

Southend-on-Sea Borough Council
Report of Executive Director (Finance & Resources)
To
Cabinet

On
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Control

**Agenda
Item No.**

5

Prioritising Resources to Deliver Better Outcomes – 2021/22 to 2025/26
All Scrutiny Committees
Cabinet Members: Councillor Ian Gilbert and Councillor Ron Woodley
Part 1 (Public Agenda Item)

1 Purpose of Report

- 1.1 To illustrate over the medium term how the Council's limited revenue and capital resources are prioritised to respond to increasing demand for key local services, provide targeted support to cope with the impact of the pandemic, assist with the future economic recovery of Southend-on-Sea and deliver better value for money outcomes for local residents aligned to our Southend 2050 ambition.
- 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 following consultation and for onward submission to Council for consideration and approval.

2 Recommendations

The proposed overall investment package contained in this integrated revenue and capital resources report was launched for consultation with relevant stakeholders on 7th January 2021. This report also records the feedback from the consultation so far.

The following series of recommendations will ensure that a compliant, balanced, and sustainable budget is agreed that invests in key priorities to deliver better outcomes for residents of Southend-on-Sea.

That Cabinet recommend to Council that it:

- 2.1 Approve the Medium Term Financial Strategy for 2021/22 – 2025/26 (Appendix 1) and the resulting Medium Term Financial Forecast and estimated Earmarked Reserves Balances up to 2025/26 (Annexes 1 and 2 to Appendix 1). Delegate any final minor changes/updates of this strategy as required to the Executive Director (Finance & Resources).**
- 2.2 Consider and acknowledge the 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 £3.340M for 2021/22 (Appendix 3).**
- 2.4 Approve the appropriation of the sums from earmarked reserves totalling £6.143M, which includes £2.500M (Paragraph 10.15) to enable a robust budget to be set for 2021/22 (Appendix 3).**
- 2.5 Approve a General Fund Budget Requirement for 2021/22 of £135.847M and Council Tax Requirement of £87.636M (Appendix 4a).**
- 2.6 Note that the 2021/22 revenue budget has been prepared on the basis of using £1.5 million from the Collection Fund surpluses to allow for a smoothing of the budget gap across the lifetime of the Medium Term Financial Strategy to 2025/26 (Paragraph 10.17).**
- 2.7 Approve a Council Tax increase of 3.99% for the Southend-on-Sea element of the Council Tax for 2021/22, being 1.99% for general use and 2.0% for Adult Social Care (Paragraph 10.18).**
- 2.8 Note the position of the Council’s preceptors has been determined:**
 - Essex Police – proposed Council Tax increase of 4.98%**
 - Essex Fire & Rescue Services – no increase in Council Tax**
 - Leigh-on-Sea Town Council – no increase in Council Tax**
- 2.9 Approve that no Special Expenses be charged other than Leigh-on-Sea Town Council precept for 2021/22.**
- 2.10 Consider and approve the proposed General Fund revenue budget investment of £8.122M (Appendix 5).**
- 2.11 Consider and approve the proposed General Fund revenue budget savings and income generation initiatives for 2021/22 of £4.155M (Appendix 6).**
- 2.12 Consider and approve the proposed future outline Budget Transformation Programme 2022/23 – 2025/26 (Appendix 7).**
- 2.13 Consider and approve the proposed range of fees and charges for 2021/22 (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 2021/22 to 2025/26 (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 2021/22 to 2025/26 totalling £21M for the General Fund (Appendix 11)**
 - (ii) **new schemes subject to viable business cases (Appendix 11)**
- 2.17 **Consider and approve the proposed changes to the current Capital Investment Programme (Appendix 12).**
- 2.18 **Approve the proposed Capital Investment Programme for 2021/22 to 2025/26 of £178.6M for 2021/22 to 2025/26 (Appendix 13) of which £28.3M is supported by external funding.**
- 2.19 **Approve the Minimum Revenue Provision (MRP) Policy for 2021/22 (Appendix 14) and the prudential indicators (Appendix 15).**
- 2.20 **Approve the operational boundary and authorised limits for borrowing for 2021/22 are set at £375M and £385M respectively (Appendix 15).**

3 COVID-19 Impact and Implications

- 3.1 This integrated revenue and capital budget report has been developed against the huge fiscal challenges brought about by the pandemic. The overall assessment of the health and economic impact of COVID-19 is continuing and will undoubtedly do so for a long time to come. The challenge is clearly worldwide, and national governments are still wrestling with how they can tactically put in place the right package of measures to save lives and to try to minimise the spread of the virus and its impact across their respective populations. These plans have been further disrupted by a worldwide resurgence in the virus.
- 3.2 The Government announced that the whole of England would be placed in a national lockdown again from 5th January 2021. There are still some concerns over the continued spread of the virus and the ability of the NHS to cope with the increased volume of admissions to hospital at what is notoriously a very busy and demanding time in any normal year.

- 3.3 Alongside these worrying developments, there has also been some very positive announcements around the successful testing of various potential vaccines to immunise people against the virus. Consideration has now turned to how these new vaccines can be safely and quickly deployed across populations, prioritising the most vulnerable in the first instance with the obvious ambition to finally get everyday life back to normal again. The UK Government has set a target of the middle of February 2021 to offer a first vaccine dose to everyone in the top four priority groups. It is estimated that this is circa 15 million people in the UK. Effective mobilisation and implementation of this ambitious immunisation strategy has been positive so far with over 10 million people receiving their first dose of the vaccine at the time of writing this report.
- 3.4 The pandemic continues to have a huge direct operational and financial impact right across the Local Government Sector. All local authorities are struggling with the challenges of uncertainty, large financial pressures and concerns for their residents and local areas in such unprecedented times. Effectively managing the short and medium-term financial challenges that COVID-19 has brought to the Borough will be an important factor in our future success.
- 3.5 The Council's new 'Getting to Know Your Business' programme has now been operational for a few months. The first phase of the programme has helped to establish a baseline for all services in terms of their costs, income generation potential, value for money and relative performance. This data has been used to highlight 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 Southend 2050 ambition, 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 budget report.
- 3.6 For the first time in Southend-on-Sea's history this report also outlines a high-level future Budget Transformation Programme for 2022/23 – 2025/26 to be scoped and developed further over the coming months to support the Council's future financial sustainability ambition and to prepare for what will undoubtedly be a very challenging Comprehensive Spending Review in 2021 for the Local Government Sector.
- 3.7 The overall financial landscape today bears no comparison to the relatively stable state of the national public finances less than a year ago. To highlight just two key headlines from the Chancellor's Spending Review 2020 speech - the national economy is predicted to shrink by 11.3% in 2020/21 (the largest fall for 3 centuries) and borrowing is expected to reach £394 billion (the highest level in peacetime history).
- 3.8 It really has and continues to be an unprecedented 2020/21 and some tough national and local choices and decisions on priorities, future tax options and non-statutory service levels will undoubtedly be required over the medium-term.

- 3.9 Although generally received as a positive outcome there is still some concern and uncertainty over the potential impact of whatever the exact terms of the country's negotiated exit with a trade deal from the European Union will be. We will continue to monitor the situation and update Cabinet and Council as appropriate.
- 3.10 Given the current set of circumstances the financial landscape and operating environment for all public services and particularly for local government remains challenging and uncertain. Local Authorities were issued with an initial indicative financial settlement for 2021/22 only. No information is currently available for future years. Although our new 10-year Financial Sustainability Strategy was only developed and approved in February 2020, we are now proposing to review it again in the Autumn of 2021, after the next Comprehensive Spending Review. This will enable us to reassess, at a high level, our ambition, approach, desire and commitment to ensure that Southend-on-Sea Borough Council remains financially stable and resilient for the future.
- 3.11 It will also be important to reassess, understand and take responsibility for determining our financial future. We must continue to be proactive in the delivery of our agreed Southend 2050 ambition, key priorities, evaluation of the local economic recovery progress and to provide the best possible value for money services to our local residents, businesses and visitors. Our financial sustainability will be enhanced by embracing the Borough's economic potential, growing our local tax bases and by increasing our income generating and commercial capabilities.
- 3.12 The announcement of a single year financial settlement for Local Government is perhaps understandable, given the huge fiscal challenges that COVID-19 has brought to the UK. From a local business and financial planning perspective though, this short-term arrangement creates real uncertainty for the Council and fails to provide any clarity for the future.

4 Southend 2050 Ambition and Economic Recovery Focus

- 4.1 Building on the extensive engagement and consultation exercise undertaken with residents and key local stakeholders during 2018, this report highlights how this shared and jointly owned ambition for Southend-on-Sea has heavily influenced the investment priorities for 2021/22 – 2025/26. This agreement also helped to provide clear direction for the Organisation and enabled the Council to respond positively to the huge health, economic and operational impact caused locally by COVID-19. The borough's agreed long-term ambition continues to shape the Council's overall business and financial planning framework which is now clearly driven by five Strategic themes.

- 4.2 The five themes summarised in the following graphic provided a framework for our initial response to the pandemic and is now also helping to influence our approach to enabling our local economy to recover and our service offer to be re-designed and more effectively targeted to local residents.



- 4.3 To reflect these aspirations and to support delivery of the early phases of activities to achieve better outcomes for local residents, the Council for 2021/22 is continuing to develop a longer-term view of the use of its resources and financial planning arrangements. This has also helped with mobilising the Council's efforts to focus on enabling the local economy to recover from the pandemic.
- 4.4 This 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. This 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.
- 4.5 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 to invest in priorities that make a real positive difference to local residents, businesses and visitors. The year 2020/21 has been dominated by the impact of the pandemic so 2021/22 is now clearly an important transitional year in our journey towards becoming a more outcome focussed organisation where our resources are prioritised accordingly.
- 4.6 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 under Southend 2050 and key revised delivery phases, support our local economy to survive and then recover, whilst also responding positively to the impact of the pandemic and major local demand pressures in core service provision.

5 National funding situation

- 5.1 Spending reviews are critically important to local authorities because they determine how much money will be given to Government departments, many of whom may then provide separate funding allocations to local councils.
- 5.2 Spending reviews are co-ordinated and managed by HM Treasury. The dates and length of spending reviews vary. Comprehensive spending reviews (CSRs) tend to be less frequent and aim to take a longer-term view and usually involve a series of zero-based reviews of public spending.
- 5.3 Due to the worsening economic situation because of the global pandemic, Brexit implications and the high degree of uncertainty over the future state of the economy, the Government announced a 1-year spending review in 2020 and subsequently issued a provisional financial settlement for 2021/22 only.
- 5.4 The key one-off announcements relevant to Local Government are summarised below:
- Proposed 2% Council Tax referendum limit plus 3% Social Care Precept.
 - Fundamental Review of Business Rates Reset has been delayed to Spring 2021 and 100% Business Rates pilots will be maintained for a further year.
 - Fair Funding Review – this was expected in 2021/22 but is listed as delayed with no revised implementation date proposed.
 - Business Rates Multiplier to be frozen for 2021/22.
 - Revenue Support Grant – to increase in line with inflation.
 - New Homes Bonus – the current scheme to be maintained a further year with no new legacy payments – a consultation is planned with a view to implementation in 2022/23.
 - Additional Covid-19 funding of £3.2Bn for 2021/22, including:
 - £1.55Bn for anticipated additional COVID-19 expenditure pressures.
 - £0.67Bn additional grant funding to help local authorities support households that are least able to afford council tax payments.
 - £0.8Bn to support authorities with tax revenue losses.
 - Extending the COVID-19 sales, fees, and charge reimbursement scheme for a further three months until the end of June 2021.
 - £254M for rough sleepers and those at risk of homelessness during COVID-19.
 - Adults and Children's Social Care – £300M of new grant funding, in addition to the £1Bn announced in the 2019 Spending Review that is being maintained into 2021/22.
 - Improved Better Care Fund (iBCF) will continue and will be pooled with the NHS to help meet adult social care needs and reduce pressures on the NHS.
 - Public Health Grant – Local Authority spending through this grant will continue to be maintained at the same level.
 - Schools – a £2.2Bn increase in the core schools' budget in 2021/22
 - Cyber Security Systems - £16M to support modernisation.
 - A public sector pay freeze, excluding those earning less than £24,000 (who will receive at least £250).

