

# Southend-on-Sea Borough Council

Report of Executive Director (Finance & Resources)  
to  
**Cabinet**  
on  
**16 June 2020**

Agenda  
Item No.

**9**

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Control

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**Resourcing Better Outcomes – Outturn 2019/20**  
**All Scrutiny Committees**  
**Cabinet Members: Councillor Ian Gilbert and Councillor Ron Woodley**  
***A Part 1 Public Agenda Item***

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## **1 Purpose of Report**

- 1.1 To present to Cabinet the revenue outturn for 2019/20, and therefore the level of revenue balances going into 2020/21.
- 1.2 To advise Cabinet of the implications of the revenue outturn for 2019/20 and the impact on the 2020/21 budget and future Medium Term Financial Strategy.
- 1.3 To inform Cabinet of the capital investment programme outturn for 2019/20 and to seek approval for the relevant budget carry forwards and accelerated delivery requests.
- 1.4 To seek approval for 2020/21 in year amendments for the current approved capital investment programme.
- 1.5 To seek approval to carry forward Community Infrastructure Levy Main Fund receipts from 2019/20 and previous financial years and to delegate authority to agree how the Ward Neighbourhood Allocations are to be spent.

## **2 Recommendations**

### **That Cabinet:**

- 2.1 Note the final 2019/20 revenue outturn position for both the General Fund (Section 4.1) and Housing Revenue Account (HRA) (Section 5.1)**
- 2.2 Consider and approve the appropriation of revenue funds to and (from) earmarked reserves, as set out in Section 4.7 to 4.11 (General Fund) and Section 5.7 (HRA).**

- 2.3 Note the potential revenue impact of the 2019/20 outturn on the 2020/21 General Fund budget and Medium Term Financial Strategy (Section 4).**
- 2.4 Note that the expenditure on the capital investment programme for 2019/20 totalled £59.451m against a revised budget of £70.957m (sections 6.3 and 6.6).**
- 2.5 Approve the relevant budget carry forwards and accelerated delivery requests totalling a net £11.552m moving into 2020/21 and future years, as set out in Appendix 1.**
- 2.6 Note the virements, reprofiles, amendments and new external funding for schemes, as detailed in Appendix 1 will result in an amended Capital Investment Programme of £222.077m for the period 2020/21 to 2024/25, as detailed in Appendix 2.**
- 2.7 Approve the new schemes to the programme as set out at paragraphs 7.32 to 7.38. If these are approved this will mean an overall Capital Investment Programme of £223.857m.**
- 2.8 Note the content of the Community Infrastructure Levy (CIL) Annual Financial Report 2019/20 (included in Appendix 3), and agree to carry forward CIL Main Fund receipts from 2019/20 and previous financial years until the CIL Governance Framework and spending plans are reviewed later this year.**
- 2.9 Delegate authority to the Director of Planning and Transport (in consultation with Ward Members and the Cabinet Member for Environment and Planning) to agree how the Ward Neighbourhood Allocations received up until 31 March 2020 (excluding allocation to Leigh Town Council) are to be spent.**

### **3 Background**

- 3.1 Southend-on-Sea Borough Council, along with most Local Authorities across the country, continues to face significant challenges in providing essential services to meet the needs of local residents within the level of resources it has at its disposal. As reported throughout 2019/20 this has been exacerbated by a combination of increasing and more complex local demand, inflation and uncertainty over future government funding levels and arrangements. This was taken to whole new level of complexity and challenge towards the end of 2019/20 with the worldwide impact of the Covid-19 pandemic.**

- 3.2 The Council's strategic response to this situation (prior to Covid-19) in 2019/20 had been to develop a new high-level Financial Sustainability Strategy for 2020 – 2030 and comprehensively update its Medium Term Financial Strategy for 2020/21 – 2024/25, which were both approved by Council as part of setting the 2020/21 budget in February 2020. These key strategies outline our ambition, approach, desire and commitment to do everything we can to reflect and learn from the past in order to help us to plan more effectively for the future, investing in priorities that make a real positive difference locally. This is predicated on ensuring that the Council remains financially stable and resilient and that we move towards a position of financial self-sustainability.
- 3.3 The Council also began to introduce a new approach to outcomes based planning and budgeting in 2019/20 which looked at repurposing resources towards agreed priorities and outcomes. This development work was designed to target resources more effectively to achieve better outcomes for local residents, businesses and visitors. This approach formed a major part of the Council's programme to finance the key priorities that were outlined in the road map to 2023. Our ambition for Southend 2050 was developed with our local communities for our local communities and is built on our five agreed related themes which resulted in the identification of 23 priority outcomes for delivery by 2023.
- 3.4 The key objectives and priorities for the Council for 2018/19 and 2019/20 were informed by the results of a Residents Perception Survey in 2017/18. During this financial year another residents survey was commissioned, and the feedback received will help to shape and inform the Council's priorities going forward.
- 3.5 Other new initiatives introduced in 2019/20 included the development of a fully integrated revenue and capital budget report for the first time and improved arrangements for financial performance reporting. These new combined revenue and capital financial performance reports were presented to Cabinet and Scrutiny Committees and given greater prominence as a separate single item on the agendas. These reports provided more financial insight, highlighted major variations from approved revenue and capital spending plans for the year, facilitated greater understanding of key issues by identifying additional demand pressures and any delivery challenges.
- 3.6 As part of the development and approval of the 2020/21 Budget and Medium Term Financial Strategy in February 2020 a commitment was also made to introduce a new 'Getting to know your business' programme in 2020/21. The aim of this new initiative is to ensure all service managers in Southend-on-Sea Borough Council have a comprehensive understanding of their business areas in terms of their benchmarked operational and financial performance, key demand and cost drivers, income levels, commercial opportunities, value for money and customer insight. This programme will be designed to support managers to improve productivity and efficiency in all our business areas ensuring that we secure best value but also to support a more targeted outcomes based approach to investment.

- 3.7 The new improved financial reporting arrangements introduced in 2019/20 highlighted significant revenue financial pressures, caused primarily by increased demand for key services and some delays and challenges in the delivery of individual projects within the capital investment programme.
- 3.8 During March 2020, effectively the whole world changed due to the speed, severity, and consequences of the spread of the Covid-19 virus. It is far too early to assess the overall health and economic impact on the Council at this stage but a separate report to be considered by the special Cabinet meeting on 9<sup>th</sup> June 2020 will attempt to provide an initial high level local financial assessment.
- 3.9 In 2019/20, Covid-19 did have an almost immediate impact on the health and social care system and our local economy. It also resulted in some increases in expenditure, some loss of income and uncertainty around year end asset valuations for the Council. Most of the major financial and operational impacts of the pandemic for the Council will materialise in 2020/21 and the future.
- 3.10 This outturn report builds on the financial performance monitoring information provided for period 8, which was reported to Cabinet in January 2020. It highlights the changes in the last four months of the year and provides an insight into the major variances that have contributed to the final outturn position. It also considers the potential implications that the 2019/20 outturn will have on the 2020/21 approved budget and Medium Term Financial Strategy.
- 3.11 There are some clear service demand pressures and trends that have been established, some possible mitigations are proposed to deal with these challenges going forward. Our immediate responsive financial strategy and tactics have been made a lot more difficult to design because of the complexity and uncertainty caused by the local impact of Covid-19.

