

Appendix 1

Budget Monitoring & Reporting 2021/2022

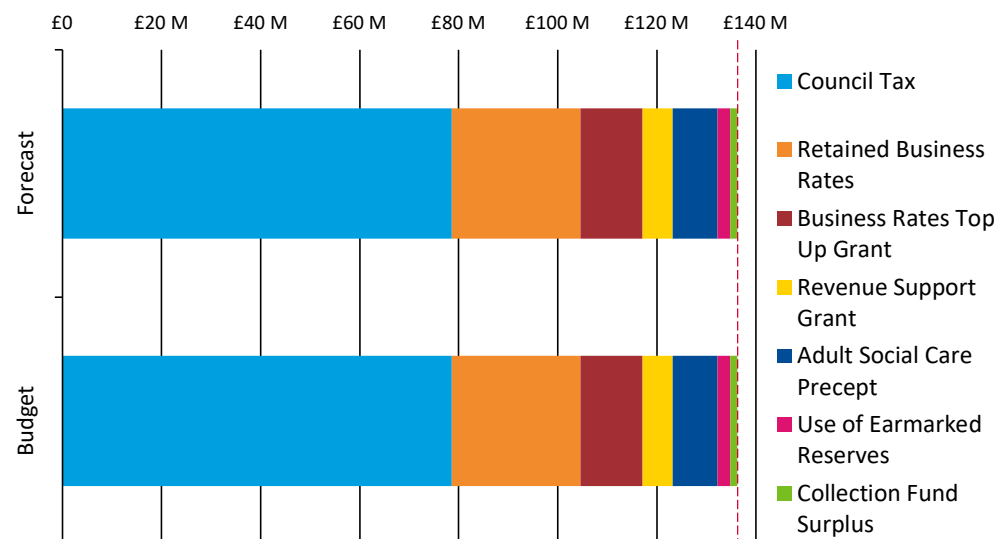
Period 04 - July 2021 Revenue Budget Performance



Summary

Last Reported Variance £M	Portfolio	Revised Budget £M	Forecast Outturn £M	Variance £M
0.000	Leader: Economic Recovery & Regeneration	6.946	6.905	(0.041)
0.000	Deputy Leader: Transport, Asset Management & Inward Investment	0.429	2.116	1.687
0.000	Adult Social Care & Health Integration	41.640	42.962	1.322
0.000	Children and Learning	31.306	33.759	2.453
0.000	Communities & Housing	4.133	4.262	0.129
0.000	Corporate Services & Performance Delivery	18.394	18.999	0.605
0.000	Environment, Culture, Tourism & Planning	8.043	8.700	0.657
0.000	Public Protection	14.061	14.770	0.709
0.000		124.952	132.473	7.521
0.000	Corporate Budgets	19.443	19.375	(0.068)
0.000		144.395	151.848	7.453
0.000	Contribution to / (from) earmarked reserves	(1.590)	(1.590)	0.000
0.000	Revenue Contribution to Capital	1.409	1.409	0.000
0.000	COVID-19 Income Compensation	0.000	(1.100)	(1.100)
0.000	Non Service Specific Grants	(7.924)	(12.624)	(4.700)
0.000	TOTAL	136.290	137.943	1.653
0.000	Funding (including Collection Fund)	(136.290)	(136.290)	0.000
0.000		0.000	1.653	1.653

Sources of funding (£s)



There is still a huge amount of uncertainty around the transition to a world with less restrictions as communities and local economies open up again. It is also expected that we will all have to get used to living with COVID-19 and the Council may have to manage the potential hidden longer term impacts on demand for services and support from our local residents and businesses. These concerns are further compounded by the lack of clarity around future financial settlements for the Local Government Sector or even if there will be a Comprehensive Spending Review in the Autumn of 2021. As shown in the table above the headline Council Corporate Budgets and Service Portfolios are currently forecasting a combined estimated overspend of £7.453M. Local service delivery, planning and financial performance have all continued to be impacted by COVID-19 in 2021/22.