- A rise in the National Living Wage of 2.2% to £8.91 an hour and an equivalent increase in the National Minimum Wage.
- £5.2Bn over six years into flood and coastal investment across England.
- £1.7Bn in 2021/22 for local road maintenance and upgrades to tackle potholes, relieve congestion and boost connectivity.
- £111M Lower Tier Services Grant for one year only.
- Additional funding support has also been announced with regards to Control Outbreak Management Fund (COMF). Authorities will receive funding per head of population depending on what Tier they are placed in. Tier 2 is £2 per head, Tier 4 or national lockdown is £4 per head. This is paid and then reviewed every 28 days.

5.5 After the Queens Speech, the Ministry of Housing, Communities and Local Government (MHCLG) issued the provisional Local Government Finance Settlement which was in line with the assumptions made throughout the budget planning process. At the time of writing this report we received notification that the final Local Government Financial Settlement will be debated and voted on in the House of Commons on Wednesday 10th February 2021. From the MHCLG update provided on the final settlement, we are not expecting any significant changes from the provisional settlement that has been issued.

6 Local funding impact

6.1 The key announcements set out in section 5.4 indicate the following provisional allocations for Southend-on-Sea Borough Council:

- Social Care – additional £1.1M to be delivered through grant in addition to the funding received in 2020/21, so for 2021/22 the total grant will be £6.0M.
- The current funding streams of £6.744M iBCF, £0.824M Winter Pressures Grant via the BCF pool and £1.517M Disabled Facilities Grant will also continue for 2021/22.
- The Better Care Fund will increase by £0.334M, so for 2021/22 the Fund will be £6.614M.
- Public Health Grant will remain at the 2020/21 level, so for 2021/22 the Grant will be £9.525M.
- The Revenue Support Grant will increase by 0.55% to £6.082M.
- Lower Tier Services Grant one-off funding in 2021/22 of £0.238M.
- COMF – Tier 2 £366,250, Tier 4/National Lockdown £732,500 (paid and reviewed every 28 days).

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 of pupil's 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 Southend-on-Sea Borough Council's educational related services.

- 6.3 The current total DSG for 2021/22 is £171.7M (latest allocation for 2020/21 is £158.3M). In practice, although the Education Board and Local Authority remain responsible for allocating the entirety of DSG, the final actual DSG awarded to the local authority will exclude funding for Academies, High Needs place funding for both colleges and further education providers, and free special schools. These elements are paid directly to them from the Education and Skills Funding Agency. The final estimated allocation expected to be awarded to the local authority for 2021/22 is £55.5M, after considering these estimated deductions of £116.2M.

The Department for Education (DfE) announced on the 18th December 2020 the final funding details for 2021/22 which are summarised as below (and note there are 4 blocks of funding allocations within the DSG):

Block	Amount £M's	Detail
Schools Block	133.818	Allowing for 14,955 primary and 11,455 secondary pupils plus growth and premises factors
Early Years Block	10.773	This funding allows for 15 hours universal entitlement and additional 15 hours extended entitlement for 3–4-year-olds and 15 hours entitlement for 2-year-olds
High Needs Block	25.558	Includes special school and further education place funding, for ages 2 up to 25. Alternative provision funding, hospital education funding, and support for wider SEND services.
Central Schools Services Block	1.556	Includes Education Support Grant and Council support functions
Total DSG 2021/22	171.705	

Key 2021/22 Dedicated Schools Grant DfE Headline Announcements

- 6.4 In September 2019, the Government and the DfE released a statement, “that the funding for schools and high needs compared to 2019-20, will nationally rise by £2.6 billion for 2020-21, £4.8 billion for 2021-22, and £7.1 billion for 2022-23”. This was a welcome announcement and 2021/22 is now the second year of that three-year commitment. Early notification has supported financial planning but there remain many national and local issues including significant national pressures on high needs funding, some schools that have been struggling historically financially and further required increases in teacher salaries and pension contributions.

- 6.5 The DfE announced in July 2020, the following key headlines in relation to Individual School Funding for 2021/22 (schools block). The minimum per pupil levels were set at £4,180 for primary schools (£3,750 in 2020/21) and £5,415 for secondary schools (£5,000 in 2020/21). These new rates now include the rolling of the previous teacher pay and pension grants into the DSG at a rate of £180 per primary pupil and £265 per secondary pupil. The funding floor will be set at 2.00% at a per pupil led funding basis, and all schools attracting their core National Funding Formula (NFF) allocations will benefit by an increase of 3% to those core factors. In addition, schools funded at the floor level will also receive £180 per primary pupil and £265 per secondary pupil for the rolling of the previous teacher pay and pension grants into the DSG.
- 6.6 In relation to Early Years funding on the 18th December 2020 the DfE announced an increase of 6p per hour in 2021/22 to help fund childcare places for 3 & 4 year olds and 8p per hour to fund childcare places for eligible 2 year olds.
- 6.7 In relation to high needs block funding allocations, the funding floor (within the NFF) will be set at an 8% uplift with a maximum gains cap of 12%. As Southend's own allocation under the NFF has been below an uncapped formulae this means that our local High Needs block for 2021/22 will receive an additional indicative allocation of £3.046M. £0.482M of this amount relates to previous protected pay award and employer pension grants now rolled into the DSG. By applying the maximum 12% uplift this means that for the first time Southend has reached its full allocation through the formulae in 2021/22.
- 6.8 In relation to central block funding in the July 2020 announcements, the DfE stated in 2021/22 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 impact on Southend's own allocation means that this is now an equivalent to a £326,000 funding loss out of the original £905,000, leaving £579,000 remaining.

DSG Education Board Decisions

- 6.9 Although the total quantum of DSG is now calculated by a national formula that indicates the amount of funding that will be received, it currently remains a local decision as to how each block of funding is allocated. The Education Board (covering School Forum matters) met on both the 20th October 2020 and 15th December 2020 to determine and agree the principle decisions for the allocation of the 2021/22 individual school block allocations. 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 NFF locally. The final 2021/22 Individual School block allocations following the agreement of the previous principle funding decisions were noted and shared with the Education Board on the 19th January 2021 (**Appendix 9**).

Pupil Premium

- 6.10 In addition to funding from the DSG, schools will receive Pupil Premium grant, which will provide amounts of £1,345 / £955 of funding per primary / secondary pupil who have been registered for free school meals in any of the past 6 years. Based on initial estimates the total Pupil Premium will provide an additional indicative £7.4 million for schools in Southend-on-Sea (including both Maintained and Academy schools).

7 Financial Sustainability Strategy 2020 - 2030

- 7.1 This was a new high level long term strategy which was approved in February 2020 that framed the financial future and intentions for the Council. It helped to set the context for the Medium Term Financial Strategy, guide our approach to maximising resources, prioritising investment and the effective targeting of resources to deliver the ambitions and outcomes contained within the Southend 2050 programme and roadmap phases.
- 7.2 Its primary purpose was to outline our approach, desire, and commitment to achieving financial sustainability by embracing the area's economic potential, growing our tax base and increase local sustainable income capabilities. Given the health, economic and financial shocks in 2020/21, the Council is planning to review this strategy again in the Autumn of 2021, following the announcement of the 2021 Comprehensive Spending Review.

8 Medium Term Financial Strategy (MTFS) 2021/22 – 2025/26

- 8.1 Given the unprecedented and constantly changing events in 2020/21 the development of the Medium Term Financial Strategy has been challenging, particularly with the decision by the UK Government to only announce a single year financial settlement for 2021/22. A three-year Comprehensive Spending Review is now expected for the Autumn of 2021.
- 8.2 To try to illustrate some medium-term financial planning parameters, an updated Financial Strategy 2021/22 – 2025/26 has been developed using the best information and the most likely set of scenarios/assumptions that are currently available. This comprehensive strategy is presented at Appendix 1 and provides an integrated view of the whole of the Council's finances and priority investment plans over the medium term. Any final cosmetic and background changes not impacting on the overall strategy and recommendations in this report will be undertaken by the Executive Director (Finance & Resources) before final publication. This strategy will be kept under regular review and a formal annual refresh will be presented to the Cabinet as part of the Council Tax setting proposals for 2022/23.
- 8.3 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 identifies budget gaps in the medium term to enable the Council sufficient time to address them in a considered, measured, and planned way.

8.4 A Financial Forecast for the years 2021/22 to 2025/26 has also been constructed and this is shown in **Annex 1 to Appendix 1**. The impact of this forecast for the next five years is summarised in the following below.

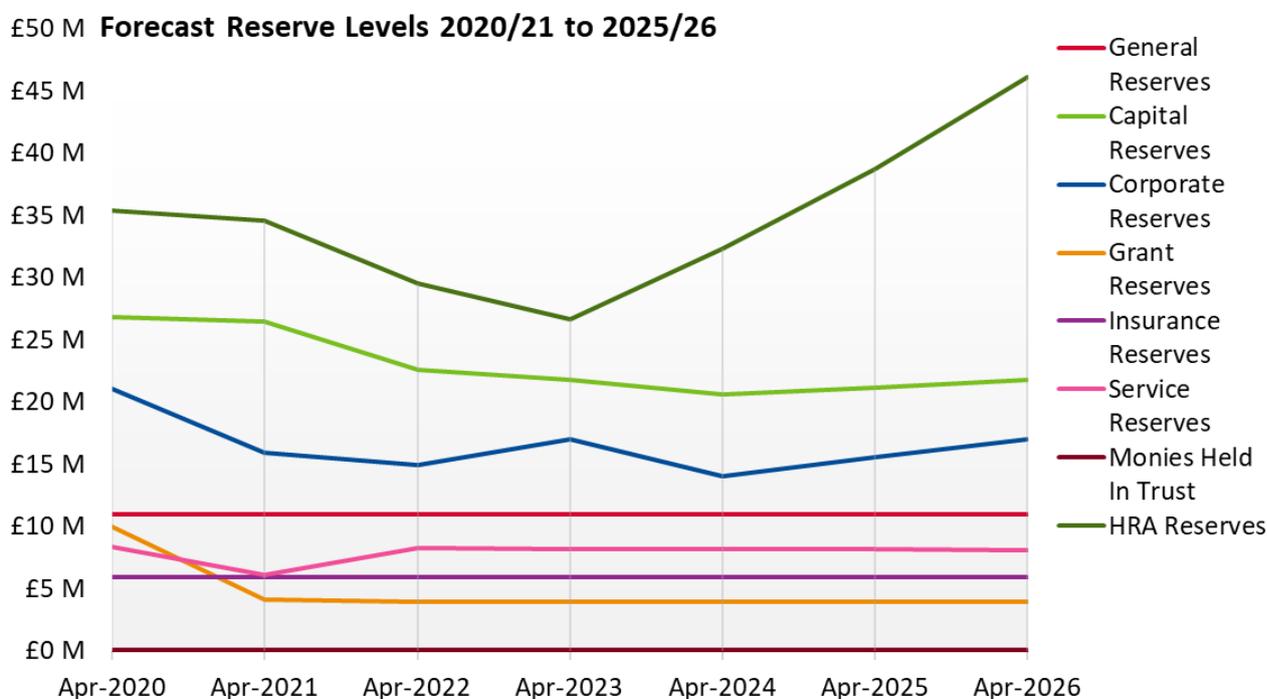
Year	2021/22	2022/23	2023/24	2024/25	2025/26	Total
Budget gap	£0M	£7.3M	£5.2M	£3.5M	£4.7M	£20.7M

8.5 In an uncertain world this Medium Term Financial Strategy attempts to outline how scarce revenue and capital resources are prioritised and then deployed to respond to increasing demand for key local services and to deliver better value for money outcomes for local residents over the medium term. The future financial sustainability and resilience of the Council is also a key fundamental guiding principle.