#### **4 2019/20 General Fund Revenue Outturn**

- 4.1 The following table summarises the revenue outturn for the General Fund and the consequential requirement for use of earmarked reserves to balance the budget for 2019/20. The outturn has been prepared on the assumption that all appropriations to and (from) earmarked reserves proposed in this report are approved. Cabinet are invited to consider the recommended level of appropriations later in this report.

Last Reported Variance £M	Portfolio	Revised Budget £M	Forecast Outturn £M	Variance £M
(0.2)	Leader: Housing, ICT, Revenue & Benefits	18.2	18.5	0.3
2.6	Deputy Leader: Assets, Highways & Transport	3.2	5.9	2.7
0.0	Business, Culture and Tourism	4.9	5.0	0.1
4.8	Children and Learning	29.3	34.7	5.4
0.0	Community Safety and Customer Contact	2.3	2.3	0.0
(0.9)	Environment and Planning	20.5	19.8	(0.7)
0.7	Health and Adult Social Care	36.6	39.4	2.8
<b>7.0</b>		<b>115.0</b>	<b>125.6</b>	<b>10.6</b>
(1.8)	Corporate Budgets	12.6	11.1	(1.5)
<b>5.2</b>		<b>127.6</b>	<b>136.7</b>	<b>9.1</b>
0.0	Financial and Technical Adjustments	1.3	(1.9)	(3.2)
0.0	Revenue Contribution to Capital	0.7	0.7	0.0
0.0	Non Service Specific Grants	(4.0)	(4.0)	0.0
<b>5.2</b>	<b>TOTAL</b>	<b>125.6</b>	<b>131.5</b>	<b>5.9</b>
(2.0)	Funding	(125.6)	(126.9)	(1.3)
<b>3.2</b>	<b>NET</b>	<b>0.0</b>	<b>4.6</b>	<b>4.6</b>

- 4.2 This table shows that the adverse variance for the overall budget moved to £4.6M by the end of the year compared to a £3.2M forecast at period 8. The primary reason is that the Service Portfolios variance increased from £7M to £10.6M during the last four months of 2019/20. The headlines for this worsening position are summarised in the table at Section 4.6 and further commentary is included in this report. A range of corporate mitigations have been implemented to reduce the overall General Fund deficit to £4.6M by the year-end. We have also applied £0.3M of Emergency Covid-19 Grant funding to affected services in 2019/20.
- 4.3 The total net expenditure outturn for 2019/20 was £131.5M, which was £1.4M (1.1%) above the period 8 forecast. Despite the challenges caused by this overspending in 2019/20, the Council remains in a strong and financially resilient position. Through careful and prudent financial management, it has retained the ability to cope with unexpected challenges including this scale of overspending. To add further context the overall gross spending power of the Council is in the region of £375 million, so £4.6M represents around 1.2%.
- 4.4 Cabinet have received regular and detailed budget monitoring information throughout 2019/20, so most key variances have already been well documented and reported. A lot of the major demand pressures in social care experienced locally are replicated in a high proportion of other upper tier local authorities right across the country. Despite attempts to minimise the overall financial impact from these pressures in-year, the sheer scale and complexity of demand has resulted in significant additional spending in the critical service areas of Adults and Children's Social Care. This extra investment has been made for the most vulnerable residents in our society. Several other mitigations were implemented corporately in-year to reduce the overall level of portfolio service overspending. Reliance has had to be placed on the use of earmarked reserves that were set aside for specific purposes to balance the budget in 2019/20.

- 4.5 This report summarises the major variances between the period 8 forecast and the final outturn for 2019/20. Given the size and complexity of the Council's operations there are several under and overspends in individual service areas. At year-end consideration is also given to the need to review the level of provisions for insurance, redundancies, bad and doubtful debts, and any other issues that arose during the year. This has also contributed to the overspending in 2019/20. Comprehensive year-end reviews are undertaken across all revenue projects that are supported by specific grant streams. If a project, for justifiable reasons, has not been completed in year, the value of any unspent grant is carried forward into the next year through the mechanism of earmarked reserves.
- 4.6 There are several additional variances that have occurred between what was reported at period 8 and the actual final outturn. These are summarised and rounded to the nearest £0.1M in the following table:

	<b>£Ms</b>
Community Housing	0.2
Property & Estate Management	0.3
Decriminalised Parking	(0.3)
Child Protection & Support	0.5
Leaving Care	0.2
Private Voluntary Independent Services	0.4
Other Children's Services	(0.3)
Flooding	0.3
Waste, Environmental Care & Street Cleansing	(0.3)
Learning Disabilities	0.3
Older People	1.7
Minor service variances across the Council	0.6
<b>Overall Portfolio Service Adverse Variance</b>	<b>3.6</b>
Contingency budget and other minor corporate variances	(2.2)
<b>Total Variance from Period 8</b>	<b>1.4</b>

### Recommended Appropriations to and (from) Earmarked Reserves

- 4.7 The following table and supporting commentary set out the rationale and recommended appropriations to and (from) the Council's earmarked reserves for 2019/20. These proposed appropriations are subject to the approval of Cabinet, annotated as appropriate where the appropriation is materially different from what was originally planned.

Reserve	Opening Balance	Planned 'In-Year' Movement	Approved 'In-Year'	Proposed Final Appropriation	Closing Balance
	£000's	£000's	£000's	£000's	£000's
Capital Reserves	12,638	(3,978)	0	4,497	13,157
Corporate Reserves	32,933	6,403	(500)	(2,371)	36,465
Insurance Reserves	6,800	0	0	(837)	5,963
Service Reserves	14,018	(887)	(2,000)	57	11,188
Grant Reserves	4,224	0	0	653	4,877
	70,613	1,538	(2,500)	1,999	71,650

