this amount can be reduced by any historic MRP made with respect to that loan.

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## **SOUTHEND-ON-SEA CITY COUNCIL PRUDENTIAL INDICATORS 2024/2025**

### **1 Introduction**

- 1.1 The Prudential Code is the key element in the system of capital finance that was introduced from 1 April 2004 as set out in the Local Government Act 2003. CIPFA published their updated 2021 edition of the Prudential Code on 20th December 2021.
- 1.2 Individual authorities are responsible for deciding the level of their affordable borrowing, having regard to the CIPFA code, (which has legislative backing). Prudential limits apply to all borrowing, qualifying credit arrangements (e.g. some forms of lease) and other long term liabilities. The system is designed to encourage authorities that need, and can afford, to borrow for capital investment to do so.

### **2 CIPFA Prudential Code for Capital Finance in Local Authorities**

- 2.1 The Code has been developed to support Local Authorities in taking capital investment decisions and to ensure that these decisions are supported by a framework which ensures proportionality, prudence, affordability and sustainability. The Code requires authorities to look at capital expenditure and investment plans in the light of overall organisational strategy and resources, including the forecast financial position and borrowing and investment plans and any risks associated with these.
- 2.2 Another objective of the Code is that treasury management decisions are taken in accordance with good professional practice and in full understanding of the risks involved and how these risks will be managed to levels that are acceptable to the organisation. The rationale behind these concepts is set out in the code.
- 2.3 To demonstrate compliance with these objectives of proportionality, prudence, affordability and sustainability each local authority is required to produce a set of prudential indicators. These indicators are designed to support and record local decision making and are not for comparison with other authorities. The setting and revising of these indicators must be approved by Cabinet and Council.
- 2.4 In setting or revising its prudential indicators, the local authority is required to have regard to the following matters:
- service objectives (e.g. strategic planning).
  - stewardship of assets (e.g. asset management planning).
  - value for money (e.g. options appraisal).
  - prudence and sustainability (e.g. risks, whole life costing and implications for external debt).
  - affordability (e.g. implications for long-term resources including the council tax).
  - practicality (e.g. achievability of the forward plan).

### 3 Prudential Indicators for Prudence

#### 3.1 Estimates of Capital Expenditure to be Incurred

3.1.1 This is an estimate of the total amount of investment planned over the period. Not all investment necessarily has an effect on the Council Tax. Schemes funded by grant, third party contributions or by capital receipts mean that the effect on the Council Tax is greatly reduced.

	<b>Estimate 2024/25 £000</b>	<b>Estimate 2025/26 £000</b>	<b>Estimate 2026/27 £000</b>	<b>Estimate 2027/28 £000</b>	<b>Estimate 2028/29 £000</b>
To be delivered by the Council:					
General Fund	51,735	16,415	7,831	1,950	4,327
Housing Revenue Account	10,678	3,816	0	0	0
To be delivered by Subsidiary Companies and Partners:					
General Fund	1,000	0	0	0	0
Housing Revenue Account	6,274	6,329	6,491	0	0
<b>Total</b>	<b>69,687</b>	<b>26,560</b>	<b>14,322</b>	<b>1,950</b>	<b>4,327</b>

#### 3.2 Estimate of the Capital Financing Requirement

3.2.1 Each year, the Council finances the capital programme by a number of means, one of which is borrowing. The capital financing requirement represents the cumulative amount of borrowing that has been incurred to pay for the Council's capital assets, less amounts that have been set aside for the repayment of debt over the years (i.e. Minimum Revenue Provision and Reserved Capital Receipts).

The estimates for the capital financing requirement are:

	<b>Estimate 31<sup>st</sup> March 2025 £000</b>	<b>Estimate 31<sup>st</sup> March 2026 £000</b>	<b>Estimate 31<sup>st</sup> March 2027 £000</b>	<b>Estimate 31<sup>st</sup> March 2028 £000</b>	<b>Estimate 31<sup>st</sup> March 2029 £000</b>
General Fund	365,781	381,710	396,924	411,388	425,074
Housing Revenue Account	100,878	100,878	100,878	100,878	100,878
<b>Total</b>	<b>466,659</b>	<b>482,588</b>	<b>497,802</b>	<b>512,267</b>	<b>525,952</b>

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

#### 3.3 Operational Boundary and Authorised Limit 2024/25 to 2028/29

3.3.1 The Council must set an operational boundary and authorised limit for its total gross external debt, separately identifying borrowing from other long-term liabilities. The operational boundary is how much gross external debt the Council

plans to take up, and reflects the decision on the amount of debt needed for the Capital Investment Programme for the relevant year. If at any time during the year, it is likely that this limit will be breached it will be reported to members as soon as possible and the Leader advised immediately.

The authorised limit is higher than the operational boundary as it allows sufficient headroom to take account of unusual cash movements.

<b>Operational boundary</b>	<b>Estimate 2024/25 £000</b>	<b>Estimate 2025/26 £000</b>	<b>Estimate 2026/27 £000</b>	<b>Estimate 2027/28 £000</b>	<b>Estimate 2028/29 £000</b>
Borrowing	377,800	378,000	368,200	363,500	368,700
Liabilities outstanding under credit arrangements	7,200	7,000	6,800	6,500	6,300
<b>Total</b>	<b>385,000</b>	<b>385,000</b>	<b>375,000</b>	<b>370,000</b>	<b>375,000</b>

<b>Authorised Limit</b>	<b>Estimate 2024/25 £000</b>	<b>Estimate 2025/26 £000</b>	<b>Estimate 2026/27 £000</b>	<b>Estimate 2027/28 £000</b>	<b>Estimate 2028/29 £000</b>
Borrowing	387,800	388,000	378,200	373,500	378,700
Liabilities outstanding under credit arrangements	7,200	7,000	6,800	6,500	6,300
<b>Total</b>	<b>395,000</b>	<b>395,000</b>	<b>385,000</b>	<b>380,000</b>	<b>385,000</b>