8.6 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 following an internal financial risk assessment.

8.7 The proposed Earmarked Reserves balances (2020/21 – 2025/26) 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. There are several re-classifications proposed for 2021/22 including the recalibration of reserves in line with known risks and the creation of a £1M COVID-19 Local Recovery & Response reserve.

A summary of the forecast reserve balances from 2020/21 to 2025/26 is illustrated in the following graph.



- 8.8 The level of resources available for revenue and capital investment were subject to extensive challenge and prioritisation to ensure that investment is designed to have a positive impact and is aligned to deliver the Southend 2050 outcomes and first phases of the roadmap.
- 8.9 For revenue prioritisation of proposed investment, careful assessment was given to the current demands and pressures for existing local priority services, the future requirements needed to continue to respond positively to the pandemic and to a range of initiatives that are not only aligned to our 2050 priorities but would also have a big value for money impact in providing better outcomes for local residents.
- 8.10 For capital, prioritisation of proposed investment is achieved through application of the Capital Investment Strategy. 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 desired outcomes. It includes an overview of the governance processes for consideration, prioritisation and approval of capital investment. The Capital Investment Strategy for 2021/22 to 2025/26 is attached as **Appendix 10**.

9 Prioritising Resources to Deliver Better Outcomes

- 9.1 Successful and timely delivery of the revenue budget and capital investment programme are a key part of responding positively to the impact of the pandemic and achieving the Southend 2050 ambition.
- 9.2 The following table provides a summary of the revenue investment proposals that form part of this overall budget package. The detail of each proposal for 2021/22 is shown at **Appendix 5**. All the proposed initiatives are planned to be a permanent increase in the revenue base budget of the Council.

Ref	Proposed Investment	2021/22 £000s
PJ-A	Waste Recyclables	400
Pride and Joy Total		400
SW-A	Inflationary Increase for Adult Service Providers	1,500
SW-B	Older People Demographics	480
SW-C	Essential Living Fund	233
SW-D	Children to Adults transition	350
SW-E	Leaving Care Support 16+	500
SW-F	Looked After Children	590
SW-G	In House Foster Care team	150
SW-H	Child and Adolescent Mental Health Services (CAMHS)	210
SW-I	Special Guardianship Order (SGA) Kinship Allowance	50
SW-J	School Uniform Grant	25
Safe and Well Total		4,088
CS-A	Highways Service Redesign	725
CS-B	ICT Transformation	300
Connected and Smart Total		1,025
ES-A	Pay and Increments	1,250
ES-B	Investment Income and Financing Review	172
ES-C	Benefits Payments	550
ES-D	Enabling Services Redesign	497
ES-E	General Budget Adjustments	140
Enabling Services Total		2,609
Total Investments		8,122

9.3 In addition to these new investment proposals, the Council is also actively involved in several projects aimed at reducing the impact of climate change. The Council has been very successful in utilising investment to leverage external grant funding via competitive bidding processes to be able to undertake projects on a larger scale which in turn will have a greater benefit to the local environment.

These climate change initiatives support our aspirations to achieve net-zero emissions by 2030 in line with the Climate Emergency Declaration. Some of these projects are nearing competition and several others, are currently in delivery.

The projects are a mixture of fully funded programmes and schemes which require match funding. This match funding primarily is in the form of staff time or previously approved capital schemes which are contributing towards our Green City ambition.

Current schemes include Plasticity (over €1 million) to work on delivering a new approach to plastic waste which will help us drive up recycling rates over the next 4 years with resident and business engagement, Nature Smart Cities (over €850,000) to help local authorities understand how they can build a business case to approve urban greening projects which will reduce flood risk and provide relief from heat stress, Cool Towns (over €700,000) which will test and validate a number of measures that are designed to reduce heat stress in the Borough and Circle (€800,000) which will deliver a number of green infrastructure projects.

- 9.4 The following table provides a summary of the proposed savings and income generation proposals for 2021/22 that form part of this overall budget package. The detail of each proposal for 2021/22 – 2025/26 is shown at **Appendix 6**.

Ref	Proposed Savings and Income Generation Proposals	2021/22 £000s
SW01	Supported Accommodation & Supporting People Contracts	0*
SW02	Commercial negotiation and contract review with key providers	160
SW03	Reduction in care home placements	0*
SW04	Review of low-cost home care packages	267
SW05	Review local and regional learning disability pathways	0*
SW06	Review section 75 with Essex Partnership University Trust	0*
SW07	Review of the Adult Social Care contributions policy	0*
SW08	Introduce a new strengths-based refresh to adult social care	0*
SW09	Optimise efficiency and productivity based on benchmarking	100
Safe and Well Total		527
AI01	Efficiency review of the Libraries and Galleries operation	30
Active and Involved Total		30
CS01	Reduction in Concessionary Fares journeys (pre-COVID19)	250
CS02	ICT: Smart programme	320
Connected and Smart Total		570
ES01	Deletion of vacant post in the Technical and Compliance team	30
ES02	Interest saving due to reduced borrowing in 2021/22	150
ES03	Creation of a Corporate Debt Collection Team	80
ES04	Review of Rent Deposit Loan Scheme	40
ES05	Single property visits proposal	40
ES06	Review Discounts and Exemptions on Council Tax and NNDR	100
ES07	Delete vacant post in Internal Audit and Counter Fraud	36
ES08	Various administrative efficiencies and savings	91
ES09	Delete vacant posts in the Contact Centre	75
ES10	Service redesign of the Business Support function	500
ES11	Delete vacant post within the Corporate Strategy team	34
Enabling Service Total		1,176
Savings Initiatives Total		2,303

Ref	Proposed Savings and Income Generation Proposals	2021/22 £000s
PJ01	Contactless donation points in parks	2
Pride and Joy Total		2
SW10	CCTV monitoring services for other networks	0*
Safe and Well Total		0*
AI02	Increased income from Museums and Galleries	30
AI03	Targeted integration of the Public Health grant	150
AI04	Negotiated planned increased in bowls season ticket fees	7
Active and Involved Total		187
OP1	Introduce charging at Pre-Application Advice meetings	8
OP2	Fast Track and Premium Services for Planning Applications	15
OP3	Potential sponsorship opportunities within parks	0*
OP4	Leasing income and charges of use of parks buildings	0*
OP5	Review of Planning and Building Control Consultancy Service	0*
OP6	Commercial rental income from the acquisition of Victoria Plaza	250
OP7	New rental income from the airport business park	40
Opportunity and Prosperity		313
CS03	Comprehensive review of car parking fees and charges	1,000
CS04	Review of all Highways fees and charges	50
Connected and Smart Total		1,050
ES12	Review scope of Debt Collection and Enforcement team	100
ES13	New income stream from a formal laptop disposal scheme	50
ES14	Housing Revenue Account charging review	150
Enabling Services Total		1,663
Income Generation Total		1,852
Grand Total		4,155

Key: 0* - Savings/extra income is planned to be delivered in future years

10 General Fund Revenue Budgets 2021/22 – 2025/26

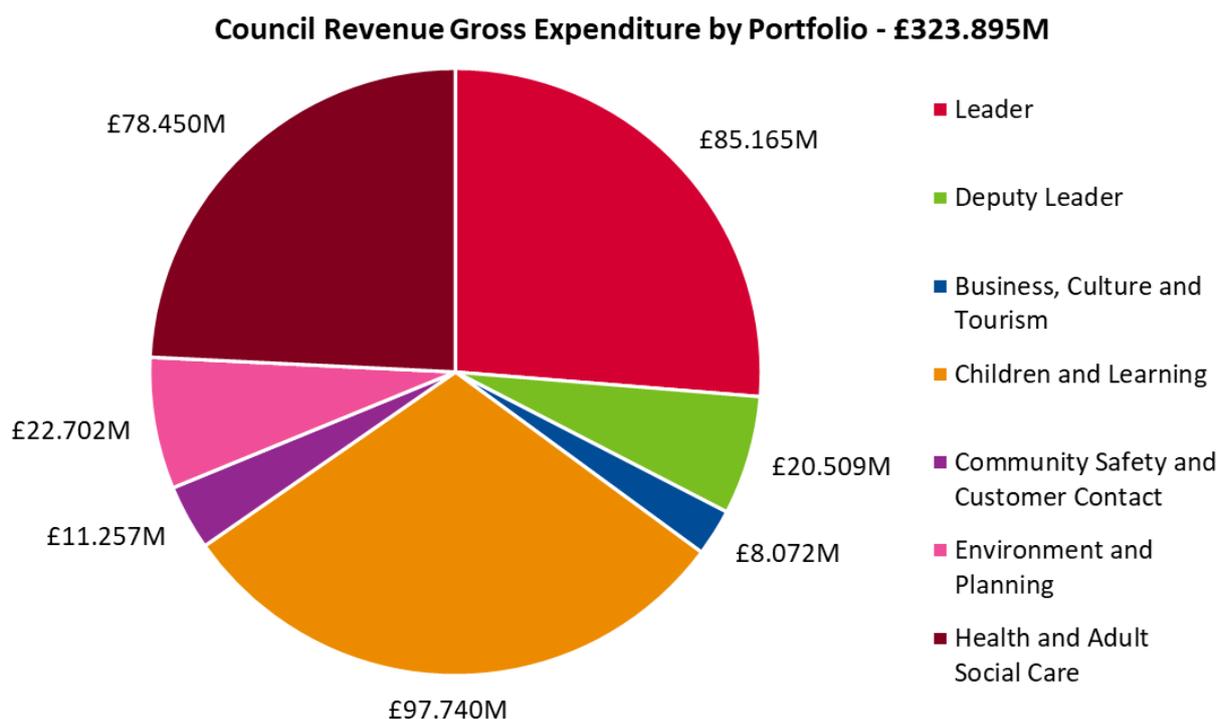
Forecast Revenue Outturn 2020/21

- 10.1 The original General Fund revenue budget requirement for 2020/21 totalled £130.429M and was to be met from government grants, available business rates, council tax and adult social care precept with no planned use of revenue balances or reserves.
- 10.2 Members have been supplied with regular financial monitoring information throughout the year. The latest forecast outturn for 2020/21 was summarised in the Resourcing Better Outcomes - Financial Performance Report – Period 8, which was reported to the Cabinet meeting in January 2021. The year has clearly been dominated by the impact of COVID-19 on both the finances and operations of the Council. In keeping with the majority of upper tier local authorities Southend-on-Sea have also been experiencing significant increases in demand and associated costs for key social care services in Children's and Adults.