- 4.8 The planned 'In-Year' movement column is a summary of what was agreed as part of setting the Revenue Budget for 2019/20. The approved 'In-Year' column is a summary of the appropriations approved during 2019/20. The proposed final appropriation column contains the summary of recommended changes (net total of +£1.999M to Reserves) to this Cabinet meeting for consideration.
- 4.9 Within the proposed final appropriation column there is also a technical adjustment to transfer £0.837M from the Insurance Reserve to the Insurance Provision to recognise insurance liabilities that have now been confirmed. The Insurance Reserve was created for exactly this purpose.
- 4.10 The net overall impact of these proposed appropriations is to increase the total reserves held by Southend Borough Council to £71.650M. It is also proposed to finance the £4.544M overspending on the General Fund in 2019/20 by appropriating monies (from) the following earmarked reserves.
- 4.11 There is an earmarked reserve for Adult Social Care (Within Service Reserves) totalling £3.028M that was specifically created for the demand risks and associated costs that have materialised in this area in 2019/20. It is proposed to appropriate £2.794M (the value of the Adult Social Care overspending in 2019/20) from this reserve. The balance is proposed to be met by an appropriation of £1.750M from Capital Reserves, which is currently not required. (£2.794M + £1.750M = £4.544M).
- 4.12 The total level of reserves held by Southend Borough Council at the end of the year would then be £67.106M (£71.650M - £4.544M). This overall level of reserves demonstrates the financial strength and resilience of the Council and places it in a robust position to continue to navigate the ongoing challenges of both increases in demand and complexity for critical services in the future.

### **Implications for the 2020/21 budget and Medium Term Financial Strategy**

- 4.13 Right across the local government sector 2019/20 has been a challenging year with many upper tier Authorities reporting overspendings in key service areas and indicating that they will need to use reserves to support their respective budgets. Southend-on-Sea is faced with a similar challenge, particularly with some of the high value demand social care trends that have been established over the last 18 months or so. These pressures had been recognised and attempts were made to address some of these issues in the revenue base for 2020/21 and the Medium Term Financial Strategy but not to the extent of the level of the outturn that has now been finalised.
- 4.14 Directors and all services are aware that it is vital to adhere to the approved level of all budgets. The operating climate, particularly in social care is incredibly challenging though and that is why it is so important to have a clear understanding of all the cost drivers within the budget. Financial management and monitoring are also key to highlighting any issues as early as possible and the introduction of the new 'Getting to know your business' programme will also provide enhanced support and advice to service managers. Our new approach also encourages consideration over the medium term, so not only trying to achieve a balanced outturn in the current year but also to avoid putting further pressure on budget plans for future years.

- 4.15 Critical to this approach is to understand pressures inherited from the previous year. These could manifest themselves by way of continuing increases in demand and costs, reduced income activity, any undelivered planned savings, or also new emerging issues due to Covid-19. Detailed analysis has therefore been undertaken to provide more insight into the key messages contained in the 2019/20 outturn and to estimate the potential ongoing impact into 2020/21 and our Medium Term Financial Strategy. In keeping with many councils across the country there are several areas of spending pressure that will require proactive management. The major areas that clearly will have a major impact in 2020/21 and beyond for Southend-on-Sea is Children's Social Care, Adult's Social Care and Highways and Transport.

### **Children's Services**

- 4.16 Children Social Care is reporting a total overspend of £5.4M in 2019/20 and this included the drawdown of £2M set aside in the Children Social Care reserve for 2019/20 (this was approved as part of the 2019/20 budget). A £4.8M overspend was previously reported at period 8 so the final year end position represents a further increase of £0.6M to the overspend. The main reasons for the increase are further costs attributable to externally placed looked after children (including leaving care), social work staff, and spend for independent professional assessment fees ordered either by the courts or social work practice.
- 4.17 The main contributory factors for the overspend have been reported previously but are mainly due to an overall net increase in the required numbers of looked after children (LAC). There has been almost a constant increase in numbers over the last four years. This has been combined with an external care market where costs are continually increasing due to the increased national demand for placements and increases in caseloads for Social Work staff. This is a situation that is being experienced in most other upper tier local authorities.
- 4.18 There will be considerable opening financial spend pressures for 2020/21. This impact has been mitigated to some degree by a £3.2M permanent investment that has been applied to the Children Social Care budget for 2020/21 (funded through the increased Social Care Grant), and a further £3M one off specific Children Social Care reserve provision has been set aside to call on as a last resort, if needed. (As highlighted and approved in the budget for 2020/21).
- 4.19 Positively during the last couple of months of 2019/20 and April 2020, there has been a slight decline in the number of overall LAC (although significantly from a financial pressure perspective the numbers in external care provision, which is more expensive have continued to slightly increase). There has also been a reduction in the use of agency social work staff. If overall LAC numbers continue to decrease and safe alternatives to external care provision can be found, then this will have a positive impact on reducing spend pressures in 2020/21.
- 4.20 Given the level of overspend for 2019/20 it is clear that significant spend pressures will continue into 2020/21 and the Children Social Care service will need to look to reduce costs where possible and safe to do so.

## Health and Adult Social Care

- 4.21 In line with most upper tier authorities there has been a substantial growth in demand for older people care services throughout 2019/20. The reported overall overspending for Health and Adult Social Care at period 8 was £0.7M, by the end of the year this has increased to £2.8M. It was highlighted in the Cabinet report for period 8, that the forecast outturn of £0.7M was reliant on the delivery of several individual recovery savings plans totalling £1.2M.
- 4.22 Taking each element of the service, the biggest increase in overspending has been on Older People. At period 8 only £0.160M overspending was reported, but it was highlighted that this assumed the delivery of £0.820M of savings. The final year-end outturn is a £1.7M overspend. This can be analysed as a £0.9M pressure on residential placements, where the actual placements have been much higher than originally forecast. There is also a further £1M pressure due to the demographic growth of older people resulting in increased demand on homecare services. This is due to the rise in the life expectancy of the residents in Southend who often have complex conditions and consequently require care and support to remain in their own homes.
- 4.23 The final year-end and closing pressure on the Learning Disabilities Service is £0.6M. The reported variance at period 8 was £0.3M, but again it was highlighted at this stage that this assumed the delivery of £0.2M of savings. There has been an increase in the number of placements in supported living accommodation with Learning Disabilities. This has been over and above the levels of normal transition placements that we have previously experienced. In 2019/20 we have also had more families where they have declared that they could no longer cope with looking after their child. There was a pressure on transport costs in 2019/20, but the new transport contract should deliver some savings in 2020/21.
- 4.24 There has also been an increase in demand on Equipment Services, which has resulted in a £0.1M pressure. Most people want to remain in their own home rather than move to a different setting. This achieves better outcomes for the individual and increases their quality of life, if they have the right support at home. There has been an increase in the budget for 2020/21 to reflect this demand. There is also an ongoing £0.1M pressure on homecare for people with Physical and Sensory Impairments.
- 4.25 It is difficult to identify the exact level of opening Adult Social Care pressures rolling forward from 2019/20 into 2020/21 but it will be substantial, despite significant further investment going into the revenue base budget for 2020/21 and across the Medium Term Financial Strategy. This assessment is made even more complicated due to the potential impact of Covid-19 on the recovery plans for these service areas.

