

SOUTHEND-ON-SEA CITY COUNCIL

Meeting of Policy and Resources Scrutiny Committee

Date: Thursday, 30th January, 2025

Place: Committee Room 1 - Civic Suite

Present: Councillor I Gilbert (Chair)
Councillors I Ferguson (Vice-Chair), Sam Allen, M Borton,
C Campbell, J Courtenay, T Cox, N Folkard, D Garston, R Longstaff,
J McMahon, R McMullan, J Moyies, S Wakefield and C Webster

(*Substitute in accordance with Council Procedure Rule 30.)

In Attendance: Councillors D Cowan, P Collins, M Dent, A Jones, K Robinson and
M Sadza
J Chesterton, M Harvey, M Marks, A Richards, C Shuter and S Cox

Start/End Time: 6.30 - 10.00 pm

45 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 M Faulkner-Hatt (no substitute) and Councillor N Ward (no substitute).

46 Declarations of Interest

The following interests were declared at the meeting:

- a) Councillor M Borton, (general business of the meeting) – concessionary bus pass holder and Board Member of South Essex Homes.
- b) Councillor S Wakefield, (general business of the meeting) – sub-contractor of South Essex Homes.
- c) Councillor A Jones (Cabinet Member), Board Member of South Essex Homes.
- d) Councillor N Folkard, (general business of the meeting) – concessionary bus pass holder.
- e) Councillor I Gilbert, (general business of the meeting) – employed by a Member of Parliament (MP).

- f) Councillor T Cox, (general business of the meeting) – has a child in receipt of a Education, Health and Care Plan (EHCP).
- g) Councillor J McMahon, (general business of the meeting) – is a qualified care act assessor and works with children with complex needs.

47 Questions from Members of the Public

The Committee noted the response of the Cabinet Member for Finance, Assets and Investments to a question presented by Mr Webb.

48 Minutes of the Meeting held on Monday, 16th December 2024

Resolved:

That the minutes of the meeting of the Committee held on Monday, 16th December 2024 be confirmed as a correct record and signed.

49 Financial Performance Report for November 2024 (Period 8)

The Committee received a report from the Executive Director (Finance & Resources) which had been referred direct by Cabinet on 13th January 2025. The report summarised the forecast position as at the end of November 2024 (period 8) which showed an overspend of £4,683 million which was an improvement of £0.962 million compared to the position reported at the end of September 2024. (Period 6).

The Committee asked a number of questions which were responded to by the Leader of the Council and the Cabinet Member for Finance, Assets and Investments.

During the debate there was a discussion on the reporting process, use of reserves and contingency provisions to reduce the projected overspend.

Resolved:

That the following recommendations to Cabinet, be noted:

“That, in respect of the 2024/25 Revenue Budget Performance as set out in appendix 1 to this report, Cabinet:

1. Notes the forecast outturn for 2024/25 for the General Fund and the Housing Revenue Account as at 30 November 2024.
2. Notes the plans and intentions to try to reduce the forecast overspend of the Council’s revenue budget for 2024/25 and agrees 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).

That, in respect of the 2024/25 Capital Budget Performance as set out in appendix 2 of this report, Cabinet:

3. Notes the expenditure to date and the forecast outturn as at 30 November 2024 and how it will be financed.
4. Approves the requested changes to the capital investment programme for 2024/25 and future years, as set out in section 4 of appendix 2.”

Note: This is an Executive Function

Cabinet Members: Councillor D Cowan, Leader of the Council and Cabinet Member for Infrastructure and Corporate Strategy. Councillor P Collins, Cabinet Member for Finance, Assets and Investments.

50 Draft Housing Revenue Account Budget 2025/26 and Rent Setting

The Committee considered the report of the Executive Director of Finance and Resources and the Executive Director of Environment and Place, which had been referred direct by the Cabinet from the meeting held on 13 January 2025.

The report set out how investment from the Housing Revenue Account (HRA) would contribute towards meeting housing needs in Southend-on-Sea and presented 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 2025/26.

The Cabinet Member responded to a number of questions in relation to:

- The projected build cost of the planning passive homes and whether in future the build cost could be separated from the infrastructure cost and reported by square metre.
- Benchmarking of garage rents and keep the figure under for review.
- Condition of garage stock and small units which cannot fit in modern cars, and whether there is scope to look at potential redevelopment or consider open parking.
- The percentage difference in rent between a council home compared to privately rented homes and whether rents could be means tested.
- There was a debate on whether the proposed passive housing scheme was best value for money.