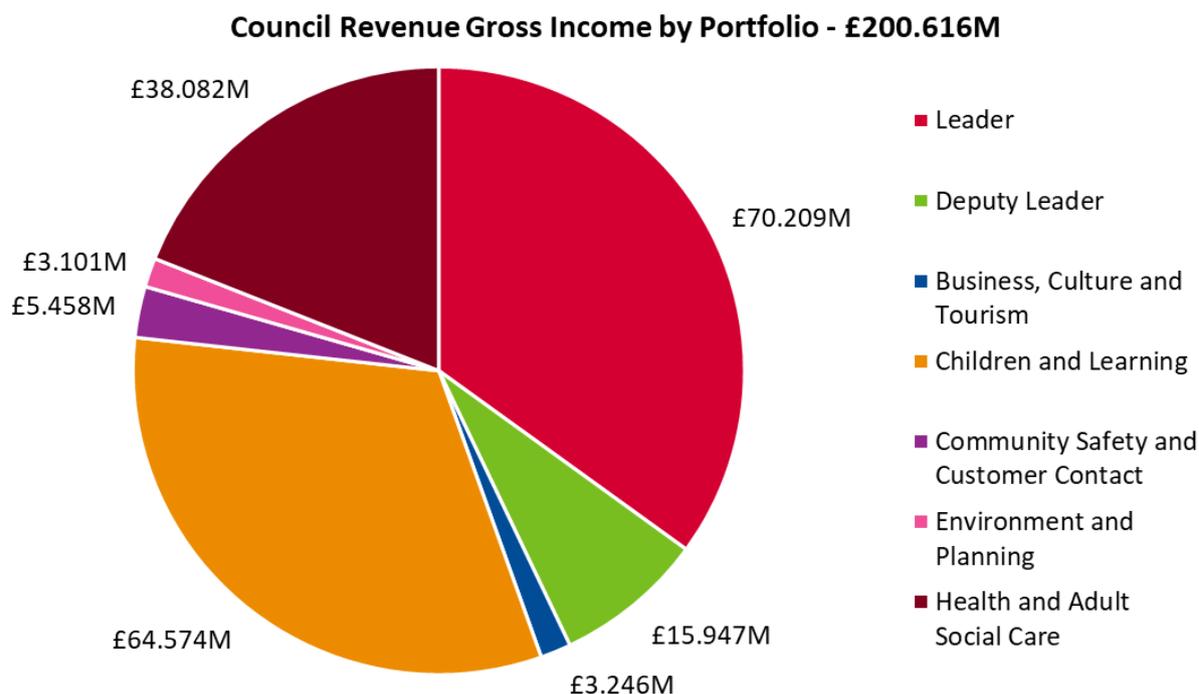
- 10.3 The latest reported financial forecast for 2020/21 indicates a projected £3.05M overspend for the Council. The two collection fund initiatives (75% support for irrecoverable losses and spreading of collection fund deficits) have not yet been fully assessed and included, as the technical guidance has only recently been released and several clarifications have been requested. Once implemented these initiatives should improve the current overall forecast financial outturn for 2020/21.
- 10.4 A range of mitigation plans remain in place to try and improve the overall financial position by the end of the financial year. The situation will continue to be closely monitored. It is anticipated that the forecast overspend will be met by a combination of using contingency and reserves if required. The actual year-end final position for 2020/21 will be considered as part of the outturn report, which will be presented to Cabinet in June 2021.

General Fund Revenue Budget 2021/22

- 10.5 The proposed gross revenue expenditure for 2021/22 by portfolio and including all the proposed initiatives summarised in section 9.2, 9.4 and 10.13 is shown in the following pie chart.



10.6 The proposed gross revenue income for 2021/22 by portfolio is shown in the following pie chart:



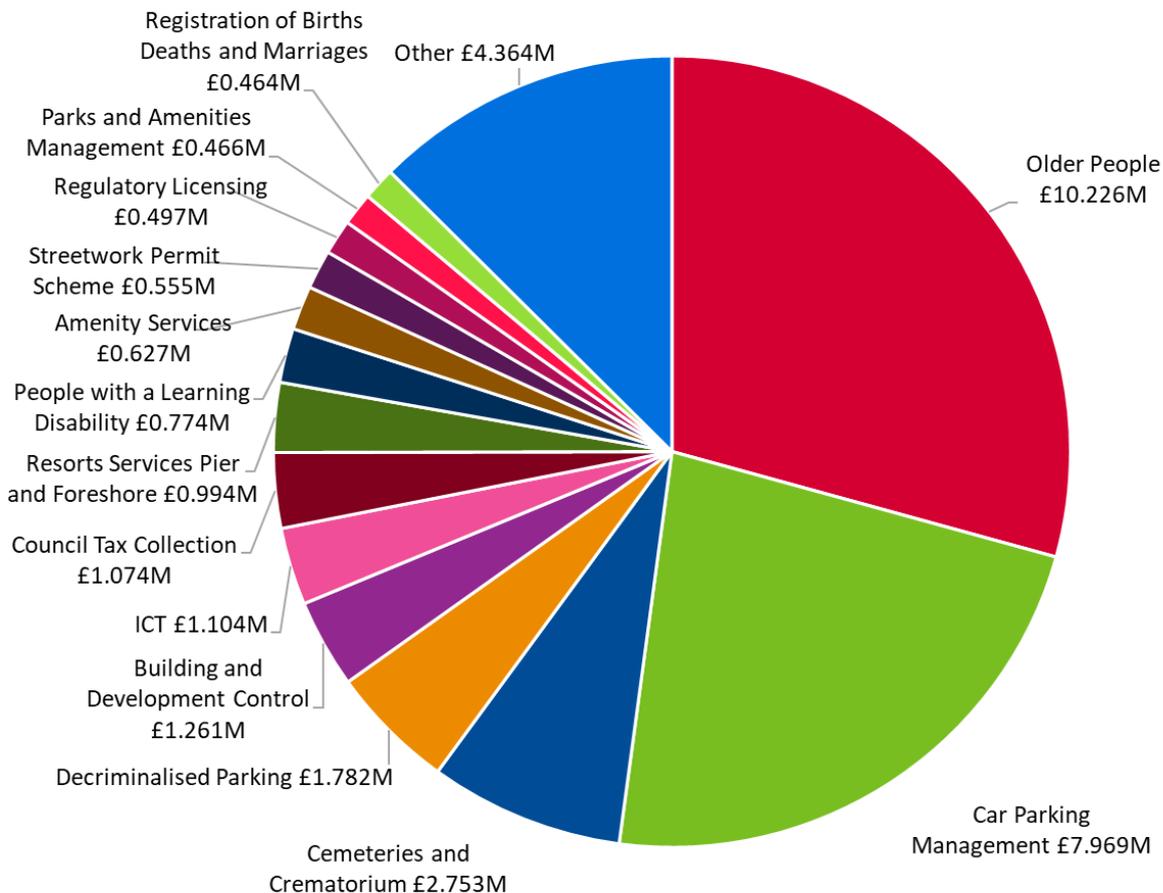
Fees and Charges

10.7 Cabinet at its meeting on 18th 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 agreeing by Cabinet like car parking charges. For 2021/22 the guideline yield has been set at 2% and therefore charges for 2021/22 will be set by Chief Officers within this guideline with a few exceptions.

10.8 The proposed overall balanced revenue budget package assumes several new fee charging options within parking, highways, and planning. The detailed proposals are summarised at **Appendix 8**. The parking offer across the Borough for 2021/22 now shows a 12-month pilot of the Southend Pass that was agreed by Cabinet in September 2020 and approved by Council in October 2020 and will cover a 3-hour parking session per zone, per day. This new initiative will be based on an annual contract (£102) at a cost of £8.50 per month. The intention is that this scheme will provide a car parking pass offering significant value for money and also provide a more stable source of parking revenue for the Council regardless of seasonal fluctuations. The scheme will be subject to a review and evaluation every quarter.

- 10.9 The implementation of a one-year trial Southend Pass for April 2021 to March 2022 with associated full assumptions and risks, financial position and a requirement for regular quarterly reviews on its performance was approved by Cabinet on the 15th September 2020 under the report title “Parking Review 2020 – Enabling Projects”. This was subsequently approved by Full Council on 22nd October 2020. One of the original assumptions was that the Southend Pass would be for residents of Southend-on-Sea only. Further work has been undertaken by the Service and also from further feedback since the Southend Pass became public in September 2020 and it is now proposed that the Southend Pass will be extended to accept applications from outside the Borough.
- 10.10 The initial report in September 2020 highlighted that the Pass was for a trial period for one year only with quarterly reviews to assess its service and financial performance. This will continue with the proposed extension and at this stage the £275,000 set aside from the Business Transformation Reserve and approved by Council in October 2020 is deemed sufficient until the first quarterly review starts to identify the impact of the Southend Pass on the parking income budget from take up, individuals parking habits and the operation of the new proposed Zonal and parking charges from April 2021. The first quarter review will also reflect on the potential continuing impact of COVID-19 on car parking activity and income generated.
- 10.11 Several reports have been brought to Members throughout 2020 regarding the status of a variety of parking projects, one of which was the creation of administrative zones across the Borough. Now that the zones have been agreed, the parking charges are to be simplified across these areas to ensure that charging is consistent across various car parks which is not currently the case. There are a few minor exceptions to these new arrangements, which are outlined in detail at **Appendix 8**.
- 10.12 There are also a wide variety of parking permits with differing terms and conditions in operation across the Borough. To rationalise these arrangements, the proposed range of fees and charges have been reviewed and simplified for all parking options.
- 10.13 As part of the investment into the highways restructure agreed in July 2020, the new enforcement team will deal with all highway obstructions (excluding parking). To facilitate this and to provide a deterrent to offenders the fees and charges in this area have been reviewed with several new proposals included.
- 10.14 The planning function are proposing a new pre-application advice service and a premium fast track service. These new service offers will not be to the detriment of current service delivery, but will provide the opportunity for additional advice, or a faster decision if this will enable works to begin sooner on a development. The new fast track service will not guarantee planning approval.

The following pie chart summarises the estimated level of income that could be generated from fees & charges for 2021/22. The impact of COVID-19 will also be carefully assessed and considered as part of the established financial monitoring arrangements and reports to Cabinet.



Overall General Fund Budget

- 10.15 The overall proposed balanced General Fund Revenue Budget package for 2021/22 is summarised in the following table.

	2020/21 £M	2021/22 £M
Net Base Budget		131.342
Net Investment and Reprioritisation		4.505
Revenue Budget	130.428	135.847
<i>Less Available Funding</i>		
Revenue Support Grant	(6.049)	(6.082)
Business Rates	(25.481)	(25.591)
Business Rates Top-Up Grant	(12.551)	(12.538)
Council Tax Surplus	(2.000)	(1.500)
To be funded from Council and ASC Precept	84.347	90.136
General Council Tax	76.966	78.576
ASC Precept Income	7.381	9.060
Remaining Budget Gap	0	2.500
Use of Reserves to Balance the Budget *	0	(2.500)
Balanced Budget	0	0

* The use of £2.500M from Reserves in 2021/22 to support the balancing of the budget is assumed to be a one-off arrangement. The planned replenishment of the Reserves is included in the Medium Term Financial Strategy and reflected in the budget gap at a rate of £625,000 per year for each of the next 4 years to 2025/26.

10.16 The following table provides a summary of the 'one-off' use of reserves approved as part of a three-year programme of initiatives when the budget for 2020/21 was set in February 2020.

Use of Reserves	2021-22 (£000)	2022-23 (£000)	2 Year Total (£000)
Service Design	185	185	370
Summer and Winter Planning	100	100	200
Economic Development	100	-	100
Community Safety / Environment Crime	150	-	150
Workforce Development	50	-	50
Community Builders / Capacity Building Fund	100	-	100
HR Support for Social Work Recruitment	50	-	50
ICT Procurement Officer	11	-	11
Parking Review: Southend Pass	275	-	275
Parking Review: Project Funding	180	-	180
Business Transformation Reserve total	1,201	285	1,486
Complex Needs Provision	150	-	150
Public Health Reserve total	150	-	150
Local Plan	130	-	130
Housing Implementation	150	-	150
New Homes Bonus Reserve total	280	-	280
Outcome Delivery	250	250	500
Outcome Delivery Reserve total	250	250	500
School Improvement	200	200	400
School Improvement Reserve total	200	200	400
Use of Reserves total	2,081	735	2,816

Council Tax 2021/22 and estimated collection fund balance 2020/21

10.17 The Council must formally determine the Council Tax Base (the number of Band D equivalent properties) for 2021/22 and any estimated Collection Fund balance at the end of 2020/21. The Council Tax base for 2021/22 was approved by Cabinet on 14th January 2021 and set at **58,630.49** (equivalent Band D properties) including Leigh-on-Sea Town Council.

The tax base for Leigh-on-Sea Town Council has been calculated for 2021/22 as **8,762.69** Band D equivalents.