### 3.4 *Gross Debt and the Capital Financing Requirement*

3.4.1 Gross external debt is long term external debt (e.g. PWLB loans taken out), short term borrowing from other Local Authorities and credit arrangements relating to finance leases. The estimates for the external debt are:

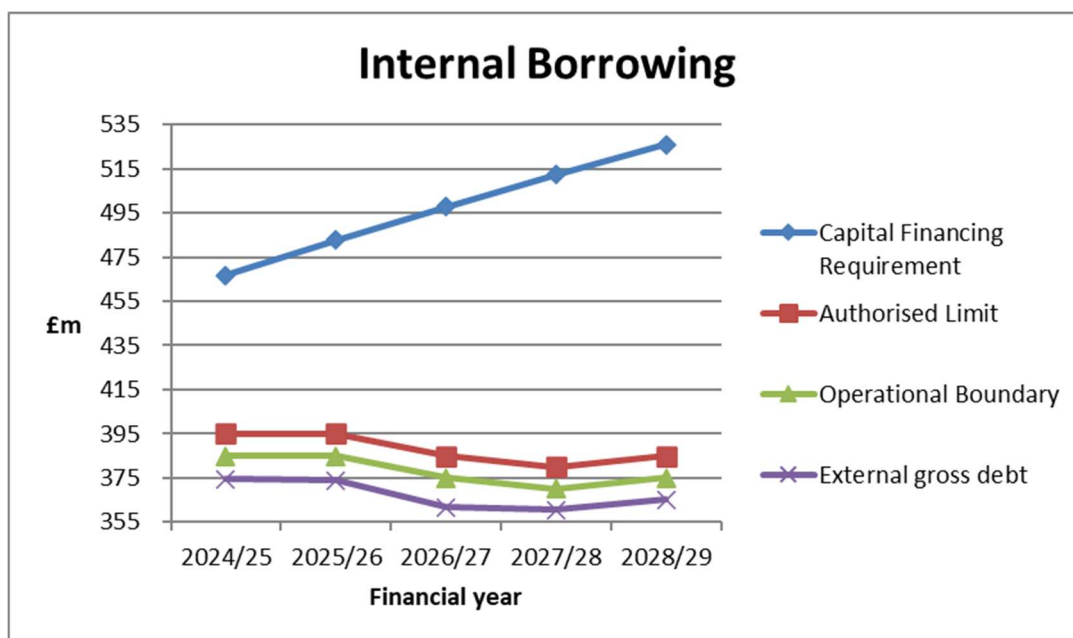
	<b>Estimate 31<sup>st</sup> March 2025 £000</b>	<b>Estimate 31<sup>st</sup> March 2026 £000</b>	<b>Estimate 31<sup>st</sup> March 2027 £000</b>	<b>Estimate 31<sup>st</sup> March 2028 £000</b>	<b>Estimate 31<sup>st</sup> March 2029 £000</b>
External gross debt	374,355	373,916	361,812	360,680	365,086

3.4.2 Under the Prudential Code, gross external borrowing must not, except in the short term, exceed the total of the capital financing requirement for the previous year, plus any additional amounts for the current year and the next two financial years. This means that gross external borrowing cannot exceed £497.802m at 31 March 2025, £512.267m at 31 March 2026 and £525.952m at 31 March 2027.

## 4 Prudential Indicators for Affordability and Proportionality

### 4.1 Internal Borrowing/Interest Rate Risk

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



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

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

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

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

4.2.2 Capital financing costs are the revenue cost of financing the debt which includes the interest payments and the amount set aside annually to repay debt. This is an important indicator because it shows how much of the Council's revenue resources are 'tied up' in fixed capital financing costs. Setting and reviewing this, means that



the Council can ensure that its capital financing costs do not become too large a part of the revenue budget, compared to the cost of running services.

	<b>Estimate 2024/25 %</b>	<b>Estimate 2025/26 %</b>	<b>Estimate 2026/27 %</b>	<b>Estimate 2027/28 %</b>	<b>Estimate 2028/29 %</b>
General Fund	11.10	11.23	11.42	11.46	11.87
Housing Revenue Account	31.54	32.20	32.37	32.41	32.56

#### 4.3 *Estimates of Net Income from Commercial and Services Investments to Net Revenue Stream*

Net income from commercial and service investments comprises net income from financial investments (other than treasury management investments), together with net income from other assets held primarily for financial return, such as investment properties. The costs, which may be netted off, comprise investment management costs and any other direct revenue costs of investment.

This indicator is intended to show the financial exposure of the authority to the loss of income, should that occur.

	<b>Estimate 2024/25 %</b>	<b>Estimate 2025/26 %</b>	<b>Estimate 2026/27 %</b>	<b>Estimate 2027/28 %</b>	<b>Estimate 2028/29 %</b>
Net income to net revenue stream	2.19	2.14	2.07	2.01	1.95

## 5 Prudential Indicators for Treasury Management

### 5.1 *Maturity Structure of Borrowing during 2024/25*

5.1.1 The table below shows the limits within which the Council delegates its length of borrowing decisions to the Executive Director (Finance and Resources)/Section 151 Officer in 2024/25.

	<b>Upper limit %</b>	<b>Lower limit %</b>	<b>Estimated outstanding debt maturity at 31<sup>st</sup> March 2025 %</b>
Under 12 months	20	0	0
12 months and within 24 months	30	0	6
24 months and within 5 years	40	0	10
5 years and within 10 years	60	5	19
10 years and within 20 years	60	5	18
20 years and within 30 years	80	0	0
30 years and above	80	20	47

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

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

## 5.2 Long Term Treasury Management Investments

5.2.1 Some of the Council's investments are managed internally by the Council. Part of this cash balance is utilised to smooth out the day-to-day movements on the cash flow. It is not therefore the intention that this part of the balance would be invested for more than 365 days. The rest of the cash balance is invested to achieve the optimum returns consistent with the effective control of risk. Some of this could be invested for periods over 365 days.

5.2.2 Some of the Council's investments are managed by external fund managers. These investments do not have a fixed maturity date and are invested for periods over 365 days.