Resolved:

That the following decisions of the Cabinet be noted:

“That Cabinet recommends to Council that, as part of the budget setting process, it approves the following increases with effect from 7 April 2025:

1. An average rent increase of 2.7% on all tenancies.
2. An average rent increase of 2.7% on shared ownership properties.
3. An increase of 2.75% on garage rents for tenants and leaseholders to £15.80 per week, a rise consistent with the standard approach taken across the range of City Council’s fees and charges for 2025/26. An increase of

20% on private garage rents to £22.15 (inclusive of VAT). 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:

4. South Essex Homes core management fee be agreed at £8,275,000 for 2025/26.
5. South Essex Homes proposals for an average decrease of 6.1% in service charges to reflect the estimated costs incurred be agreed for 2025/26.
6. South Essex Homes proposals for an average 22.3% decrease in heating charges for sheltered housing tenants and for hostel tenants to reflect the estimated costs incurred be agreed for 2025/26.
7. The following appropriations be agreed: • £60,000 to the Repairs Contract Pensions Reserve. • £4,720,000 to the Capital Investment Reserve. • £7,237,000 from the Capital Investment Reserve.
8. Subject to the approval of items 2.1 through to 2.7 above, the HRA budget for 2025/26 as set out in Appendix 1 be agreed and 2
9. The value of the Council's capital allowance from 2025/26 be declared as £70,937,000 as determined in accordance with regulation 16 of the Local Authorities (Capital Finance and Accounting) (England) Regulations.
10. To delegate authority to the Executive Director for Environment and Place to submit the final bid for the Warm Homes Wave 3 bid once completed.

Note: This is an Executive Function, save that approval of the final budget following the 11 February 2025 meeting of Cabinet is a Council Function.

Cabinet Members:

Councillor A Jones, Cabinet Member for Planning and Housing

Councillor P Collins, Cabinet Member for Finance, Assets and Investments

51 Council Tax Base and Non Domestic Rating Base 2025/26

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 13 January 2025, concerning the calculation of the Council Tax Base for 2025/26 and the submission of the National Non-Domestic Rates (NNDR1) form to the Ministry of Housing, Communities and Local Government (MHCLG) by 31st January 2025.

Resolved:

That the following decision of Cabinet, be noted:

“That Cabinet approves:

1. In accordance with the Local Authorities (Calculation of Council Tax Base) Regulations 1992 (as amended by the Local Authorities (Calculation of Council Tax Base) (Amendment) (England) Regulations 2003) and Local Government Finance Act 2012 (Calculation of billing authority's council tax base Section 15):
2. The 2025/26 Council Tax Base will be set as follows:

Southend-on-Sea City Council 60,860.63 (Appendix A)
Leigh-on-Sea Town Council 9,104.04 (Appendix B)
3. The continuation of the locally defined discounts for the 2025/26 financial year commencing 1 April 2025. (Paragraphs 4.12 (i – vi), 4.13, 4.14 and 4.15)
4. Council approved the implementation of a 100% premium charge, payable from 1 April 2025 for properties that are classified as second homes (furnished but not the main residence of any individual). This report seeks to endorse this decision. At the time of the last report, the Council agreed to apply the premium in line with the government guidance in respect of exceptions; this guidance has since been set as legislation and is now mandatory. The Council Tax (Prescribed Classes of Dwellings and Consequential Amendments) (England) Regulations 2024
5. The National Non-Domestic Rates Base for 2025/26, to be submitted to Department of Levelling Up, Housing & Communities (DLUHC). The NNDR1 return for 2025/26 (to follow) will be presented at Appendix C.
6. The updated Non-Domestic Rates Discretionary Rate Relief Policy presented at Appendix D.
7. The updated Council Tax Young Care Leavers Policy presented at Appendix E.”

Note: This is an Executive Function

Cabinet Member: Cllr P Collins, Cabinet Member for Finance, Assets and Investments

52 Draft Budget Proposals - 2025/26 to 2029/30

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 13 January 2025.

The report presented the draft budget proposals for 2025/26 to 2029/30 and illustrated over the medium term how the Council's revenue and capital resources were being prioritised to respond to increasing demand and unavoidable cost pressures for the delivery of key statutory services.

The Committee asked a number of questions which were responded to by the relevant Cabinet members, highlights included:

- How many voluntary redundancies were expected. (net position 13, 21 voluntary redundancies and 7 additional roles).

- The outcomes of the in-depth children's services review (internal officer led deep-dive in children's social care cases, significant volume of spend goes to new brokerage team to ensure value for money)
- Another in-depth review would be undertaken of children's services by a number of Cabinet Members and senior officers to understand where the high costs were coming from and identify why children were coming into care.
- The volume of debt to Essex County Council and how long it would take to pay this back.
- Why electric vehicle charging had been deferred in the budget (work not mature enough for this budget reporting, although work had been progressed).
- The settlement for supporting the cost of the national insurance contributions.
- Estate efficiencies (EAP-01) – staff disproportionately impacted by a change in their workplace location.
- The £350,000 proposed saving in relation to the Connected Southend Transformation focused care package review (SOC-02) and how this could disproportionately affect the most vulnerable with the top 10% and bottom 10% cost profile.
- The estimated cost of National Insurance and Living Wage contributions and cost differential between the estimated government settlement (settlement details expected to be released in February 2025).