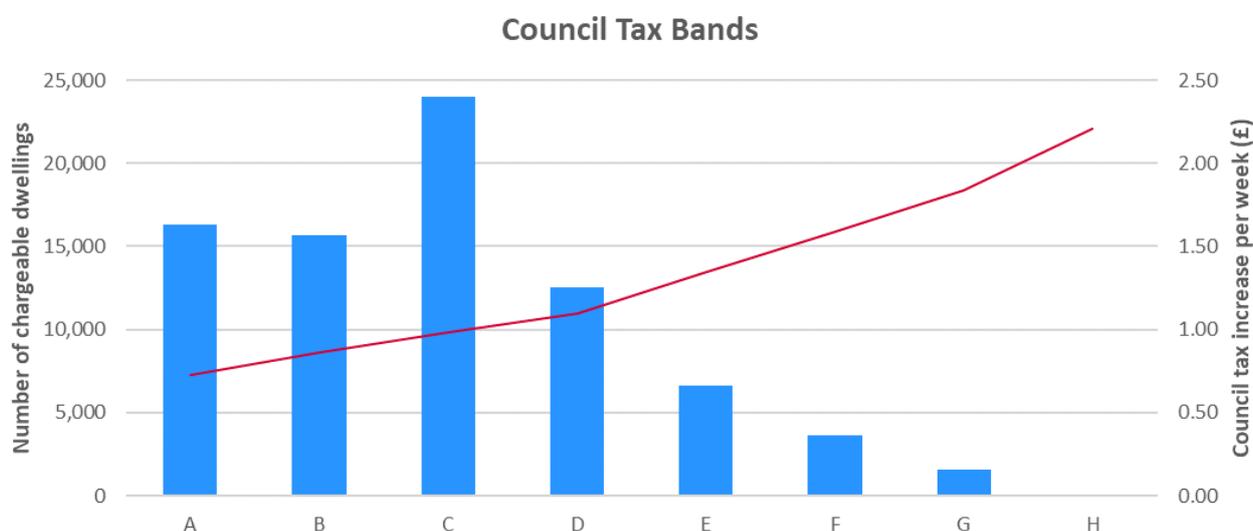
The Council Tax base for Southend-on-Sea has decreased for the first time ever in its history as a direct result of the impact of COVID-19. There has been some continued housing growth across the borough with new properties being added to the list, but this has been negated by the level of eligible Local Council Tax Support awards, combined with the on-going impact of other local discounts and exemptions. The proposed increase in the Empty Homes Premium to 300% from April 2021 for properties empty for longer than 10 years has also been factored into the tax base calculation.

It is currently assumed that £1.5M of the projected accumulated historical surplus will be used to support the budget for 2021/22.

Council Tax

10.18 Overall, the proposed budget assumes a total increase in the Council Tax of 3.99% (that being 1.99% for general use and 2% for the Adult Social Care precept). This would result in a Band D value of £1,494.72 per annum (the Band D level for 2020/21 is £1,437.39). This equates to an annual increase of £57.33 and a weekly increase of £1.10. The following table and bar chart provide an indicative illustration of the impact of the proposed council tax increase for 2021/22 across the range of properties in Southend-on-Sea. 70% of properties in the Borough are in council tax bands A to C.

Council Tax Band	A	B	C	D	E	F	G	H
Number of chargeable dwellings	16,322	15,705	23,990	12,558	6,620	3,641	1,580	95
20/21 Council Tax per week (£)	18.43	21.50	24.57	27.64	33.78	39.93	46.07	55.28
Increase per week (£)	0.73	0.86	0.98	1.10	1.35	1.59	1.84	2.21
21/22 Council Tax per week (£)	19.16	22.36	25.55	28.74	35.13	41.52	47.91	57.49



This proposed budget for 2021/22 assumes a council tax increase of 1.99% 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 on the basis of trying to limit the local council tax increase to as low a level as realistically possible in these very financially challenging circumstances. The proposal is to implement 2.0% of the 3.0% Adult Social Care Precept available and defer the remaining 1.0% increase to the 2022/23 financial year.

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.

The total Council Tax payable by taxpayers consists of Southend-on-Sea Borough 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

- 10.19 Leigh-on-Sea Town Council has confirmed its precept for 2021/22 of £443,217 (2020/21 = £447,392). Based on their council tax base of 8,762.69, there will be no increase in the Town Council element of the total Council Tax bill of £50.58 at Band D. This only applies to the area covered by the Town Council. The final decision was made at a meeting of the Town Council on 19th January 2021.
- 10.20 Essex Fire & Rescue Services and Essex Police through the Police, Fire and Crime Commissioner has by law to set both precepts no later than 1st March 2021 (after consideration by the Essex Police, Fire and Crime Panel on 4th February 2021).
- 10.21 The Essex Police, Fire and Crime Panel has agreed the precept position as:
- Essex Police: Band D Council Tax £208.53 (2020/21 = £198.63), which is an increase of 4.98%;
 - Essex Fire and Rescue Services: Band D Council Tax £73.89 (2020/21 = £73.89), which is no change;

Levies

- 10.22 The Council is required to pay relevant levying bodies, who have all now indicated their levy position for 2021/22. The final levies will be reported on in the Council Tax report for Council on 25th February 2021. The current position for 2021/22 is identified in the following table: -

Levying Body	2020/21 Probable Actual £000	2021/22 Estimate £000	Percentage increase %
Kent and Essex Inshore Fisheries and Conservation Authority (Confirmed)	21.9	21.9	0%
Flood Defence – Environment Agency (Provisional)	204.7	209.4	2.3%
Coroners Court (Provisional)	401.7	413.7	3%
Total	628.3	645.0	

The Kent and Essex Inshore Fisheries and Conservation Authority levy has been confirmed at their quarterly meeting of 29th January 2021 to be at the same level as 2020/21. The Flood defence levy is provisional and is due to be confirmed at the board meeting of the Anglian Eastern Regional Flood and Coastal Committee on 10th February. (A verbal update will be given at this Cabinet meeting.) The Coroners Court levy is also provisional.

Reserves Strategy and Section 151 Officer's Statement

- 10.23 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 from earmarked reserves totalling £2.803M for which separate approval is sought. Full details are shown in **Appendix 3**.

Staffing Implications

- 10.24 The investment proposals outlined in **Appendix 5** will result in an increase to the staffing establishment of the Council of circa 29 full time equivalent posts.
- 10.25 There are approximately 38 posts/roles proposed to be deleted as part of the budget savings package detailed at **Appendix 6** for 2021/22. The proposed changes will be designed to target vacant posts first, fixed term contracts where applicable, interim arrangements and agency cover. Every effort will be made to avoid any compulsory redundancies as part of implementing these budget proposals.
- 10.26 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.
- 10.27 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.

11 Capital Investment Programme

- 11.1 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.
- 11.2 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 Southend 2050 and the five themes and all capital investment is therefore driven by the aim of contributing to the delivery of the ambition and the desired outcomes.

Deliverability

- 11.3 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.
- 11.4 The average capital investment delivered over the last 12 years has been circa £60M p.a. Therefore, on average it has been assumed to be the core deliverable level of programme each year. There will always be exceptions over and above this amount, for example where the Council is passporting grant or providing loans to partner organisations or purchasing property for strategic and regeneration purposes. These must form part of the capital investment programme, but they do not create an issue with deliverability.
- 11.5 To aim for a deliverable level of programme each financial year there will need to be prioritisation and re-sequencing of projects. Since July, a programme review has been underway. Multiple rounds of capital challenge sessions have taken place with project managers and directors to:
- re-assess schemes considering the Council's updated outcomes, refreshed roadmap and six recovery priorities.
 - re-assess schemes considering the effects of the global pandemic on deliverability and affordability.
 - ascertain more realistic budget profiles based on expected delivery timescales and to ensure resources are in place to deliver them.
 - review the overall programme to achieve a more even investment profile across the years, to ensure it is realistic and affordable.
 - consider whether any schemes can be stopped or paused.
 - consider whether any schemes should be subject to a viable business case assessment.
- 11.6 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.

12 Capital Investment Programme – results of the review

- 12.1 At November Cabinet a 2020/21 budget of £62.3M was approved together with the total budget for financial years 2021/22 to 2024/25 of £152.1M.
- 12.2 Since November Cabinet the capital investment programme review has continued as set out in paragraph 11.5. Also, since then the Investment Board has agreed some proposed new schemes can progress to Cabinet for consideration. The Council has also purchased the Victoria shopping centre as a strategic acquisition on the High Street and for the future regeneration benefits it offers through its proximity to Better Queensway.

- 12.3 Capital investment of £3.9M has also been included to acquire 20 dwellings or units to support rough sleepers with suitable properties. This is a roadmap goal for 2021 and is being financed by £1.6M of grant monies from the Homes and Communities Agency and £1.6M of match funding from the HRA capital investment reserve. The balance is being funded from S106 pooled resources which were already included in the programme.
- 12.4 As a result of this and the ongoing review, this report includes any requests for virements between schemes, re-profiles across years, new external funding, proposed new schemes, proposed scheme deletions and movements between the main programme and the 'subject to' section. These are set out in **Appendix 12**.
- 12.5 The resulting revised capital investment programme for 2020/21 to 2025/26 of £229.5M is shown in the following table:

	2020/21 (£000)	2021/22 (£000)	2022/23 (£000)	2023/24 (£000)	2024/25 (£000)	2025/26 (£000)	Total (£000)
At November Cabinet	62,275	66,766	46,356	17,010	21,978	0	214,385
Amendments	9,661	8,116	(276)	(2,504)	(8,559)	8,663	15,101
Revised programme	71,936	74,882	46,080	14,506	13,419	8,663	229,486

General Fund	56,149	55,942	26,814	6,778	5,778	8,663	160,124
HRA	15,787	18,940	19,266	7,728	7,641	0	69,362
Total	71,936	74,882	46,080	14,506	13,419	8,663	229,486

Total proposed budget for 2021/22 to 2025/26 = £157.6M

- 12.6 Key areas of investment within this programme across the five-year period 2021/22 to 2025/26 are as follows:

Pride and Joy

Southend Pier

- 12.7 Capital investment in this area contributes to the desired outcome that the variety and quality of our outstanding cultural and leisure offer has increased for our residents and visitors and we have become the region's first choice coastal tourism destination.
- 12.8 Major capital investment in the pier of £15.5M 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 to replace the pier trains, for phase 1 of the development of the pier head, for phase 2 of the Prince George Extension and for refurbishment works to the timber outer pier head.

Safe and Well

Housing

- 12.9 Capital 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. In line with the regeneration framework and development pipeline, sites for housing, wider regeneration and a range of other land uses are being analysed for their development potential and how they can most beneficially fit into a comprehensive development pipeline. A report to the Cabinet of 15th September provided an update on the progress of: the acquisitions programme; the Modern Methods of Construction pilot projects; Phase 3 of the HRA Land Review; PSP Southend LLP and the work with Southend United Football Club and Citizen Housing in respect of Roots Hall and Fossetts Farm.
- 12.10 Several sites within the pipeline are currently underway and a major capital investment of £13.1M is included in this programme is to deliver the agreed phases of the affordable housing development programme to provide much needed housing for those on the Homeseeker's Register. *A building programme of private, locally affordable housing, for rent and sale* is a roadmap goal for 2021.
- 12.11 Capital investment of £6.0M is included until 2022/23 to continue the affordable housing acquisitions programme. Capital investment of £28.0M has also been included over the four years to 2024/25 to continue the programme of works to maintain the housing stock to decency levels and to invest in environmental health and safety and disabled adaptations works. The 5,900 houses, flats and bungalows have all been deemed to be at decency levels but there continues to be newly arising need, so these levels need to be maintained to sustain an environment that keeps residents safe and well.

Social Care

- 12.12 Capital 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.
- 12.13 A major investment of £6.7M included in this capital programme is for the final stage of the re-development of the Delaware and Priory Residential Care homes and the Viking Day Centre. The new development is due to welcome its first residents in late 2021 and will include the building of a new 60-bedroom care facility and a day centre providing high quality services for people with high and complex needs, including dementia, and incorporating specialist services for people with disabilities. The new centre will be flexible, enabling people to remain as independent as possible offering a wide range of activities to meet individual needs and interests as well as providing personal care, therapeutic and health interventions. *The Priory Care Centre is operational and meets the current and future needs of residents* is a roadmap goal for 2022.