5.2.3 This indicator sets a prudential limit for principal sums invested for periods over 365 days.

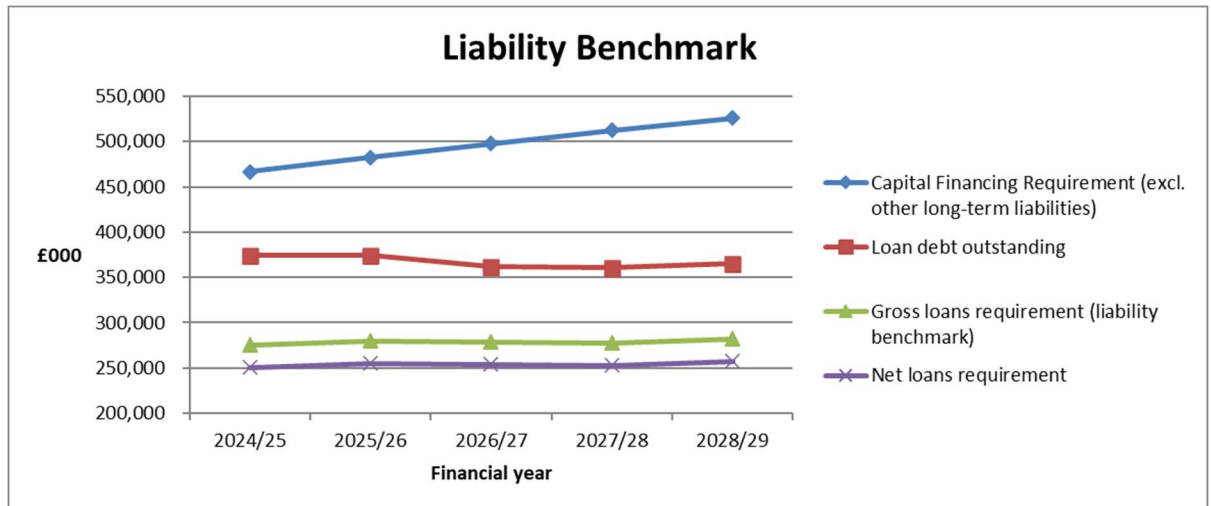
<b>Limit</b>	<b>Estimate 2024/25 %</b>	<b>Estimate 2025/26 %</b>	<b>Estimate 2026/27 %</b>	<b>Estimate 2027/28 %</b>	<b>Estimate 2028/29 %</b>
Fixed-rate investments with maturities over one year	25	25	25	25	25
Long term investments with no fixed maturity date					
Enhanced cash funds	7.5	7.5	7.5	7.5	7.5
Short-dated bond funds	25	25	25	25	25
Property funds	50	50	50	50	50

## 5.3 Liability Benchmark

The liability benchmark is not a single measure but consist of four balances:

- Existing loan debt outstanding: the authority's existing loans that are still outstanding in future years.
- Loans Capital Financing Requirement: calculated in accordance with the definition in the Prudential Code and projected into the future based on approved prudential borrowing and planned MRP. This excludes any part of the Capital Financing Requirement related to other long-term liabilities rather than borrowing.

- Net loans requirement: the authority's gross loan debt less treasury management investments at the last financial year-end, projected into the future.
- Liability benchmark (or gross loans requirement) equals net loans requirement plus a short-term liquidity allowance. A short-term liquidity allowance means an adequate (but not excessive) allowance for a level of excess cash to be invested short term to provide access to liquidity if needed.



Any years where the loan debt outstanding is less than the gross loans requirement indicates a future borrowing requirement. Any years where the loan debt outstanding exceeds the gross loans requirement indicates there is excess cash available for investment. As such, local authorities should refer to their current liability benchmark when taking new borrowing decisions.

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## Savings Proposals Draft Equality Analysis Summary - 2024/25

Outlined below is a summary of initial equality analysis (EA) which support the budget proposals for 2024/25, and beyond. EAs are assessments that public authorities carry out and consider prior to taking decisions to implement any policies and service changes, with a view to predicting their impact on equality, and planning mitigation accordingly. The Equality Act 2010 does not specifically require an equality analysis to be carried out, although they are a way of facilitating and evidencing compliance with the Public Sector Equality Duty. The Duty requires decision makers to have 'due-regard' to matters of equality at a time when a particular policy or service change is being considered. Each summary below considers the individual and isolated impact of each budget proposal on the 'protected characteristics' as defined by the Equalities Act, as well as the additional groups identified by Southend-on-Sea City Council. However, the Council should note the wider context and resulting compounding impacts of multiple proposals on specific protected groups.

This year's budget setting exercise is proposing to review, reduce or stop some non-statutory services. The nature of the services provided by the Council means that groups who would be disproportionately impacted by changes are those who experience life with protected characteristics. Nationally, data tells us that those groups also experience a compounding issue of lower income.

Many more of the budget setting proposals seek to recover the costs of providing services and would see residents, businesses, voluntary and community groups paying more. Whilst these changes will bring Southend-on-Sea in line with many other areas of the country, this change in the context of the current financial environment adds pressure to all sectors and further squeezes the purse strings of all.

However, in many cases, some provision of service will continue to be available, and this will help to reduce the impact on those who rely on them the most. It will be important that changes are communicated in a timely way so that people have time to plan and adjust, with inclusive language through a variety of avenues, to support those with digital barriers. Where possible the Council should look to tailor remaining services so that those who most need them can still gain access, and the inequality gap does not grow as a result.

The Council is also proposing that its workforce do more with less; various teams deleting vacant posts or undertaking restructures. Staff who experience life with protected characteristics may be less well placed to cope with these changes, however support mechanisms are in place. It is important that Southend-on-Sea residents and businesses see that the Council itself is absorbing part of the financial challenges that the whole local government sector is facing, but it will be important to consider the ongoing impact on residents, especially those who may be disproportionately impacted by protected characteristics themselves.

Importantly, the proposed overall budget package continues to provide targeted support to those who experience the most vulnerabilities that society places upon them, as they will enable statutory services for adults and children to continue to operate.