The Leader of the Council confirmed that Cabinet would consider the views of the Committee in respect of the following matters, in proposing the Council's General Fund Revenue Budget for 2025/26 for adoption by the Council at its meeting to be held on 20 February 2025.

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

- A breakdown of the additional National Insurance and Living Wage contributions for the Council's wholly owned companies and the total exposure for the local authority. (Councillor D Cowan).
- What projects were earmarked for the £1.238 million spend under the Climate Change provision, to deliver suitable projects aimed at reducing the impact of climate change and support the Council's aspirations to achieve net zero emissions by 20230 in line with the Climate Emergency Declaration (Councillor P Collins).

At 9.25pm the Chair advised the Committee that the meeting was approaching the 3-hour time limit. In accordance with Overview and Procedure rule 2.48 of Part 5 section 2 of the Council Constitution, the Committee decided by a simple unanimous vote to extend the meeting for a period of up to 30 minutes to 10.00pm.

Councillor T Cox proposed a new recommendation, which was seconded by Councillor C Campbell, that read as follows:

"To request that the administration remove the proposed £350,000 saving from the 'Connected Southend Transformation: Focused Care Package Review' (SOC-

02) and review the language for the planned review of packages in the top 10% and bottom 10% of the cost profile.”

The Chair undertook a vote on the new proposed recommendation, the result of which was:

For: 4

Against: 6

Abstentions: 5

The Chair declared the motion was lost and the substantive recommendations to Cabinet were noted.

Resolved:

That the following decisions of the Cabinet be noted:

“That Cabinet recommend to Council that it:

1. Notes that a detailed Medium Term Financial Strategy for 2025/26 – 2029/30 will be available for consideration in February 2025 and approves the draft Medium Term Financial Forecast and estimated Earmarked Reserves Balances up to 2029/30 (Annexes 1 and 2 to Appendix 1).
2. Considers and acknowledges 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).
3. Approves the appropriation of the sums to Earmarked Reserves totalling £3.619M (Appendix 3).
4. Approves the appropriation of the sums from Earmarked Reserves totalling £1.695M (Appendix 3).
5. Approves a General Fund Budget Requirement for 2025/26 of £165.059M and Council Tax Requirement of £109.472M (Appendix 4) (Paragraph 12.10, Table 5) and any required commencement of consultation, statutory or otherwise.
6. Notes that the 2025/26 revenue budget has been prepared based on using £1.400M from accumulated Collection Fund surpluses to support the core budget and to allow for a smoothing of the budget gap (Paragraph 12.13).
7. Approves a Council Tax increase of 4.99% for the Southend-on-Sea element of the Council Tax for 2025/26, being 2.99% for general use and 2.00% for Adult Social Care (Paragraph 12.14).
8. Notes the position of the Council’s preceptors is to be determined:
 - Essex Police – no indication of Council Tax position
 - Essex Fire & Rescue Services – no indication of Council Tax position
 - Leigh-on-Sea Town Council – proposed Band D precept increase of 2.90%.

9. Approves that no Special Expenses be charged other than Leigh-on-Sea Town Council precept for 2025/26.
10. Considers and approves the proposed General Fund revenue budget investment and unavoidable cost pressures of £25.050M (Paragraph 9.2, Table 3 and Appendix 5).
11. Considers and approves the proposed General Fund revenue budget savings and income generation initiatives for 2025/26 of £3.590M (Paragraph 9.3, Table 4 and Appendix 6).
12. Approves the Dedicated Schools Grant budget and its relevant distribution as recommended by the School Forum (Appendix 7).
13. Considers and approves the Capital Investment Strategy for 2025/26 to 2029/30 (Appendix 8) and the Capital Investment Policy (Annex 1 to Appendix 8).
14. Considers and approves the proposed:
 - (i) new schemes and additions to the Capital Investment Programme for the period 2025/26 to 2029/30 totalling £28.3M for the General Fund and £11.9M for the Housing Revenue Account (Appendix 9).
 - (ii) schemes subject to viable business cases that have been identified as a priority, totalling £9.7M for the General Fund and £8.1M for the Housing Revenue Account (Appendix 9).
15. Notes 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 10).
16. Approves the proposed Capital Investment Programme for 2025/26 to 2029/30 of £158.0M (Appendix 11) of which £59.2M is supported by external funding.
17. Approves the revised Minimum Revenue Provision (MRP) Policy for 2024/25 and the Minimum Revenue Provision (MRP) Policy for 2025/26 (Paragraphs 17.12 to 17.15 and Appendices 12a and 12b) and the prudential indicators (Appendix 13).
18. Approves the operational boundary and authorised limits for borrowing for 2025/26 which are set at £380M and £390M respectively (Appendix 13).”

Note: This is an Executive Function save that approval of the final budget following Cabinet on 11th February 2025 is a Council Function

Cabinet Members:

Councillor D Cowan, Leader of the Council

Councillor P Collins, Cabinet Member for Finance, Assets and Investments

Chair: _____