Climate change

- 12.14 Capital investment in this area contributes to the desired outcome that we act as a green city with outstanding examples of energy efficient and carbon neutral buildings, streets, transport, and recycling. *The Climate Change Action Plan tackles climate change* is a roadmap goal in 2021.
- 12.15 The Council wants to achieve net zero carbon by 2030. The way we travel in Southend needs to help the Council achieve this target. The transport strategy is being written and will be about the transport the town wants in Southend by 2050. This will also inform the new Local Transport Plan and Local Plan by 2022.
- 12.16 The Council's Low Carbon Energy and Sustainability Strategy focuses on delivering low carbon growth, improving energy efficiency, and providing for a more sustainable future with the aim of establishing Southend as a Low Carbon Smart City.
- 12.17 The Better Queensway project will transform the Queensway area into a vibrant new place which provides high quality housing for residents of all tenures, together with commercial units and high quality and attractive public realm. The project has an associated energy strategy and aspirations include:
- for the site to be a net energy generator
 - to ensure energy resilience and sustainability
 - contributing to the Council's wider energy ambitions
- 12.18 Seasonal optimisation will be used to maintain systems at their most efficient with renewable energy maximised. The aims will be to use less energy and to supply energy efficiently with a future target of zero carbon energy.
- 12.19 The Council has been awarded £4.2M from the Government's Get Building Fund to power the Better Queensway project with a modern, efficient electric heating system and to roll out electric vehicle charging points across the town centre.
- 12.20 The 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). The Launchpad, which will begin construction in March 2021, is aiming for BREEAM Excellent and additional green infrastructure has been secured through the Nature Smart Cities project. This includes a living roof and solar panels.

- 12.21 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. A 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.
- 12.22 On all new build projects the Council incorporates an environmental and energy use assessment. Where appropriate this includes a BREEAM assessment although the Council is also considering the use of other standards such as the WELL Building Standard, which has a greater focus on human health and wellness. Work has been undertaken between the certifying bodies for these standards to provide alignment between them.
- 12.23 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.
- 12.24 Capital investment of £1.8M is included in this programme for energy saving initiatives in line with the declared climate change emergency. Projects include energy efficiency, air quality measurement, solar panels, and electric vehicle projects.
- 12.25 As part of the tree planting policy an additional 1,000 trees are being planting between the 2019/20 and 2021/22 planting seasons. These will have the benefit of absorbing CO₂, filtering urban pollution and fine particulates, cooling the air, and increasing biodiversity by providing habitat, food and protection for plants and animals.

Opportunity and Prosperity

Enterprise and Regeneration

- 12.26 Capital investment in this area contributes to the desired outcome that key regeneration schemes, such as the Better Queensway and the Airport Business Park are underway and bring prosperity and job opportunities to the borough.
- 12.27 A major investment of £12.9M included in this capital investment programme is for the completion of the Airport Business Park, 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. All enabling works have now been completed and procurement is underway for the construction of the Launchpad, with tenders due for return in December and contract award planned for February 2021. *Airport Business Park Southend completion of all site infrastructure and utilities* and *Airport Business Park Southend first commercial occupation* are roadmap goals for 2020. *Airport Business Park Southend Launchpad start of site* is a roadmap goal for 2021.

- 12.28 £13.0M is included in this capital investment programme for the Council's remaining share of the initial funding of the Porter's Place Southend-on-Sea LLP to deliver the Better Queensway regeneration project.
- 12.29 Capital investment of £0.8M included in this programme is to resource the Council's ability to support, directly deliver, hold accountable and work in partnership with Porter's Place Southend-on-Sea LLP and Swan Housing Association to deliver the Better Queensway regeneration project. *Better Queensway project plans updated for period to delivery of Phase 1 of the project and the new road layout of Queensway* is a roadmap goal for 2020.

Housing

- 12.30 Capital investment in this area contributes to the desired outcome that key regeneration schemes bring prosperity and job opportunities to the borough.
- 12.31 Capital investment of £2.7M has been included in the main programme to buy residential and commercial properties as they become available to facilitate the delivery of the Better Queensway regeneration project. All purchases will be fully reimbursed by the LLP. *Better Queensway regeneration and housing scheme starts* is a roadmap goal for 2022.

Schools

- 12.32 Capital investment in this area contributes to the desired outcome that our children are school and life ready and young people are ready for further education, training or employment.
- 12.33 The schools capital investment programme for 2021/22 onwards totals £3.4M. The programme will continue to be dominated by the schools condition works and completion of the works to provide more school places to cope with the current high pupil numbers, as the demand moves from the primary sector to the secondary schools. *Aspiration and educational attainment raised amongst residents in deprived areas* is a roadmap goal for 2021 and *All schools rated 'good' or 'outstanding' by Ofsted* is a roadmap goal for 2024.
- 12.34 Thus far expansion projects have been completed at Belfairs High School, Shoeburyness High School and St Bernards High School. All resulting additional forms of entry have been filled for September 2020 year 7 admissions. There are also ongoing projects at Chase High School and St Thomas More High School. Although St Thomas More's main project has been completed, phase two for the outside hard play areas are at the tender stage with all works due to be completed by the end of the 2020/21 financial year. Once completed the whole expansion programme will have added 1,250 places across years seven to eleven by September 2024, giving both sufficient places and a small level of surplus as required by the Department for Education that gives parents some choice over which school they wish their children to attend.

Connected and Smart

Highways and Infrastructure

- 12.35 Capital investment in this area contributes to the desired outcome that people have a wide choice of transport options.
- 12.36 Capital investment of £9.6M is included in this programme for the Bell Junction, A127 essential maintenance works, the extension of London Road public realm improvements to Victoria Circus and town centre improvements funded from the Local Growth Fund monies from Government. *A127 The Bell junction improvement works commence* is a roadmap goal for 2020.
- 12.37 Capital investment of £6.0M included in this programme is for highways infrastructure schemes. These include: Highways protection at Belton Way and bridge strengthening works funded by grants received from the Department for Transport.
- 12.38 Capital investment of £1.1M for parking schemes including car park improvements and resurfacing. The car parks include Alexandra Street, Clarence Road, Hamlet Court, Warrior Square and Fairheads Green. Investing in parking infrastructure will reduce the risk of loss of income from parking charges by ensuring that car parks are attractive and well used facilities which are fit for purpose. This is an important component in implementing the Council's Car Parking Strategy across the Borough.

Enabling

Works to Property

- 12.39 Capital investment of £6.1M 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.

ICT

- 12.40 Capital investment of £3.0M included in this programme for ICT includes a device refresh, application transformation, digital enablement, security and resilience and a project to stabilise the estate. This is to ensure the ICT is fit for purpose to meet the Council's requirements as it continues its digital journal to a connected and smart borough.

13 New capital investment proposed

- 13.1 Although the capital investment programme for 2021/22 to 2025/26, updated as a result of the changes set out in **Appendix 12**, represents a significant investment of over £157M on the part of the Council in the Southend area, the Council's ambition to improve the lives of residents is undiminished.
- 13.2 Therefore, significant new capital investment in the town's footways and carriageways is being proposed of £21M across the five years from 2021/22 to 2025/26. This includes £13M for footways improvements and £8M for carriageways improvements to reduce long term structural maintenance and improve public safety. A further £29M has been included in the 'subject to viable business case' section of the capital investment programme. This includes £19M for footways and £10M for carriageways.
- 13.3 Together these represent an average investment of £10M a year over the next five years into footways and carriageways improvements (an average of £6.4M a year on footway improvements and £3.6M a year on carriageway improvements). This is a significant increase on the average of £1.6M a year invested in footways and carriageways over the last five years (£8M in total across the five years).
- 13.4 From 2022/23 two thirds of this new investment will be in footways as, over the period to 2021/22, more will have been spent on carriageways which has been funded from Government grants via the Local Transport Plan and the Local Growth Fund. These projects have included Kent Elms, the Bell Junction, London Road public realm improvements, highways protection at Belton Way, carriageway maintenance (including potholes) and bridge strengthening. Further grant allocations are expected to be confirmed for maintenance of potholes as part of the 2021/22 Local Government finance settlement.
- 13.5 The footway and carriageway improvements schemes that are subject to a viable business case will enter the programme via the normal governance arrangements (as set out in the Capital Investment Strategy) if they can be shown to be deliverable and affordable. In principle they will need to be linked to additional ring-fenced income from highways/parking charges. Over the last three financial years the reactive highways maintenance has averaged circa £0.65M p.a. charged to the revenue account but as this capital investment gets underway there should be less reactive spend. This will make more budget available for the capital financing costs to support this and further highways investment.
- 13.6 This is in addition to the budget of £1.4M for footways and carriageways already in the approved capital investment programme which includes:
- Improving the footway condition around highway trees.
 - Installing junction protection for the prevention of obstructive and indiscriminate parking from road junctions to help improve the safety of all road users.
 - The removal of the existing anti-skid zebra crossing surfacing and replacement using high friction road surface.

13.7 There is also new capital investment proposed for the town's coastal infrastructure:

- Cliff Slips – Ground Investigation Works - £400,000 for areas where evidence of ongoing, persistent ground movement has been observed, affecting a wide area and with the potential to affect adjacent buildings or infrastructure.
- Coastal Defence – Bastion at Westcliff - £200,000 for remediation works to the structure following damage caused by adverse weather and waves.

13.8 There is also new capital investment proposed within the HRA, to be financed from the HRA capital investment reserve:

- Right to Buy (RTB) Buybacks - £324,000 - the Council continues with its programme to buy back ex-council houses and other properties to increase its stock on the housing register. These funds will be used to refurbish the properties that are purchased in order to bring them up to Decent Homes standard.
- Cecil Sprinklers - £96,000 – this is a pilot project in line with the agreement by the joint Fire Safety Group which is Chaired by the Deputy Chief Executive and includes Southend Council, Essex Fire Rescue Service and South Essex Homes – this is in addition to the £390,000 already in the approved capital investment programme for the Sprinkler System Installation Pilot.
- Annunciation Systems - £270,000 – this is a pilot scheme to install a voice-based evacuation system which would allow the Fire Rescue Service to communicate with residents at the high rise blocks in the event of a fire.

14 Capital investment subject to viable business cases

14.1 To ensure that the programme is affordable, deliverable, and focussed on the Council's key priorities a number of 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.

14.2 The following schemes are listed as being subject to viable business cases:

Footways Improvements	New
Carriageways Improvements	New
Tree Planting	New
Better Queensway - Additional Affordable Housing	Included at November Cabinet
Better Queensway Housing and Commercial Property acquisitions	New
Better Queensway Energy Centre	New
Regeneration Pipeline Schemes	New
Strategic and Regeneration Acquisitions	Included at November Cabinet
Private Sector Housing Strategy	Transferred from main programme
ICT - Operational requirements	New
Coastal Defence	Transferred from main programme
Cliffs Stabilisation	New
Shoebury Health Centre	Included at November Cabinet
East Beach Masterplan	Included at November Cabinet
Town Centre and Seafront Security Works	Included at November Cabinet
Civic Centre Campus Masterplan	Included at November Cabinet
Cliffs Pavilion Refurbishment and Remodelling	Included at November Cabinet
Seafront Illuminations	New
Town Centre Masterplan (including parking provision)	New
Museum's Collection Store	New

14.3 Footways Improvements and Carriageways Improvements: please see paragraph 13.2 above.

14.4 Tree Planting: the current tree planting policy is for additional trees to be planted up to the 2021/22 planting season. It is recognised that consideration needs to be given to extending this policy beyond 2021/22.

14.5 Better Queensway - Additional Affordable Housing – an agreement has been negotiated by the Council, Swan Housing Association and Porters Place Southend-on-Sea LLP to secure an additional 100 affordable homes for social rent. £10M has been included in this section of the programme and is subject to approval of any offer made under the agreement to acquire or gap fund with nomination rights any of the 100 additional affordable homes.