Ref	Description	EA Assessment	EA Mitigation
<b>Corporate Initiatives</b>			
COI-01	Comprehensive Reserves and Capital Financing Requirement Review	No equality issues identified.	None needed.
COI-02	Vacancy Factor	Holding vacant posts can cause negative impacts on remaining staff as work is subsumed or tapered off. The remaining team may have different abilities to cope with a change due to their experiences from the protected characteristics.	Internal staff planning is required to mitigate the impact and understand what activity is paused and/or stopped.
COI-03	Energy inflation 2023/24 unapplied	No equality issues identified.	None needed.
230 COI-04	Family Centres – Review	Any reduction to the children’s centre provision and the services offered within them could have a disproportionate impact on preschool children, pregnant women and families with young children. This impact will be compounded if the household income is limited and may increase the reliance on the free or low-cost services offered by children’s centres. There is also potentially a social aspect to what’s provided which may be a lifeline to those socially isolated or with limited skills or without English as their primary language. Any reduction to the number of children’s centres in the city may contribute to widening inequality between families in need of support and their peers, some of which is focussed on school readiness therefore a decrease in these services could risk future educational attainment.	Some children’s centres will remain open and provide the same or in some cases a more expansive service provision. This could mean additional travel to access the provision. Consider the locations most used or where the need is highest, ease of public transport to those centres, services most used and how these could be delivered differently using alternative venues or online services. Further promotion of other organisations offering social clubs and gatherings in similar locations to mitigate the risk of social isolation.

COI-05	Redesign the 'Front Door' to the Council	Moving to a more digital approach from first contact is likely to impact those with less ability to adapt or access the appropriate equipment. These groups are likely to be older people, those with limited digital skills, people from ethnic minorities and people with disabilities. People that are economically challenged may not have access to technology to allow them to fully engage in this process, access to shared venues is more difficult for those with disabilities, carers and people with English as a second language.	Directing manual support to the most complex interactions with residents will help to mitigate the impact for groups. Assessment of the local digital literacy skills will identify gaps and options for mitigation measures. Complimentary adult learning courses may address some of these basic skills. Promotion of refurbished or low cost technology equipment may mitigate cost of pressures.
COI-06	Utilisation of Education Grants	No equality issues identified.	None needed.
COI-07	Utilisation of Education Grants – High Needs (Dedicated Schools Grant)	No equality issues identified.	None needed.
COI-08	Museums Rateable Value Reductions	No equality issues identified.	None needed.
COI-09	Discretionary Rate Relief Policy Review	The Relief Policy currently supports groups including those who provide charitable services. As part of the review, consideration should be given to the potential impact on services provided to those who fall within the protected groups.	Consideration should be given to protecting services which perform a social good by supporting those with protected characteristics. This should be detailed as part of the policy review and final decision making.
<b>Efficiency and Productivity</b>			
EAP-01	Equipment Assistive Technology Pilots	These pilots of new technology aim to improve services for those with disabilities, carers and older people. Consideration needs to be given to additional pressures on energy consumption for example, especially for people with limited budgets. Also checking the digital literacy of users and their carers is essential in making sure the equipment is used correctly and for the intended purpose.	Sufficient time needs to be allocated to familiarise users and carers of equipment with clear lines of reporting for queries and problem solving. Pilot timescales need to be clear from the outset and future plans easy to understand so people feel confident with the new equipment and how to feedback on their use, this will mitigate potential negative impacts.

EAP-02	Operation Estate Efficiencies	Consideration will need to be given to staff who may be disproportionately impacted by a change in their workplace location. Groups could include people with disabilities older people, carers, people from minority ethnic groups and those with challenging financial situations.	Considering further protection for people in these groups would be beneficial. Additional support and promotion of wellbeing services may be useful. Clear, transparent communication as far in advance as possible would best mitigate this impact to allow the additional adjustment and planning time.
<b>Organisation Redesign</b>			
ORE-01 232	Restructure Adult Social Care Operations and Commissioning	This aims to provide a better service to users. However, any restructure of service will likely impact on the staff within the service area affected, which is likely to encompass staff from multiple protected groups. There may also be a disproportionate impact to users of the service, that may be less equipped to manage the change. This proposal is focussed on Adult Social Care Operations and Commissioning so will directly impact on users and staff in this area.	Advising staff and residents of the planned change as soon as possible would be useful in allowing people the maximum time to adjust and plan for this change. A transition period to introduce this change gradually may also be less impactful. Thought will need to be given to additional support that can be provided to individuals as part of reasonable adjustments or groups who form a protected characteristic.
ORE-02	Director Roles and Vacancies	The posts are unfilled and so the impact will be on the remaining staff within those services. Whilst the saving is adjusting to a position that is already in place, an EA should now consider the remaining impact of the permanent change. Removing vacant posts can cause impacts on remaining staff as work is subsumed or tapered off. The remaining team may have different abilities to cope with a change if they have experiences from the protected characteristics.	Internal staff planning is needed to see what activity is paused or stopped to account for being one staff member less, this will mitigate some of the impact to the remaining team members.



ORE-03	ICT Restructure	<p>This proposal outlines a full-service restructure that will clearly impact on staff and users of the service directly. The staff affected are likely to include individuals from various protected groups, some of which may find the change more of a challenge as a result. If the restructure results in a reduction of staff the resulting service delivery may disproportionately impact users that more greatly rely on ICT support, particularly those with limited digital skills, those with disabilities, those with specialist equipment and programmes necessitating more support.</p>	<p>The staff impacted will be subject to the standard support measures offered by the Council such as the talent pool, potential for ring fenced roles and redundancy packages which may mitigate the impact somewhat. The messaging and opportunities for advance engagement is key for limiting the discomfort to those affected, allowing a maximum timeframe for adjustment is essential to allow staff and users time to plan.</p>
ORE-04 233	Pause Graduate Programme	<p>This proposal will impact all graduates interested in the programme currently in the future. There is some risk to losing future skills. This change would impact young people to a greater degree, these people may also include those from other protected groups.</p>	<p>Advising of these changes with adequate time will allow graduates considering their options to make alternative plans. Messaging should be clear and accessible and explain other avenues or support services that can provide guidance to this group.</p>
ORE-05	Restructure the Senior Leadership Team of the Education, Inclusion and Early Years Service	<p>A reduction of staff will likely impact on remaining staff who may see increased workloads or periods of adjustment. This may have more of an impact on people already diagnosed with mental health conditions or stress and who may become overwhelmed at the additional workload. Staff already working at full capacity may struggle to take on extra.</p> <p>Considering this alongside reducing service standards from gold to bronze/silver may be beneficial, as this would likely reduce in the workloads of staff and therefore the pressure.</p>	<p>Internal staff planning is needed to see what activity is paused or stopped to mitigate some of the impact to the remaining team members.</p> <p>Communicating change in advance is vital to manage expectations and allow affected staff, residents and partners time to adjust.</p>