## Highways and Transport

- 4.26 There are a range of income pressures that have been reported throughout the year including street work permits, licences and rechargeable works. Due to improved reinstatement works from utility companies, the income derived from street works has reduced by £0.5M and an investment in the 2020/21 budget has been made to reflect this. The rechargeable works process also continues to improve, and the income shortfall has reduced in 2019/20 to £0.1M.
- 4.27 Routine responsive maintenance costs on the highway and footways (otherwise known as ad-hoc patch and minor repairs) have overspent by £0.5M in 2019/20. Part of this is due to the improved reporting mechanisms in place with the roll out of MySouthend allowing us to identify issues sooner and rectifying them. An additional £0.5M investment in the budget has been made for 2020/21 to recognise this requirement.
- 4.28 Throughout 2019/20 there have been several pressures reported in the car parking service, some of which will be ongoing, and others should be a one off. Levels of income have also fallen dramatically at the end of the financial year as a direct result of lockdown measures to limit the impact of Covid-19. The final income shortfall was £0.3M of which around half was attributable to the last week and a half of March 2020. Covid-19 Emergency grant will be used to help offset this loss in 2019/20. Security requirements at University Square and several busy seafront car parks resulted in an additional spend of £0.2M and various other items totalling £0.3M of which approximately half will continue to be a pressure in 2020/21.
- 4.29 Some interim staffing arrangements have been in place during 2019/20 pending a restructure of the service which was dependant on the senior management restructure. Plans are now in place to implement the new structure and recruit to permanent positions. The pressure caused by the interim arrangements and several specific project roles was £0.3M in 2019/20. It is anticipated that most of this pressure will not continue into 2020/21.

## Proposed Mitigations

- 4.30 The range of highlighted issues provide an indication of the potential financial pressures facing services at the start of the new financial year. They are clearly not firm forecasts at this stage. Directors are aware that they have a duty to work within the budget envelope provided, and therefore must make every effort to contain these pressures through in-year management action, and to try to continue to deliver better outcomes and better value for money from within their approved budget allocations.
- 4.31 In setting the 2020/21 budget, £2M was set aside within the corporate contingency budget, in recognition of the range of pressures, together with a further £1M for inflation. There is no suggestion that these sums should be used immediately to meet any estimated in-year budget pressures, but it remains a potential useful safety net.

4.32 The Council also holds a range of earmarked reserves specifically against some of the risks associated with the identified spending pressures. Careful consideration will be given to reviewing our complete portfolio of earmarked reserves to see if a further re-allocation of reserves is required to better reflect the potential risk highlighted by the 2019/20 outturn. Use of any reserves are by their very nature only a one-off mitigation and approval will be requested if required from Cabinet.

4.33 The challenge of designing and implementing potential mitigating strategies for 2020/21 and the future has been made far more complex due to the impact and uncertainty caused by Covid-19. A better picture on potential mitigations and an update on the financial performance against the approved budget for 2020/21 will be available as a comprehensive period 4 monitoring report at Cabinet in September 2020.

## 5 2019/20 Housing Revenue Account Outturn

5.1 The following table summarises the outturn for the Housing Revenue Account and the consequential use of balances for 2019/20.

	Original Budget £000	Revised Budget £000	Forecast Period 8 £000	Actual £000
Employees	206	206	206	206
Premises (excluding repairs)	806	806	792	749
Repairs	5,399	5,399	5,399	5,415
Supplies and Services	85	85	101	83
Management Fee	5,888	5,888	5,888	5,843
Internal Recharges and Overheads	1,175	1,175	1,175	1,175
Provision for Bad Debts	455	455	455	262
Depreciation, Impairment etc	6,699	6,699	6,665	6,706
Interest Charges	3,459	3,459	3,459	3,392
Debt Management	24	24	24	24
<b>Total Expenditure</b>	<b>24,196</b>	<b>24,196</b>	<b>24,164</b>	<b>23,855</b>
Fees and Charges	(349)	(349)	(349)	(412)
Dwelling Rents	(24,720)	(24,720)	(25,010)	(25,467)
Other Rents	(1,524)	(1,524)	(1,524)	(1,483)
Contribution from Leaseholders	0	0	0	(200)
Interest	(430)	(430)	(430)	(386)
Recharged to Capital	(501)	(501)	(501)	(465)
<b>Total Income</b>	<b>(27,524)</b>	<b>(27,524)</b>	<b>(27,814)</b>	<b>(28,413)</b>
<b>Net Operating Income</b>	<b>(3,328)</b>	<b>(3,328)</b>	<b>(3,650)</b>	<b>(4,558)</b>
Statutory Mitigations on Capital Financing	0	0	0	200
Revenue Contribution to Capital	2,293	2,293	2,293	4,826
Appropriation to Earmarked Reserves	1,035	1,035	1,035	(1,498)
<b>Surplus</b>	<b>0</b>	<b>0</b>	<b>(322)</b>	<b>(1,030)</b>

- 5.2 The previous table shows that the HRA has performed strongly in 2019/20 and is reporting an in-year surplus of £1.030M, principally generated through additional income.
- 5.3 There have been a few minor variances on individual budget lines. Positive variances include additional rental income coupled with additional fees and charges. Also, due to strong income collection performance there has been less requirement to top up the provision for bad and doubtful debts in 2019/20.
- 5.4 The major concern for 2020/21 will be the impact of Covid-19 on future collection levels and potential difficulties for tenants paying their rent and service charges due to changing circumstances, directly caused by the pandemic. This could increase the future value of bad and doubtful debts and the situation will be carefully monitored throughout 2020/21.
- 5.5 Due to our ambitious affordable housing acquisitions programme the revenue contribution to capital investment has increased significantly as highlighted in the report to Cabinet in January 2020. This required an additional drawdown from the Capital Investment Reserve of £2.533M.
- 5.6 The general reserve for the HRA is considered to be at an appropriate level so an appropriation of the surplus to HRA earmarked reserves is proposed to enable further investment to be made in the Council's housing stock, creating better conditions and environments for local tenants.
- 5.7 The following table summarises all the appropriations for the HRA in 2019/20 and Cabinet is requested to approve the final appropriation to the Capital Investment Reserve of £1.030M

<b>HRA Reserve</b>	<b>Original Plan £000</b>	<b>Approved Period 8 £000</b>	<b>Proposed Final Appropriation £000</b>	<b>Total £000</b>
Repairs Contract Pensions Reserve	60	0	0	60
Capital Investment Reserve	0	(2,533)	1,030	(1,503)
Major Repairs Reserve (Revenue)	975	0	0	975
<b>Sub-Total</b>	<b>1,035</b>	<b>(2,533)</b>	<b>1,030</b>	<b>(468)</b>
Revenue contributions to capital	2,293	2,533	0	4,826
<b>Grand Total</b>	<b>3,328</b>	<b>0</b>	<b>1,030</b>	<b>4,358</b>

## 6 2019/20 Capital Outturn

### Overview

- 6.1 Throughout the 2019/20 financial year the capital investment programme has been subjected to robust monitoring to ensure delivery and alignment with the Southend 2050 ambition and desired outcomes. As a result of this monitoring, revisions were made during the year to the capital investment programme budgets with the agreement of Cabinet. The last revision approved by Council on 20 February 2020.
- 6.2 The changes are summarised in the table below.