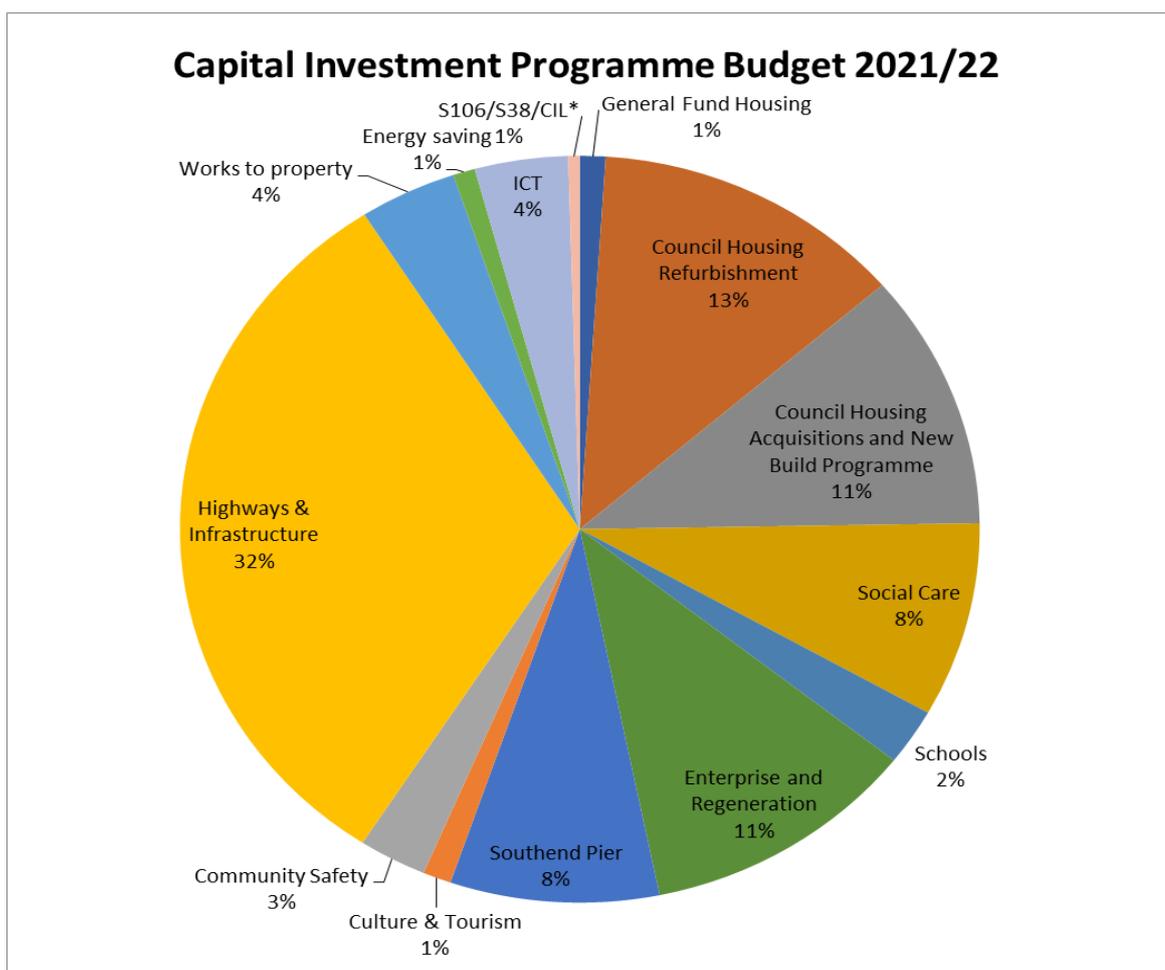
- 14.6 Better Queensway Housing and Commercial Property acquisitions: £19.9M has been included in this section for the acquisition of properties to facilitate delivery of the Better Queensway regeneration project. The purchases will be subject to negotiations and sufficient budget can be brought up into the main programme at the appropriate time.
- 14.7 Better Queensway Energy Centre: the Council has been awarded £4.2M from the Government's Get Building Fund to power the Better Queensway project with a modern, efficient electric heating system. This funding is subject to planning permission and at the appropriate time it can be brought up into the main programme so that the monies can be passported to the Porters Place Southend-on-Sea LLP for them to match fund.
- 14.8 Regeneration Pipeline Schemes: it is recognised that consideration needs to be given to extending this pipeline beyond the current commitments in the capital investment programme.
- 14.9 Strategic and Regeneration Acquisitions: £10.4M 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.
- 14.10 Private Sector Housing Strategy: this capital budget is for grants for works to improve properties within the private sector in line with the strategy. £0.8M has been transferred from the main programme to this section and can be brought back up into the main programme subject to a policy being approved and the staffing resources being in place to deliver it.
- 14.11 ICT operational requirements: the current investment in ICT is set out in paragraph 12.40 but it is recognised that consideration needs to be given to more operational investment beyond the current commitments in the programme.
- 14.12 Coastal Defence: for the Shoebury Common Sea Defence scheme a business case needs to be submitted and assessed for viability of the detailed design and construction phases in 2021/22 and 2022/23. It is recognised that consideration needs to be given to schemes for the refurbishment of other sea defences to ensure they remain safe and fit for purpose.
- 14.13 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.
- 14.14 Shoebury Health Centre: further discussions are needed with the CCG and further work is to take place to consider viability assessments, to short list options and to agree a preferred option. Therefore, a business case needs to be submitted and assessed for viability.

- 14.15 East Beach Masterplan: a masterplan is to be developed capturing a range of essential and aspirational projects for East Beach which will then enable the individual projects to be progressed as funding is available while ensuring that they all support the overall masterplan and there is no conflict between projects.
- 14.16 Town Centre and Seafront Security Works: it is recognised that a business case for the design brief and for further security measures needs to be submitted and assessed for viability.
- 14.17 Civic Centre Campus Masterplan: a project looking at the long-term plans for the Council workplaces of the future, including the potential repurposing and/or redevelopment of the Civic Campus, potential relocation of services to the Victoria Centre and other satellite locations.
- 14.18 Cliffs Pavilion Refurbishment and Remodelling: a project looking at the refurbishment of the theatre to create a destination venue that brings the West End experience to Southend.
- 14.19 Seafront Illuminations: a new seafront attraction building on the heritage of illuminations and the magic of Never-Never land to support the year-round tourism offer and economy of Southend-on-Sea. The investment would consider design options, costs and economic impact of delivering a significant draw benefitting the whole borough and supporting Southend 2050 aspirations particularly for pride and joy and opportunity and prosperity.
- 14.20 Town Centre Masterplan (including parking provision): a project looking at the regeneration and improvement of the High Street and surrounding area, including the associated parking provision.
- 14.21 Museums Collection Store: the council's Museum service does not have sufficient storage space for its collection. Items currently stored are blocking valuable display space in prime locations preventing key elements of Southend's history and art collection being shown. Items stored offsite are also over capacity and a flood at the venue in 2020 caused damage to part of the collection. Appropriate storage space needs to be resolved and could include a collections centre where storage and presentation for groups could be developed. A feasibility study for a capital project is required to identify the best future for this important part of Southend's heritage to be preserved and shown.

15 Proposed capital investment programme 2021/22 to 2025/26

- 15.1 Given all of the previous considerations, including the new investment, the proposed main capital investment programme for 2021/22 to 2025/26 represents a significant investment of over £178M 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 2021/22 alone amounts to nearly £80M.

- 15.2 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 2021/22 to 2025/26: £21M 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.
- 15.3 As a result of the strategy around delivery and prioritisation of schemes many new schemes and additions that are being proposed which are subject to viable business cases being produced and approved under current governance processes before they can be brought into the capital investment programme. These schemes are set out in **Appendix 11**. This approach should ensure that the programme is affordable, deliverable, and focussed on the Council's key priorities.
- 15.4 **Appendix 12** sets out the proposed changes to the current Capital Investment Programme.
- 15.5 The proposed capital investment programme for 2021/22 by investment area is shown below.



*S160/S38/CIL percentage has been rounded from 0.47%

- 15.6 The 2021/22 capital budget is part of the wider capital investment programme spanning several years. The following table shows the revised programme if all the requests in **Appendices 11 and 12** are approved.

	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 and future years £000	Total £000
At November Cabinet	62,275	66,766	46,356	17,010	21,978	0	214,385
Amendments in Appendix 12	9,661	8,116	(276)	(2,504)	(8,559)	8,663	15,101
Sub-total	71,936	74,882	46,080	14,506	13,419	8,663	229,486
New investment in Appendix 11	0	5,000	4,000	4,000	4,000	4,000	21,000
Revised programme	71,936	79,882	50,080	18,506	17,419	12,663	250,486

General Fund	56,149	60,942	30,814	10,778	9,778	12,663	181,124
HRA	15,787	18,940	19,266	7,728	7,641	0	69,362

Total proposed budget for 2021/22 to 2025/26 = £178.6M

2020/21 capital expenditure to 31/1/2021: £49.4M

- 15.7 For 2020/21 the revised budget includes the purchase of the Victoria Centre (£10.9M). Although this takes the revised budget over £60M it should not affect the deliverability of the programme as it is a one-off purchase.
- 15.8 For 2021/22 the revised budget includes £6.7M for the Priory New Build and £5.6M for the Airport Business Park launchpad. Although these take the revised budget over £60M they should not affect the deliverability of the programme as they are part of on-going projects that are delivering at pace. £5M of new capital investment into footways and carriageways is also included, together with £2.5M of Local Transport Plan capital grants for highways and transportation. The delivery of the programme will continue to be kept under review and further adjustments will be requested at future Cabinet meetings as appropriate.
- 15.9 The proposed amended Capital Investment Programme for 2020/21 to 2025/26 is detailed in **Appendix 13**.

Funding of the capital investment programme

- 15.10 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.

- 15.11 The proposed estimated funding for the programme (excluding schemes subject to viable business case and budget re-profiling approval) is as follows:

Type of funding	2021/22 £M	2022/23 £M	2023/24 £M	2024/25 £M	2025/26 & future years £M	Total £M
External funding – capital grant	21.9	1.5	0.8	0.8	1.7	26.7
External funding – third party contributions	1.1	0.3	0.0	0.2	0.0	1.6
Capital Receipts	2.8	3.4	0.1	0.0	0.0	6.3
Major Repairs Reserve (Housing Revenue Account)	7.5	7.1	6.7	6.7	0.0	28.0
Earmarked reserves / Revenue Contributions	11.0	9.5	0.1	0.0	0.0	20.6
Borrowing – Main Schemes ⁽¹⁾	25.4	24.6	8.1	7.3	4.0	69.4
Borrowing – Invest to Save ⁽¹⁾	10.2	3.7	2.7	2.4	7.0	26.0
Total	79.9	50.1	18.5	17.4	12.7	178.6

Note (1) - this relates to both internal and external borrowing

The estimated amounts of internal and external borrowing are shown in the table below:

Borrowing to fund capital schemes	2021/22 £M	2022/23 £M	2023/24 £M	2024/25 £M	2025/26 & future years £M	Total £M
Internal borrowing	35.6	17.3	0.0	0.0	11.0	63.9
External borrowing	0.0	11.0	10.8	9.7	0.0	31.5
Total borrowing	35.6	28.3	10.8	9.7	11.0	95.4

Highways and Transportation Capital Grant

- 15.12 The expenditure will be delivered by fully un-ring-fenced capital grants.
- 15.13 The Department for Transport has indicated that the allocations for the Highways Capital Maintenance and the Integrated Transport Block (ITB) for 2021/22 are indicative and we are awaiting confirmation due to the on-going Covid-19 pandemic, the figure for one year funding is expected to be the same as last financial year settlement (2020/21). Therefore, the settlement figure is as follows (subject to confirmation):

Expected Indicative amount	2021/22 £'000
Integrated Transport	1,401
'Needs Based' Highways Capital Maintenance Block	1,121

- 15.14 Pothole Funding to Southend Borough Council has yet to be announced for the financial year 2021/22.
- 15.15 To allow the full delivery of the 2021/22 Local Transport Plan (LTP) programme, the full spend is proposed to be met 100% by capital grant.
- 15.16 Typical schemes are presented in the context of four 'Actions' as set out in the revised Local Transport Plan (LTP3) Implementation Plan 2021/22 to 2022/23.
- 15.17 The prioritisation process is set out in diagram 1 of the Implementation Plan. In addition, maintenance schemes will be progressed using the latest information from the Gaist Asset Management work.
- 15.18 As in previous years, there is flexibility to allocate funding between the two blocks and the LTP actions.
- 15.19 Where already announced the capital grant allocations are included in the funding table in paragraph 15.11. The breakdown of Highways and Infrastructure schemes and their funding for 2021/22 are shown in Appendix 13.