ORE-06	Centralisation of Project Managers	This is an internal change intended to streamline the project management function, relocating staff to a corporate team and potentially reducing the number of roles/projects. This change could result in a reduction of the project management function, and an EA is needed to assess the impact of affected staff.	Advising staff and residents of the planned change as soon as possible would be useful in allowing people the maximum time to adjust and plan for this change. A transition period to introduce this change gradually may also be less impactful.
ORE-07	Corporate Strategy Staffing Restructure	<p>When considering a reduction or removal of vacant posts, this will likely impact on remaining staff who may see increased workloads or periods of adjustment. This may have more of an impact on people already diagnosed with mental health conditions or stress and who may become overwhelmed at the additional workload. Staff already working at full capacity may struggle to take on extra.</p> <p>Considering this alongside reducing service standards from gold to bronze/silver may be beneficial, as this would likely reduce in the workloads of staff and therefore the pressure.</p>	<p>This refers to SCC staff so there are HR support services in place for restructures such as support sessions, talent pool, ringfencing, redundancy packages and ongoing HR/Union support. Staff also have access to wellbeing services to reduce the impact to their health.</p> <p>Internal staff planning is needed to see what activity is paused or stopped to mitigate impact to the remaining team members.</p> <p>Communicating change in advance is vital to manage expectations and allow affected staff, residents and partners time to adjust.</p>
ORE-08	Service Restructures Excluding Library Restructure	<p>This refers to multiple restructures which will directly impact staff and indirectly impact on users, both groups will almost certainly encompass multiple protected groups. Service delivery may include changes such as delays or changes to processes to allow for staff reductions which will impact on users in a variety of ways.</p> <p>When considering a reduction or removal of vacant posts, this will likely impact on remaining staff who may see increased workloads or periods of adjustment. This may have more of an impact on people already diagnosed with mental health conditions or stress and who may become overwhelmed at the additional workload. Staff</p>	<p>It is advisable to give staff and users as much prior notice of this change as possible so considerations can be given to allow for the change. Standard council support measures such as redundancy packages, ringfenced roles and access to the talent pool will be in place for staff which will reduce the impact to some degree.</p> <p>Internal staff planning is needed to see what activity is paused or stopped to mitigate impact to the remaining team members. Considering this alongside reducing service standards from gold to bronze/silver may be beneficial, as this</p>

		already working at full capacity may struggle to take on extra.	would likely reduce in the workloads of staff and therefore the pressure.  Communicating change in advance is vital to manage expectations and allow affected staff, residents and partners time to adjust.
ORE-09 235	Environment and Place Leadership Team Restructure	This change affects a small group of staff, it is likely that that this will include some from protected groups, some of which may experience the impact to a higher level than others. There may also be a further impact to users of the service if the change results in changes to service delivery or process change.  When considering a reduction or removal of vacant posts, this will likely impact on remaining staff who may see increased workloads or periods of adjustment. This may have more of an impact on people already diagnosed with mental health conditions or stress and who may become overwhelmed at the additional workload. Staff already working at full capacity may struggle to take on extra.	Giving staff as much advance warning of the change as possible, will best allow them to adjust to the change and plan for the impact. The communication of this change will need to be as clear and inclusive as possible where staff are given every opportunity to be consulted with and advised of the support measures in place.  Internal staff planning is needed to see what activity is paused or stopped to mitigate impact to the remaining team members. Considering this alongside reducing service standards from gold to bronze/silver may be beneficial, as this would likely reduce in the workloads of staff and therefore the pressure.
ORE-10	Post Reduction: Workforce Practice Management	Removing vacant posts can cause impacts on remaining staff as work is subsumed or tapered off. The remaining team may have different abilities to cope with a change if they have experiences from the protected characteristics.	Internal staff planning is needed to see what activity is paused or stopped to account for less staff members, this will mitigate some of the impact to the remaining team members.
ORE-11	Post Reduction: Operational Performance and Intelligence		
ORE-12	Post Reduction: Procurement		
ORE-13	Reception Staffing Reduction		
ORE-14	Post Reduction: People and Organisation		

Service Offer Changes			
SOC-01	Parks Service Review	Reductions in maintenance is described a minor change, however such changes are likely to disproportionately impact those with protected characteristics if they involved access to space or ease of mobility within parks.	Introducing a priority system for maintenance may be useful in mitigating impact on protected groups, giving greater urgency to access areas, pathways or visibility as they may pose the greatest risk to those whose mobility is impacted. Advance notice of the changes in a clear, inclusive way will help people plan their visits according to their needs.
SOC-02	Micro Enterprise Work	No equality issues identified.	None needed.
SOC-03	Telecare Responder Service	This change will directly and disproportionately impact on service users who experience vulnerabilities due disability, carers and older age. Some plans appear to be in place to reduce the risk to users of the service, if this is at an additional cost, consideration should be given to compounding issues faced by those with challenging financial situations and limited support networks.	Some mitigation measures seem to have already been considered. Giving people the maximum time possible to allow them to plan and adjust to these changes will be vital and the messaging to communicate the changes needs to be clear and inclusive. Understanding pressures caused by additional costs to service users could support in planning additional mitigation such as lead in times, and payment plans.
SOC-04	Cultural and Pier Services Review	Limiting the hours of these low cost or free venues would impact those on limited incomes, as they are likely to be relied on for leisure. This could include young people and students using facilities for homework, people with disabilities and carers for day trips and visits, families with young children who participate in reading circles and parenting groups, socially isolated that may use these services as a gathering place. People from ethnic minority groups that may rely on these resources to build confidence, and those from challenging financial situations that may use these venues to engage children or use internet access.	The impact is reduced by a service continuing to be available. Selecting the hours with least usage would further mitigate as well as signposting to local services with similar facilities.