	<b>£'000</b>
<b>Original Budget 21 February 2019 Council</b>	<b>74,361</b>
June Cabinet adjustment of carry forwards from 2018/19	7,445
Accelerated Delivery of 2019/20 schemes	(4,386)
Re-profiles, New External funding and other adjustments agreed at 25 June Cabinet	12,653
Re-profiles, New External funding and other adjustments agreed at 17 September Cabinet	(7,001)
Re-profiles, New External funding and other adjustments agreed at 5 November Cabinet	(3,246)
Re-profiles, New External funding and amendments agreed at 11 February Cabinet	(8,869)
<b>Revised Capital Programme – 20 February 2020 Council</b>	<b>70,957</b>

Brackets indicate a reduction in budget

- 6.3 The summary on the next page shows the 2019/20 actual spend against budget for the different types of investment.

<b>Scheme by area of investment</b>	<b>Revised Budget £000</b>	<b>Actual £000</b>	<b>Variance £000</b>	<b>% Spent</b>	<b>Notes on delivery (see paragraphs 6.8 to 6.16 for the outcomes achieved)</b>
Social Care	2,568	1,942	(626)	75.6	£599k carry forward on the Delaware and Priory scheme – see paragraph 6.8.
General Fund Housing	2,458	990	(1,468)	40.3	Unrealistic assessment of number of grants that would be delivered in 19/20 - £1,445k included as carry forward requests.
Schools Capital Schemes	10,856	9,850	(1,006)	90.7	Multi-year projects. Net budget carry forward, accelerated delivery requests and other budget adjustments of £1.0m
Culture & Tourism	3,998	3,411	(587)	85.3	£362k carry forward on the Forum II scheme – see paragraph 6.11.
Highways and Infrastructure	12,193	11,672	(521)	95.7	Multi-year schemes at various stages of completion – £523k included as a net of carry forward, accelerated delivery requests and other budget adjustments.
Enterprise & Regeneration	12,921	11,494	(1,427)	88.9	£1,146k carry forward on the Airport Business Park scheme – see paragraph 6.10.
Energy Saving Projects	149	52	(97)	34.9	
Section 106 / Section 38 / CIL	531	168	(363)	31.6	Multi-year planning and highways agreements at various stages of completion – £364k included as a net of carry forward and accelerated delivery requests.
Works to Property	933	711	(222)	76.2	Multi-year schemes at various stages of completion – £220k included as a net of carry forward and accelerated delivery requests.
Community Safety	220	111	(109)	50.0	
Southend Pier	3,198	3,506	308	109.6	£192k on replacement pier trains spent ahead of schedule
ICT Schemes	2,512	2,506	(6)	99.8	
Council Housing and New Build Programme	18,420	13,038	(5,382)	70.8	The Decent Homes programme and disabled adaptations are multi-year schemes which underspent against budget. The construction of new council dwellings also underspent against budget. See paragraph 7.15. Carry forward requests have been included.
<b>Total</b>	<b>70,957</b>	<b>59,451</b>	<b>(11,506)</b>	<b>83.8</b>	

Brackets indicate an underspend against budget

6.4 The outturn across strategic and other schemes is as follows:

	<b>Revised Budget £000</b>	<b>Actual £000</b>	<b>Variance £000</b>	<b>% Spent</b>
<b>Strategic schemes</b>				
Airport Business Park	11.4	10.2	(1.2)	89.5
School Improvement and Provision of School Places	9.2	9.3	0.1	101.1
HRA Affordable Housing Acquisitions Programme	6.7	6.7	-	100.0
Southend Pier schemes	3.2	3.5	0.3	109.4
Construction of New Housing on HRA land	2.6	0.2	(2.4)	7.7
Local Growth Fund – A127 Growth Corridor	2.4	2.2	(0.2)	91.7
Delaware and Priory New Build	2.3	1.7	(0.6)	73.9
Better Queensway	1.5	1.3	(0.2)	86.7
Forum II	1.0	0.7	(0.3)	70.0
Acquisition of tower block leaseholds	0.3	-	(0.3)	0
Civic Campus – Efficient use of Space	0.2	0.2	-	100.0
<b>Total Strategic Schemes</b>	<b>40.8</b>	<b>36.0</b>	<b>(4.8)</b>	<b>88.2</b>
<b>Other schemes</b>	<b>30.2</b>	<b>23.5</b>	<b>(6.7)</b>	<b>77.8</b>
<b>Total</b>	<b>71.0</b>	<b>59.5</b>	<b>(11.5)</b>	<b>83.8</b>

6.5 Best practice and normal accounting convention requires that the approved Capital Investment Programme includes budgets for all potential capital expenditure. Therefore the programme contains budgets for schemes such as Section 106 funding where expenditure is contingent on a condition being met, grants that are paid to the Council in full are drawn down over a period of time and schemes managed in partnership or by other bodies, e.g. schools.

6.6 The outturn for 2019/20 shows a final spend position of £59.451m against a revised budget of £70.957m, which is an 83.8% outturn position.

6.7 The capital investment in the year contributed to the delivery of the desired outcomes identified as part of the Southend 2050 ambition. The key themes and outcomes are shown below:

### **Investment Areas**

#### **6.8 Social Care**

Under the theme Safe and Well investment in this area contributes to the desired outcome that we are all effective at protecting and improving the quality of life for the most vulnerable in our community.

A major investment is for the re-development of the Delaware and Priory Residential Care homes and the Viking Day Centre. It is a 60 bedded unit

which has been designed to be agile and adaptive by initially creating an environment of 45 beds where people can undergo an intense period of assessment and reablement with a view to them returning home, not remaining in long term care. A modern and adaptive space which will be used to support people with profound learning disabilities to lead fulfilling lives

In the first instance, a proportion of the unit (15 beds) will continue to support some of the most complex and challenging older people suffering with dementia. An environment aligned to the Southend 2050 vision and locality approach. The Locality Approach focuses on supporting people to remain in their own home surrounded by their family, friends and other assets for as long as possible.