Other financing considerations

- 15.20 The schools capital funding is still being finalised, allocations for capital grants are awaited and are unlikely to be confirmed until March 2021. The capital investment programme will be updated for these as part of the outturn reporting to June 2021 Cabinet.
- 15.21 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. Capital receipts will reduce the need for borrowing to support the Capital Investment Programme if they can be generated.
- 15.22 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 for every £1M borrowed or if £10M is borrowed this would equate to an increase in Council Tax of approximately 0.8%. 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 2021/22 to 2025/26.
- 15.23 The Minimum Revenue Provision (MRP) is an amount to be set aside for the repayment of debt. Each Local Authority has a general duty to charge an amount of MRP to revenue which it considers to be prudent, with responsibility being placed upon the full Council to approve an annual MRP policy statement. The MRP policy statement for 2021/22 is attached as **Appendix 14**.
- 15.24 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.

- 15.25 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.
- 15.26 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.
- 15.27 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 prudence, affordability and sustainability. To demonstrate compliance with these objectives each authority is required to produce a set of prudential indicators. These prudential indicators for capital and treasury management are attached as **Appendix 15**.
- 15.28 It is the Chief Finance Officer's view that this capital investment programme is prudent, affordable and sustainable and the risks associated with it are manageable.

16 Changes made to this Final report since the Draft Prioritising Resources to Deliver Better Outcomes report to Cabinet on 14th January 2021

- 16.1 Since the draft budget proposals were presented at the Cabinet meeting of 14th January various consultations and discussions have taken place. As a result of this feedback the following changes are now included in the final budget proposals set out in this report:

Revenue Changes:

- Purchasing the Southend Pass will be available to everyone
- The retention of free car parks (as currently for 2020/21) in Zone 3
 - Eastwood Boulevard Car Park
 - Pargat Drive Car Park
 - Rayleigh Road Car Park
 - Sutherland Boulevard Car Park
- The retention of free car park (as currently for 2020/21) in Zone 2
 - Eastern Esplanade car park (Camilia Hotel)
- Coach Parking – this was showing in the draft budget at £30 (previously no charge). Now amended to £30 if no pre-booking and £10 if booked in advance.
- The inclusion of a Review of Leisure Service provision under the Budget Transformation Programme at Appendix 7.

Capital – Main Investment Programme Changes:

- Further carry forwards, accelerated deliveries and virements identified since the January meeting.
- New external funding ascertained since the January meeting, most notably the Highways and Transportation capital grants set out in paragraphs 15.12 to 15.19.
- Additions to the programme, most notably for the town's coastal infrastructure and for new investment within the HRA, as set out in paragraphs 13.7 and 13.8 respectively.
- A realignment to the new proposed investment in Footways and Carriageways in 2021/22 from £4M and £1m respectively to £3M and £2M respectively.

Capital – 'Subject to Viable Business Cases' Changes:

- Adjustments to the transfers from the main programme to this 'subject to' section.
- New schemes added to this section for Seafront Illuminations, Town Centre Masterplan, Museums Collection Store and Cliffs Stabilisation as set out in C10 to C13 of Appendix 11.

16.2 All of the above changes to the final revenue and capital proposals will be cost neutral on the proposed revenue budget.

17 Other Options

17.1 The Local Government Act requires billing authorities to complete and approve their budgets and set a council tax before 11th March immediately prior to the start of the financial year on 1st April.

18 Reasons for Recommendations

18.1 The recommendations in this report are to comply with statutory requirements and relevant Local Authority codes of practice and to ensure the budgets align to and enable the delivery of the Councils ambition and desired outcomes or to enhance the Councils infrastructure.

19 Corporate Implications

19.1 Contribution to the Southend 2050 Road Map

The delivery of a revenue budget and the capital investment programme in line with the recommendations in this report will contribute to the delivery of the Southend 2050 ambition and achievement of the desired outcomes and five-year roadmap.

19.2 **Financial Implications**

As set out in this report.

19.3 **Legal Implications**

As set out in this report.

19.4 **People Implications**

As set out in paragraphs 10.24 – 10.27 of this report.

19.5 **Property Implications**

The Capital Investment Strategy and Corporate Asset Management Strategy (CAMS) may affect the Council's property holdings, assets and liabilities. The Strategy and CAMS will reflect the implications of the agreed Capital Investment Programme and any impact on the level of required borrowing.

19.6 **Consultation**

Despite the challenges brought on by pandemic the Council has continued to undertake several targeted consultations. This has been achieved by the digital reach of the new online platform - Your Say Southend, supplemented by also providing alternative formats i.e., printed questionnaires, phone support and direct outreach to seldom heard or affected groups. These consultations have focused on understanding the local impact of COVID-19, service redesign and renewal of contracts for commissioned services to implement previously agreed savings, improve the service offer and help inform the budget proposals for 2021/22 – 2025/26.

There were over 30 consultations and engagements undertaken with over 3,000 residents, service users and wider stakeholders. These included: Family Services Project, Better Queensway - Housing Needs Survey, Southend Family Carers, Tree Policy, Transport Strategy, Sexual Health Service, Soaring 2 Success South Essex, Draft Empty Homes Strategy, licensing private rented property in Southend, Children's Centres Redesign, Educational Health and Care Plan/ EHCP Survey, Commissioning Milestone Plans, Southend Financial Wellbeing 2020, Looked After Children, Care leavers, Children in Need & Child Protection.

The Public Perception Survey in 2019 highlighted that Southenders generally get along and are good neighbours and willing to support each other which has proven true during the pandemic in the form of neighbour to neighbour and community support and action. The concerns raised in the survey about crime, state of roads/pavements, parking, litter, support for rough sleepers and state of the high streets remained of importance while the pandemic highlighted additional areas of concern such as impacts on the finances of residents, businesses and general wellbeing. The disproportionate impacts on those of lower socio-economic status and BAME backgrounds prompted a series of Southend BAME Listening events and COVID-19 community briefings to better understand local COVID-19 challenges and adaptations.

Specific 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 and Council.

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 included in the proposed budget from the Leader, Deputy Leader and Executive Director (Finance & Resources).

Staff have been kept abreast of progress and opportunities for contributions through communications by the Chief Executive and Executive Director (Finance & Resources). There have also been several media briefings.

A number of the investment proposals included within this recommended budget package have been included because of direct feedback from our partners and stakeholders, demonstrating collaborative working to deliver our Southend 2050 ambition and outcomes.

The draft budget approved at Cabinet on 14th January 2021 has been presented to all three Council Scrutiny Committees and the Business and Voluntary Sector Consultation meeting. The feedback from each of these scrutiny bodies is as follows:

- Place Scrutiny Committee made several comments on the overall draft revenue budget proposals and Capital Investment Programme 2021/22 to 2025/26. These included:
 - A variety of car parking issues were raised which ranged from the previously agreed introduction of the pilot for the Southend Pass to a detailed discussion over the various proposed changes to zoning and parking tariffs.
 - A general discussion over the impact of COVID-19 and the uncertainty that this has created for the town and its future economic recovery.
- People Scrutiny Committee raised several questions and made some general comments on the overall draft revenue budget proposals and Capital Investment Programme 2021/22 to 2025/26. These included:
 - Expressing positive views were regarding the proposed extra investment into adults and children's services.
 - Consideration of how technology can be used to support vulnerable adults and children in the future.
 - A request for additional narrative to be added to a number of Safe & Well savings proposals (Appendix 6), which is now included.
 - Highlighting some concerns over the impact on Mental Health services from the re-negotiation of existing contractual arrangements.

- Policy and Resources Scrutiny Committee made some general comments on the draft revenue budget proposals and Capital Investment Programme 2021/22 to 2025/26. These included views expressed on:
 - The proposed increases in the Highways investment programme and its relevant funding arrangements.
 - The income losses suffered by the Council and local residents caused by COVID-19.
 - The proposed council tax increase for 2021/22 and its impact on residents, whilst also recognising that the council tax level for Southend-on-Sea will still remain as one of the lowest when compared with our nearest geographical neighbours in Essex.
 - Whether the town is ready and prepared for economic growth post COVID-19.

- The Business and Voluntary Sector consultation generated several questions and some general comments on the draft revenue budget proposals and Capital Investment Programme 2021/22 to 2025/26. These included:
 - Reference to key strategic regeneration projects and their expected start dates and progress such as Better Queensway, Seaway, Roots Hall/Fossetts farm, Victoria Centre, Marina Plaza, Airport Business Park.
 - Understanding how the new Community Fund will operate and its impact on the Voluntary sector.
 - The planned future development on the Pier.

Full responses were provided at the engagement session with no further follow-up requested.

19.7 Equalities and Diversity Implications

Assessments have been carried out for all proposed revenue investment and reprioritisation proposals in the 2021/22 budget and for all capital investment proposals where appropriate. This is summarised in **Appendix 16**.

19.8 Risk Assessment

The budget proposals will be subject to the Executive Directors and Directors review of risk and robustness. These have informed the Chief Finance Officer's Section 25 of the 2003 Local Government Act statement on the robustness of estimates and adequacy of reserves as part of this report in **Appendix 2**.

All capital projects are delivered using best practice project management tools as appropriate. This requires a full risk assessment and management review to be carried out. The programme includes an appropriate sum within each project to cover build risk and claims.

19.9 **Value for Money**

The proposals set out in the report reflect the Council's drive to improve value for money and to deliver significant efficiencies in the way it operates.

All projects are required to follow and adhere to procurement guidance issued by the Council. They must also comply with procedure rules for entering into and managing contracts with suppliers.

19.10 **Community Safety Implications**

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

19.11 **Environmental Impact**

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

20 **Background Papers**

Draft Prioritising Resources to Deliver Better Outcomes 2021/22 – 2025/26 – Cabinet Report 14th January 2021
The Local Government Finance Settlement 2021/22, MHCLG
Budget working papers held by the Finance and Resources section
Southend 2050 Ambition / Five Year Roadmap
Southend 2050 – Strategic Delivery Plans

21 Appendices

- Appendix 1 Medium Term Financial Strategy 2021/22 – 2025/26
 - Annex 1 to Appendix 1 – Medium Term Financial Forecast to 2025/26
 - Annex 2 to Appendix 1 – Earmarked Reserves to 2025/26
- 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 Budgets for 2021/22
 - Appendix 4a. One Page Summary
 - Appendix 4b. Objective Summary by Portfolio
 - Appendix 4c. Subjective Summary by Portfolio
- Appendix 5 Proposed Revenue Investment 2021/22
- Appendix 6 Proposed Savings and Income Generation Initiatives
- Appendix 7 Budget Transformation Programme 2022/23 to 2025/26
- Appendix 8 Proposed increases or new Fees and Charges
- Appendix 9 Dedicated Schools Grant Budget 2021/22
- Appendix 10 Capital Investment Strategy – 2021/22 to 2025/26
 - Annex 1 to Appendix 10 – Capital Investment Policy
- Appendix 11 Capital Investment Proposals – 2021/22 to 2025/26
- Appendix 12 Other Requested Changes to Approved Capital Investment Programme
- Appendix 13 Amended Capital Investment Programme 2021/22 to 2025/26 (2020/21 shown for information)
- Appendix 14 Minimum Revenue Provision Policy 2021/22
- Appendix 15 Prudential Indicators 2021/22 to 2025/26
- Appendix 16 Equality Analyses supporting budget proposals