SOC-05	Concert Series	This change will impact the people that attend the concerts greatest, these are likely to include older people, carers and people with disabilities.	Promotion of other similar evening events may mitigate some of this impact, as would promotion of similar events in neighbouring boroughs.  Communicating change in advance is vital to manage expectations and allow affected residents time to adjust or make alternative arrangements.
SOC-06	Review of Existing Library Provision (Deferred)	This initiative will require a full EA at the appropriate time.	None needed at this time.
<b>Third Party Payments / Contractual Arrangements</b>			
237 TPP-01	Concessionary Fares Scheme	The saving itself results from underspend, which would have no impact and therefore need no EA.  Concessionary fares support some protected groups reduce barriers in accessing transport options. The underutilisation of this service disproportionately impacts on protected groups. Funding future demand needs to be accounted for.	Funding future demand needs to be considered.
TPP-02	Transitional Supported Housing	This change could create a disproportionate impact to some people from protected groups. These will include people who experience vulnerabilities but are not covered by Care Act eligibility, including older people, people with disabilities, carers, prisoners, people with care experience, veterans' people with substance abuse issues and is further compounded by having a lack of financial means.	Consideration and analysis would be useful to identify the groups impacted that don't have care needs as outlined in the Care Act. Some prioritisation may be useful on the remaining groups based on the disproportionately negative experience they may have. Communication needs to be timely, clear and inclusive to mitigate impact and allow time for people to adjust.

TPP-03	Decommission Dementia Community Support Team	This change could have significant implications for users of the service, which directly impacts those with dementia, those with additional health concerns, people with disabilities, older people, their families and carers. Difficulty in processing the change alongside the compounding proposals impacting social care may further increase the impact to this group.	Promotion of similar support services locally, including online support will mitigate some of this impact. However, there is likely to be an increase in demand for external organisations which may be difficult to manage. Advance notice of this change is key as groups effected require extra time needed to process this change.
TPP-04	Utilisation of Education Grants – Early Years (DSG)	No equality issues identified.	None needed.
TPP-05	Printing Resources	This change is responding to a change in demand. Therefore, the overall impact is reduced. However, consideration should be given to remaining staff who may have sight impairments, people with disabilities, older people and the digitally excluded as they will face a disproportionate impact, with less capacity to adapt to a change.	As mentioned, the impact is reduced. However, further mitigation could include support for the groups identified including clear and inclusive communication with options for digital champions to support staff with alternatives.
238 TPP-06	Southend Business Improvement District (BID) Service Level Agreement (SLA)	Consideration to be given as to whether the post holder or those using the office space are detrimentally impacted due to a protected characteristic.	Consideration to be given as to whether the current post holder would benefit from tailored support in response to any protected characteristics they may experience. Likewise, for those who use the office space to be supported with information about the change in a clear and inclusive way.
TPP-07	Essex County Council (ECC) Transferred Debt	No equality issues identified	None needed
TPP-08	Internal Audit Resourcing	No equality issues identified	None needed
TPP-09	Connectivity Savings	No equality issues identified	None needed
TPP-10	Remove the ATM from Civic One	This change is responding to a change in demand; therefore, any impact will automatically be reduced. With several other ATMs within 1/2 mile of Civic 1 there is no reason to believe that this will disproportionately impact any particular group. No EA needed.	None needed

<p>TPP-11</p> <p>239</p>	<p>Consolidation of Low Value Third Party Payment Items</p>	<p>This proposal combines several potential changes including 1) a reduction of unused telephone lines, 2) cleaning in libraries and 3) ownership of the Garron's Netball Courts.</p> <ol style="list-style-type: none"> <li>1) As the lines are not in use and this proposal is responding to demand, no EA required.</li> <li>2) Reduction in cleaning could impact residents as there is potential for slip and trip hazards as well as unhygienic environments. This will disproportionately impact on those mobility issues such as older people, people with disabilities, carers and parents with young children.</li> <li>3) This proposal may impact on netball players currently using the service, however if the service remains but under different ownership, there may be no impact at all. Any changes to fees or service delivery will require an EA. It is likely that there will be a disproportionate impact to females (who have less traditional public sports facilities than males) and young people.</li> </ol>	<ol style="list-style-type: none"> <li>1) None needed</li> <li>2) Establishing the less busy days may help mitigate the impact as a lack of cleaning can be best planned ahead of those. Having a cleaning list of tasks and adjusting these to account for a days cleaning absence may reduce some of the mess and risk.</li> <li>3) Understanding what the future plans would be if returned to NGT would be useful in advising users so they can plan for the change. Clear and transparent messaging at the earliest stage will mitigate the impact to a degree.</li> </ol>
<p>TPP-12</p>	<p>Community Grants (Deferred)</p>	<p>This initiative will require a full EA at the appropriate time.</p>	<p>None needed at this time.</p>
<p><b>Income Generation Capabilities</b></p>			
<p>IGC-01</p>	<p>Reversal of Reduction in Investment Income</p>	<p>No equality issues identified.</p>	<p>None needed</p>
<p>IGC-02</p>	<p>Investment Income Growth</p>	<p>No equality issues identified.</p>	<p>None needed</p>
<p>IGC-03</p>	<p>Full Cost Recovery for Council Services Provided Externally</p>	<p>It is likely that those using services have adjusted to the concessions provided by the Council. Negative impacts on traded entities may generate onward externalities to the service they provide to residents. Of whom could fall within one or more of the protected characteristics (such as adults and children who experience disability).</p>	<p>Working with entities to understand how the removed concessions could, in part, be redirected and targeted back to those who experience the most vulnerabilities in society, could prevent ongoing externalities.</p>