The works to date have not been significantly impacted by the Covid-19 pandemic due to the nature of the works being undertaken on site such as piling, groundworks and steel frame connections. However, as the project progresses and there is a greater level of internal works these may be affected by social distancing requirements. Supply chains and sub-contractors may also be affected by the availability of plant and materials elements of which are sourced globally and are, therefore, affected by ongoing measures in other countries. The project completion date is currently expected to be April 2021.

## 6.9 Schools

Under the theme Opportunity and Prosperity investment in this area contributes to the desired outcome that our children are school and life ready and our workforce is skilled and job ready.

The schools capital investment programme continues to be dominated by the need to provide more school places to cope with the current high pupil numbers, as the demand continues to move from the primary sector to the secondary schools. Expenditure on the education capital programme for 2019/20 was £9.9m. Of this, £9.3m was spent on the provision of new secondary school places and improvements to special education accommodation.

The programme to expand secondary schools is now entering its fourth year. It is a multi-year programme that started in 2016/17. There was a spend of £5.8m in 2017/18, £13.5m in 2018/19 and £9.3m in 2019/20. This programme will continue into 2020/21 and 2021/22 and when completed will see an additional 1,100 permanent places for year seven to year eleven pupils across the non-selective sector.

£0.5m was spent on condition works within the maintained primary schools, the Adult Community College and Children's Centres. These covered larger high cost repairs and replacements projects on roofs, pipeworks, curtain walling, windows and boilers that are beyond the budget of the individual settings. In addition, £101k was devolved as formula capital to the maintained schools to manage their own smaller capital works.

Much of the schools capital programme scheme involves multi-year projects. Net budget carry forward, accelerated delivery requests and other budget adjustments of £1.0m have been put forward as part of this report

## 6.10 Enterprise and Regeneration

Under the theme Opportunity and Prosperity investment in this area contributes to the desired outcome that key regeneration schemes, such as Queensway, seafront developments and the Airport Business Park are underway and bring prosperity and job opportunities to the borough.

A major investment is for the Airport Business Park, which is a major strategic employment site in close proximity to 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. £10.2m of investment has been made in design and construction during 2019/20 towards this outcome.

Contractors have continued to work as the site allows sufficient room to comply with social distancing guidance. In the main materials were already on site. However, while all the utility cables and pipes are laid across the site it has not been possible to get utility companies to the site to make the necessary connections and install meters. As part of the lockdown utility companies have been instructed to only work on “key infrastructure”. The project completion date is currently expected to be July 2020.

## 6.11 Culture and Tourism

Under the theme Pride and Joy investment in this area contributes to the desired outcome that the variety and quality of our outstanding cultural and leisure offer has increased and we have become the first choice English coastal destination for visitors.

Under the theme Safe and Well investment in this area contributes to the desired outcome that Southenders are remaining well enough to enjoy fulfilling lives, throughout their lives.

Under the theme Active and Involved investment in this area contributes to the desired outcome that more people have active lifestyles and there are significantly fewer people who do not engage in any physical activity.

Under the theme Opportunity and Prosperity investment in this area contributes to the desired outcome that key regeneration schemes such as seafront developments are underway and bringing prosperity and job opportunities to the borough.

A major investment is for Forum II, the second phase development of the Forum in partnership with South Essex College. This will deliver education, cultural and business space so as to increase the opportunity to engage with digital, cultural and creative industries. £0.7m of investment has been made in professional services including architects, application fees and surveys during 2019/20 towards this outcome, with the more significant investment to come in 2020/21 and 2021/22.

Major investment of £0.9m on fire improvement works and £0.7m on property refurbishment were made to ensure the Councils operational buildings remain safe, in good condition and meet current standards.

In the 2019 Residents' Survey, parks and open spaces were an important aspect for residents. The town has many parks, gardens and nature reserves offering a range of facilities including sports pitches/courts, children's playgrounds, skateboarding, cafés, boating lakes, fishing lakes and wildlife areas. In recognition of this, capital investment of £0.6m has been made in the town's parks and open spaces during 2019/20.

#### 6.12 Southend Pier

In the Residents' Survey residents were asked what they most like about living in this area. The seaside/beach was one of the top responses. A key element of this is Southend's historic pleasure pier, the longest in the world. In recognition of this, capital investment of £3.5m had been made in the pier, including £1.4m on condition works. The pier had 333,000 visitors in 2019/20 until it had to close on 18 March due to Government advice regarding the Covid-19 outbreak. This will impact visitor numbers in 2020/21 as even when the pier can re-open there will likely need to be social distancing measures in place which will limit the numbers.

#### 6.13 Highways and Infrastructure

The Residents' Survey also asked what they most disliked about living in this area. The quality of the roads and pavements was one of the top areas of concern and in response to this, capital investment of £3.6m in improvements to the town's highway and footpath network has been made during 2019/20, including repairing potholes. 32,289 m<sup>2</sup> of carriageway were resurfaced and 4,888 m<sup>2</sup> of footways were improved during the financial year.

Investment of £2.2m was made in improvements to the A127 Growth Corridor, to the Bell Junction and on A127 essential maintenance works.

Investment of £1.8m was made in redevelopment improvements to the Town Centre

The availability of parking and the amount of traffic congestion were other key areas of concern and in response to this, capital investment of £1.3m has been made during 2019/20 for improvements and major works to the town's car parks and for traffic management, network and control systems.

#### 6.14 Community Safety

As part of the survey residents were also asked how safe or unsafe they felt when outside in their local area. Less than one in ten residents said they felt unsafe during the day but four in ten residents said they felt unsafe after dark, with perceptions varying by locality. In response to this, capital investment of £0.1m has been made during 2019/20 for community safety, including the installation of CCTV equipment and other security measures.

## 6.15 Council Housing and New Build Programme

Under the theme Safe and Well investment in this area contributes to the desired outcome that we are well on our way to ensuring that everyone has a home that meets their needs.

Investment of £13.0m was made during 2018/19 in the borough's Council Housing and New Build Programme. This included £5.7m of Decent Homes work to the Council's housing stock including 50 kitchen and 30 bathroom modernisations, together with improvements to the common areas and environmental health and safety works. This also included £6.7m for the acquisition of 27 dwellings for affordable housing, £0.4m for disabled adaptations and £0.2m for the construction of new housing on HRA land.

Spend on the construction of new housing on HRA land was limited in 2019/20 due to a delay in the tendering process but more significant investment is planned for 2020/21 to 2022/23. Phase 3 is to deliver circa 25 units of Council housing across five underutilised garage sites and surrounding land in Shoeburyness and is due for completion and handover in February 2022. Phase 4 is to deliver circa 31 units of Council housing across three sites within the Council owned Lundy Close housing estate and is due for completion and handover in June 2022. There are also Modern Methods of Construction pilots for off-site delivery methods at Archer Avenue and Saxon Gardens which are due for completion and handover during 2021.

## 6.16 General Fund Housing

Under the theme Safe and Well investment in this area contributes to the desired outcome that we are all effective at protecting and improving the quality of life for the most vulnerable in our community.

£0.9m of disabled facilities grants were awarded during 2019/20 with £0.8m grants relating to adults and £0.1m relating to children. This is an area of high demands with 263 referrals being received during the year, an average of 25 per month.

### **Revised capital investment programme**

6.17 A range of schemes have been identified that are funded from external contributions and grants. These have been included in the capital investment programme but there is flexibility in when these schemes are delivered either by the funder determining when it is appropriate or the Council matching delivery to available resources.

6.18 In total there are a number of schemes with unspent budgets in 2019/20 where the budget is needed in 2020/21 in order to complete the schemes. These schemes have started and/or are fully committed to but due to various factors have not completed or reached the anticipated stage by the 31 March 2020. These budget commitments total £14.597m and are summarised in Appendix 1.

6.19 In addition, some schemes have exceeded their 2019/20 budget allocation. The two causes of this are unforeseen costs being incurred or schemes spending ahead of profile in order to accelerate delivery, i.e. multi-year schemes being delivered earlier or preliminary works starting on 2020/21 schemes to ensure their prompt completion. The sum of this accelerated delivery totals £3.045m and is analysed in Appendix 1.

6.20 Schemes that have exceeded their 2019/20 budget allocation will be financed by compensatory under spending on other schemes. The amended budget for 2019/20 after carry forward, accelerated delivery requests and budget adjustments have been taken into account is £59.467m.

6.21 An amended Capital Investment Programme reflecting all the changes above is attached at Appendix 2 and is summarised below:

<b>Amended Capital Investment Programme</b>	<b>2020/21 £(000)</b>	<b>2021/22 £(000)</b>	<b>2022/23 £(000)</b>	<b>2023/24 £(000)</b>	<b>2024/25 £(000)</b>	<b>Total £(000)</b>
Strategic Schemes	48.5	52.0	4.7	3.3	8.3	116.8
Other Schemes	46.1	22.0	18.6	10.0	8.5	105.2
<b>Total</b>	<b>94.6</b>	<b>74.0</b>	<b>23.3</b>	<b>13.3</b>	<b>16.8</b>	<b>220.0</b>

6.22 It is still too early to forecast the implications of the Covid-19 pandemic on the capital investment programme delivery for 2020/21 and future years. There are still uncertainties around the length of the lockdown and the nature of the recovery. It is likely that:

- some schemes will be delayed and could incur cost increases due to supply chain disruption, the availability of materials and labour shortages;
- some projects could become no longer viable;
- procurements will be delayed due to the need to re-tender where contractors or sub-contractors are no longer in business or can no longer take on the work;
- schemes will be re-prioritised so that the Council is driving regeneration and growth;
- schemes will be re-prioritised to match any reduced revenue resource base to fund the programme;
- some seasonally dependent schemes will need to be re-programmed as they have missed their window of opportunity for completion;
- some market-driven projects will need to respond to the changing market circumstances;

6.23 As a result officers have conducted a preliminary review of the programme but particularly concentrating on the financial year 2020/21. This review has concentrated on the key strategic schemes ability to deliver in the new environment and taking into consideration the position on external funding aligned to those schemes.

- 6.24 It is clear the programme will need to reduce overall in 2020/21 and the initial high level review has reflected this in the revised programme attached to this report. This now shows a 2020/21 budget of £95m compared to a circa £124m at the start of the preliminary review. However, given all the above and when more information is available and a clearer position on a number of external factors the capital investment programme will be subject to a more fundamental review over the course of the financial year.
- 6.25 Progress of schemes will be re-assessed and some schemes may be removed from the main programme entirely and others held as 'subject to viable delivery plans' until it can be demonstrated that there is the capacity and resources to deliver them in the timescales indicated. Schemes can then be brought back into the main programme as and when it is appropriate to do so. This approach follows the current approach introduced two years ago when schemes can enter the programme during the financial year and not just annually at budget setting.
- 6.26 As this review progresses via challenge meetings and the Investment Board, re-profiles and other adjustments to the programme for 2020/21 and future years will be put forward for approval.

### **Financing of the Capital Investment Programme**

- 6.27 The capital investment programme is fully financed. When the budget is set, estimates are made on the likely levels of capital receipt, grant that will be received during the year, the likely level of borrowing required as well as the proposed level of expenditure. As the actual expenditure differs from the proposed budget, the associated financing needs to be amended also to reflect this.
- 6.28 The capital expenditure in 2019/20 is financed as follows;

	<b>2019/20 Actual (£m)</b>
<b>Total Capital Expenditure</b>	<b>59.451</b>
<b>Financed by:</b>	
<b>Borrowing</b>	<b>14.661</b>
<b>Invest to Save Financing</b>	<b>2.276</b>
<b>Capital Receipts</b>	<b>2.340</b>
<b>Capital Grants Utilised</b>	<b>28.146</b>
<b>Major Repairs Reserve</b>	<b>5.929</b>
<b>Other Revenue/ Capital Reserve Contributions</b>	<b>5.549</b>
<b>Third Party Contributions</b>	<b>0.550</b>

**Other changes to the budget for 2019/20 onwards**

- 6.29 Since the approved capital investment programme was set at Council on 20 February 2020, there have been some changes to the capital budget. They are not significant in number but are required to provide a continually updated programme to enhance the delivery of schemes, and are therefore detailed in Appendix 1. These changes are reflected in the amended Capital Investment Programme attached at Appendix 2.
- 6.30 Removal of budgets no longer required is requested for schemes such as the Phase 2 of the Housing Construction scheme where the works have been completed under budget and the remaining Priority Works budget that was not allocated in the year.
- 6.31 All of these changes have been reflected in the revised capital investment programme at Appendix 2

**Capital Scheme Additions**

- 6.32 Despite the challenges to the delivery of the capital investment programme as a result of the global pandemic, the Council' ambition to deliver better outcomes is not diminished. So in line with the approach where schemes can enter the programme during the financial year and not just annually at budget setting, there are a number of priority projects that are being recommended for inclusion into the capital investment programme. The following schemes are the first of these:

Better Queensway Housing Regeneration Scheme

- 6.33 During the procurement phase of the Better Queensway project, resource and expertise was sourced internally. Predominantly this was achievable due to there being one preferred bidder. As the project is now moving through the design phase toward applying for planning and build, additional resource against key work streams the council has responsibility for is needed. Therefore, there is a need to increase the project management budgets totalling £420,000. This is split as £110,000 in 2020/21 and £310,000 in 2021/22 to enable the recruitment of 6.4 full time equivalent Fixed Term Contract/ Contractor roles across planning, legal, communications, highways, land assembly and housing decanting.