			Communicating change in advance is vital to manage expectations and allow affected partners (and therefore residents) time to adjust or make alternative plans.
IGC-04	Fees and Charges Increase	An increase to fees will disproportionately impact those with limited financial means and lower household incomes, or those with higher outgoings. This is likely to include people from minority ethnic groups, larger families, people with disabilities and those on welfare benefits.	Mitigating factors may include offering a variety of ways to pay, including instalments. There may need to be a financial assessment to establish the disposable income, and close links to support services that may be able to offer grants or contributions. Communicating change in advance is vital to manage expectations and allow affected residents and partners time to adjust or make alternative plans.
IGC-05 240	Increase Planning Charges	Whilst these increases are national and will affect people from all over the country, a number of protected groups will be disproportionately impacted by these changes, particularly those with a limited household income. However, as these changes came into effect on 6/12/23 an EA would only be retrospective.	None needed
IGC-06	South Essex Property Services (SEPS) Dividend	No equality issues identified.	None needed
IGC-07	Increased Cremation Charges	Increases will impact the families of lost loved ones and will disproportionately impact groups who more commonly experience reduced incomes including carers, people with disabilities and older people.	Consider if any concessions can be applied or multiple ways to pay to alleviate any of the additional cost for protected groups. Inclusive communication about alternative options will be important to support families of the bereaved.
IGC-08	Pier Charging	Increasing the price of tickets is likely to impact all users, some of which will be from protected groups. The people likely to be disproportionately impacted are those groups who commonly experience a reduced income such as people with disabilities, carers, families with young children, those with limited financial resource and older people on day trips.	Communicating change in advance is vital to manage expectations and allow affected residents and partners time to adjust or make alternative plans.



IGC-09	Beach Hut Terms	This change would result in more consistency. No equality issues identified.	None needed
IGC-10	Electric Vehicle (EV) Charging Opportunities	Installation of EV charging points may reduce the surface area on pavements, which reduces the space available, which would likely cause a disproportionate impact to those with mobility issues, people with disabilities, older people, carers, parents of young children in pushchairs. The positive impacts of improved air quality will be proportionately felt by those with long term chest related illness and children.	Clear, easy to understand signage is vital to minimise the risk of trips or falls. Also giving people as much notice as possible if the changes will allow people the time to plan routes and mitigates the impact somewhat.
IGC-11	Increased Burial Charges	Increases will impact the families of lost loved ones and will disproportionately impact groups who more commonly experience reduced incomes including carers, people with disabilities and older people.	Consider if any concessions can be applied or multiple ways to pay to alleviate any of the additional cost for protected groups. Inclusive communication about alternative options will be important to support families of the bereaved.
241 IGC-12	Review Environment Protection Enforcement Model	Changes in enforcement could disproportionately impact on the groups who experience communication barriers, learning disabilities or motivations to crime through experiences of poverty.	Clear, transparent, and inclusive communication and signage about changes in enforcement will support groups who commit these crimes due to experiences of poverty or a lack of understanding of the law (consideration should be given to language barriers).
IGC-13	Private Sector Leasing	This change would benefit customers as it would speed up the wait for suitable housing. The people that would be significantly impacted would be those on the housing list, those with immediate housing needs or the homeless. This would encompass several protected groups, including people from minority ethnic groups, people with disabilities, carers, families, people with substance misuse issues, people with care experience and those with limited financial resource.	The change is likely to be a positive one. Clear, transparent communication is needed to explain where the benefits are.

IGC-14	Introduce Penalties for Council Tax Reduction Scheme	Consideration should be given as to whether penalties will further marginalise those who may have had less capacity to understand the initial claim, due to experiences of disability, older age, trauma, or ill health through financial instability.	Changes and consequences of penalties will need to be communicated in a clear, transparent and inclusive way. Consideration should be given to additional support for groups who experience less capacity. Feedback from users on the new application process will be useful and could mitigate future impact.
IGC-15	Consolidation of Low Value Income Generation Items	No equality issues identified.	None needed.
<b>Agreed Savings from Prior Years</b>			
EAP-06	System for management of sickness absence	A change in the way information is recorded will require staff to be informed and offered training if required. No EA required.	None needed.
IGC-16 242	Long Term Empty Premium/Second Home Premiums	This change may provide an incentive to increase the available housing stock thereby creating a positive impact for those seeking accommodation. Protected groups who may be negatively impacted could be families whose estates are not resolved following a death, however two years are allowed to resolve issues before the fee is introduced.	None needed.
IGC-18	Review allotment rents	There are many health benefits for having an allotment so the impact may be greater for the disabled, carers and those with low incomes that may want to grow their own fruit and vegetables.	Clear, transparent, and inclusive communication and signage about changes in advance is vital to manage expectations and allow affected residents and partners time to make alternative plans. Consideration to be given to concessions for certain groups where the impact is disproportionate.