Southchurch Car Park

- 6.34 Southchurch Park East is an existing 100 space car park which is used daily for Thorpe Greenways staff parking, parents who pick up and drop children to school and is also used for seafront visitor parking in the summer months. The existing parking area is operated on an ad-hoc basis with no formal parking bays with the parking surface consisting of loose gravel and road plainings. Due to the high demand and continuous use the car park surface needs to be improved to enable additional parking. A new budget is required to take this scheme forwards totalling £450,000 in 2020/21.

- 6.35 These improvement works will provide a surfaced car park with 269 spaces for users all year round and an additional parking destination during the tourist season as the car park is approximately 300m from the Seafront attractions. The revenue implications such as maintenance costs and potential income streams are to be worked through but it is anticipated that the project will at least break even. The revenue implications will be met within existing budgets this year and incorporated into next year's budget. Subject to necessary approvals the car park will be available from September 2020. Investing in parking infrastructure and ensuring car parks are attractive and well looked after will ensure better use is an important component in supporting the Council's Parking Strategy across the Borough.

#### Gas Works Car Park

- 6.36 The former derelict Gasworks site received planning permission in 2018 to convert the site to a car parking area. Improvement works were undertaken in 2019 to provide a dedicated car parking area for visitors, this included provision for 169 parking spaces for coaches, private motor car and motorcycles. The rear of the site has been used to allow coaches to park in the 2019 summer period. The parking area is operated on an ad-hoc basis with a limited number of formal parking bays.
- 6.37 Due to the high demand and continuous use the existing surface is not up to highway standard and has large areas of uneven and different surface finishes and requires improvement to enable more parking. A new budget of £515,000 in 2020/21 is required to provide up to 269 spaces including capacity for 40 coaches as they bring large numbers of visitors to the town. The proposal includes automatic number plate recognition cameras to make the site pre-bookable for coaches. The revenue implications such as maintenance costs and potential income streams are to be worked through but it is anticipated that the project will at least break even. The revenue implications will be met within existing budgets this year and incorporated into next year's budget. Subject to necessary approvals the extra car park spaces will be available from September 2020.

#### Vehicle Restraint Replacement

The vehicle restraint barriers at several locations have been identified as being retained by timber piles which are not within current safety specifications and not considered fit for purpose. A new budget of £395,000 is required to replace these barriers at 10 locations. These have been identified and risk assessed with those next to railway lines or areas of high pedestrian use being prioritised. The budget is split as £220,000 in 2020/21 and £175,000 in 2021/22. The revenue implications are being worked through and will be considered by Investment Board to ensure ongoing maintenance of these barriers can be met. The revenue implications will be met within existing budgets this year and incorporated into next year's budget.

## **7 Community Infrastructure Levy (CIL) annual report 2019/20**

7.1 Attached as Appendix 3 is the CIL Annual Financial Report for 2019/20 (including Leigh Town Council's Report for 2018/19). CIL receipts significantly increased in 2019/20 from previous years and included:

- £702,885.09 in the CIL Main Fund;
- £43,634.48 (5% of total receipts) towards administrative expenses associated with CIL;
- £126,170.03 (15% of total receipts less surcharges) as total Neighbourhood Allocations.

£21,911.07 of the Neighbourhood Allocation is to be transferred to Leigh Town Council as their Neighbourhood Allocation (15% of total receipts within their boundary) and 15% of the CIL receipts within each ward will remain with the Council to be spent by Ward Members in accordance with the CIL Governance Framework adopted in 2015 (ward neighbourhood allocation for 2019/20 is £104,258.96).

7.2 The Council commenced CIL charging in July 2015 and as at 31 March 2020 there was £1,372,534.97 in the CIL Main Fund. These funds, which are to be spent on strategic infrastructure to support growth, have been carried forward to date. The amount currently in the CIL Main Fund is relatively small in the context of the funding likely to be required for strategic infrastructure projects that support new development within the Borough, particularly housing. Therefore, it is considered appropriate to continue to carry forward the CIL Main Fund at this time with the CIL Governance Framework and spending plans to be reviewed later this year.

7.3 Officers are currently exploring possible ways of using the neighbourhood proportion of CIL more effectively and creatively using Crowdfunding platforms. However, this is at an early stage of development and any proposals for spending of the CIL Main Fund, or changes to the governance arrangements relating to the spending of the neighbourhood proportion of CIL, will be reported separately to Cabinet for consideration.

## **8 Other Options**

8.1 This is a factual report setting out the 2019/20 outturn and is a reporting requirement of good financial governance. As such there are no other options. Cabinet are of course able to suggest changes to the amounts appropriated to and from earmarked reserves, which would result in a compensating adjustment to the amount taken to or from general reserves.

## **9 Reasons for Recommendations**

9.1 To provide Cabinet with the final revenue and capital outturn position for 2019/20.

- 9.2 As part of the year end processes, Cabinet need to approve any appropriations to or from earmarked reserves. This report fulfils that purpose.
- 9.3 Cabinet need to approve capital budget carry forwards, accelerated delivery requests and in year amendments to the current approved programme.

## **10 Corporate Implications**

### 10.1 Contribution to the Southend 2050 Road Map

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

### 10.2 Financial Implications

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

### 10.3 Legal Implications

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

### 10.4 People Implications

None arising from this report

### 10.5 Property Implications

When the Medium Term Financial Strategy and Capital Investment Programme is determined consideration is given to the property implications.

### 10.6 Consultation

When the Medium Term Financial Strategy and Capital Investment Programme is determined consideration is given to consultation.

### 10.7 Equalities Impact Assessment

When the Medium Term Financial Strategy and Capital Investment Programme is determined consideration is given to Equalities and Diversity Implications.

#### 10.8 Risk Assessment

Sound budget setting, monitoring, and reporting processes underpin the Council's ability to manage and mitigate the inherent financial risks associated with its budget, primarily caused by the volatility of service demand, market supply and price. When the Medium Term Financial Strategy and Capital Investment Programme is determined a full risk assessment is considered.

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

#### 10.9 Value for Money

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

#### 10.10 Community Safety Implications

When the Medium Term Financial Strategy and Capital Investment Programme is determined consideration is given to community safety implications.

#### 10.11 Environmental Impact

When the Medium Term Financial Strategy and Capital Investment Programme is determined consideration is given to the environmental impact.

### 11 Background Papers

Financial Sustainability Strategy 2020 – 2030  
Medium Term Financial Strategy 2020/21 – 2024/25  
Corporate Budget Performance Report – Period 8

### 12 Appendices

Appendix 1 – Requested Changes to the Capital Investment Programme  
Appendix 2 – Amended Capital Investment Programme  
Appendix 3 – Community Infrastructure Levy (CIL) Annual Financial Report  
2019/20