## Parking Charges 2024/25

Location/Description	Unit	Zone 1a 8am - 6pm	Zone 1b 8am - 6pm	Zone 2 8am - 6pm	Zone 3 8am - 6pm	Increase on 2023/24
On-Street Pay and Display *applies to Electric vehicles & bays	Up to 1 hr	£2.80	£1.20	£1.10	£1.00	0%
	Up to 2 hrs	£5.50	£2.40	£2.20	£2.20	0%
	Up to 3 hrs	£8.30	£3.60	£3.30	£3.30	0%
	Up to 4 hrs	£11.00	£4.80	£4.40	£3.90	0%
	Up to 5 hrs	£13.80	£6.10	£5.50	£5.00	0%
	Up to 6 hrs	£16.50	£7.30	£6.60	£6.10	0%
	Up to 10 hrs	£19.30	£13.20	£13.20	£11.00	0%
	Up to 13 hrs					
Off-Street (Car Parks) *applies to Electric vehicles & bays (VAT applicable)	Up to 1 hr	£2.80	£1.20	£1.10	£0.00	0%
	Up to 2 hrs	£5.50	£2.40	£2.20	£2.20	0%
	Up to 3 hrs	£8.30	£3.60	£3.30	£3.30	0%
	Up to 4 hrs	£11.00	£4.80	£4.40	£3.90	0%
	Up to 5 hrs	£13.80	£6.10	£5.50	£5.00	0%
	Up to 6 hrs	£16.50	£7.30	£6.60	£6.10	0%
	Up to 10 hrs	£19.30	£13.20	£13.20	£11.00	0%
	Up to 13 hrs					
Parks & Open Spaces - where applicable. Refer to signage in car park (specific terms and conditions apply to some car parks) (VAT applicable)	Up to 1 hr	£2.80	£1.20	£1.10	£1.10	0%
	Up to 2 hrs	£5.50	£2.40	£2.20	£2.20	0%
	Up to 3 hrs	£8.30	£3.60	£3.30	£3.30	0%
	Up to 4 hrs	£11.00	£4.80	£4.40	£3.90	0%
	Up to 5 hrs	£13.80	£6.10	£5.50	£5.00	0%
	Up to 6 hrs	£16.50	£7.30	£6.60	£6.10	0%
	Up to 10 hrs	£19.30	£13.20	£13.20	£11.00	0%
Location/Description	Unit	Zone 1a 8am - 9pm	Zone 1b 8am - 6pm	Zone 2 8am - 6pm	Zone 3 8am - 6pm	Increase on 2023/24
Pre-booked coach parking (VAT applicable)	Daily (until closing time)	£22.00	£11.00	£11.00	N/A	0%
Coach parking (pay on the day) (VAT applicable)	Daily (until closing time)	£44.00	£33.00	£33.00	N/A	0%
Seafront Permit	Annual	£484.00	£484.00	£242.00	N/A	10%
Location/Description	Unit	Zone 1a 8am - 9pm	Zone 1b 8am - 6pm	Zone 2 8am - 6pm	Zone 3 8am - 6pm	Increase on 2023/24
Season Ticket for a Named Car Park** (VAT applicable)	Annual	£726.00	£726.00	£605.00	£302.50	10%
	6 month	£375.50	£375.50	£315.00	£157.50	10%
	Quarterly	£194.00	£194.00	£163.50	£85.00	10%
	Monthly	£67.00	£67.00	£54.50	£36.50	10%
Season Ticket for Car Parks within a specified Zone ** (VAT applicable)	Annual	£1,331.00	£1,331.00	£1,089.00		10%
	Quarterly	£399.50	£399.50	£327.00		10%
	Monthly	£133.50	£133.50	£109.00		10%
Season Ticket - Baxter Avenue Car Park **	Annual		£1,452			10%

Location/Description	Unit	1 month	6 months	12 months	Increase on 2023/24
Business Permit	Scheme specific		£163.50	£302.50	10%
Operational Permit (On-street) - 4 Hours max stay	All Zones			£79.00	10%
Operational Permit (On-street) - 6 Hours max stay	All Zones			£157.50	10%
Operational Permit (On-street) - Generic/Transferable - 4 hours max stay	All Zones			£242.00	10%
Operational Permit (On & Off Street) - 6 Hours max stay	All Zones			£605.00	10%
South Essex Homes Permit (Operational Permit) - 4 hours max stay	SEH locations only			£79.00	10%
Resident Carer Permit (1 permit per household only)	Scheme specific			£18.50	10%
Resident Permit - Electric Vehicle				£10.00	10%
Resident Permit - 1st car	Scheme specific			£18.50	10%
Resident Permit - 2nd car	Scheme specific			£30.50	10%
Resident Permit - 3rd car	Scheme specific			£60.50	10%
Resident Permit - 4th car	Scheme specific			£91.00	10%
Resident Concessionary Permit (in RPS*)	Scheme specific			£60.50	10%
Educational Permit **	Scheme specific			£175.00	10%
Tradesperson Permit (On-street only)	All Zones	£36.50	£181.50	£363.00	10%
Tradesperson Permit (On and Off street)	All Zones	£121.00	£726.00	£1,210.00	10%

Location/Description	Unit	1 month	3 months	12 months	Increase on 2023/24
Southend Pass (VAT applicable)		£15.00	£45.00	£180.00	50%

\*\* Terms & Conditions Apply to all charges noted

Location/Description	Unit	Charge	Increase on 2023/24
Visitors Vouchers (Book of 20)	Daily	£11.00 for Books 1-5	10%
		£22.00 for Books 6-8 (at Councils Discretion)	10%
Parking Dispensation	Daily	£15.00	10%
Parking Dispensation	Weekly (7 days)	£60.50	10%
Car Park unlock tariff	Each occasion	£91.00	10%
Suspension (Admin Fee)		£36.50	10%
Suspension (on-street)	Per day, per bay, per metre	£36.50	10%
		Per week	£242.00
Suspension (off-street) (VAT applicable)	Per day, per bay, per metre	£24.50	10%
		Per week	£145.50
Amendment to existing permit	Vehicle changes	£18.50	10%

Amendment to existing EV permit	Vehicle changes	£10.00	10%
Replacement or Duplicate season ticket (paper permit)	Loss or duplicate request	£30.50	10%
Permit refund admin fee	Administrative cost	£16.50	10%
Hotels and guesthouses discount rate	Daily, up to end of charging period	50% of max daily parking tariff	
Authorised copy of car park key	Issuance	£60.50	10%
	Replacement key (for any purpose)	£242.00	10%
Free Parking	To provide free parking in Council car parks all day on Sundays in December and Christmas Day (except those with barriers)		
Small Business Day	Free Parking in Zones 2 and 3 car parks - 1 day per annum only		
Market Trader Season Ticket	20 weeks	£80.00	10%
New Road Church Permit - Per Annum	Specifically for Wesleyan Methodist church (New Road) land agreement 1932.	£165.00	10%
Honorary Alderman or Persons Permit	Specifically for Honorary personnel only	Free	
PCN Charges as per legislative permissions			

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