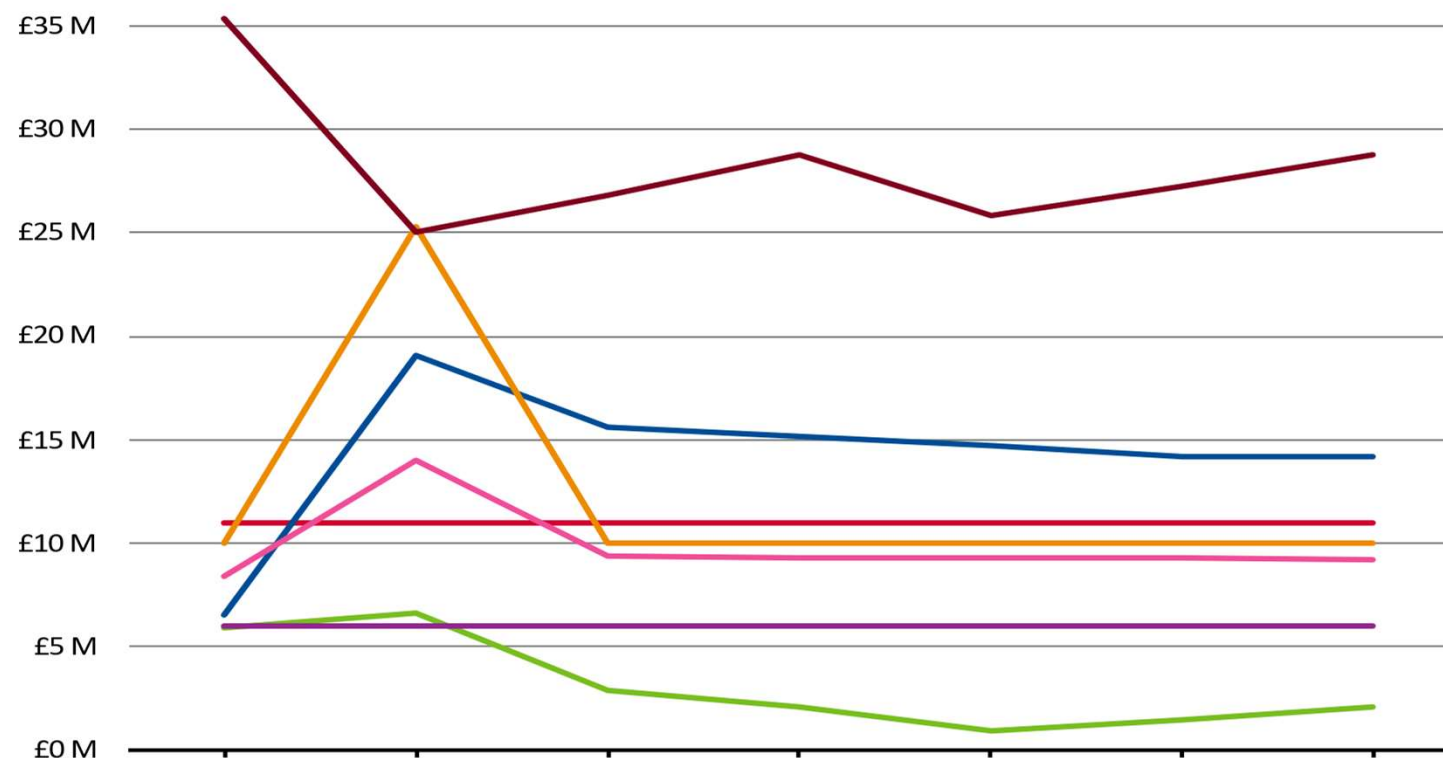
In response the Government nationally have continued it's income compensation scheme for sales, fees & charges for the first quarter of 2021/22 (Apr-Jun). The amount of (£1.100m) is shown separately in the summary table above and is helping to offset the income pressures reported against individual portfolio services and referenced in the accompanying narrative throughout this report. The Council has received a further £4.700m of Local Authority Support Grant in recognition of the ongoing increased costs associated with managing COVID-19. This is expected to be the final payment of such a grant. This additional one-off Government support for COVID-19 reduces the net forecast overspend for 2021/22 at this early stage of the year to £1.653M.

Reserves

The Council maintains General Fund reserves at £11.0M in line with the Medium Term Financial Forecast. This provides a working cashflow balance and allows a degree of financial security in the case of unexpected events or emergencies.

In addition, Earmarked Reserves are set aside to fund future projects and to mitigate specific risk. The level of these reserves will fluctuate as grants are received, risk is realised and projects progress.

The increased balances in 2020-21 reflect the funding received in relation to COVID-19. Balances in 2021-22 are expected to return to more 'normal' levels as these reserves are used to support committed costs incurred during this year.

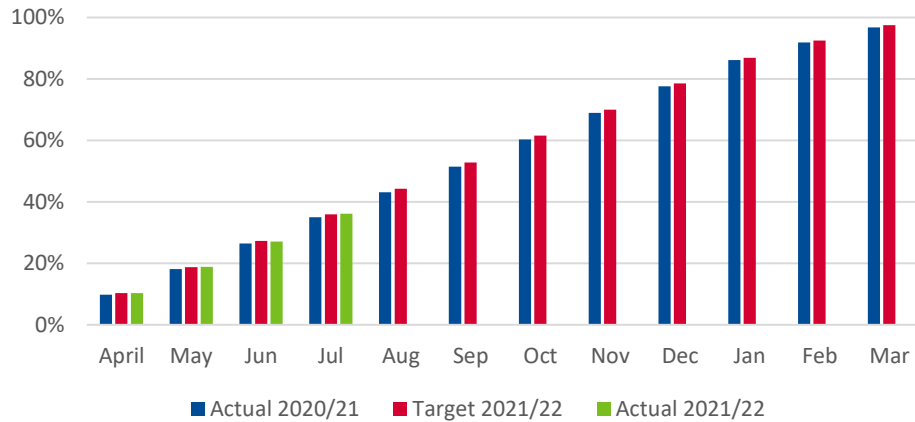


Reserves in £M	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
General Reserves	11.0	11.0	11.0	11.0	11.0	11.0	11.0
Capital Reserves	5.9	6.6	2.9	2.1	0.9	1.5	2.1
Corporate Reserves	6.5	19.1	15.6	15.2	14.7	14.2	14.2
Grant Reserves	10.0	25.3	10.0	10.0	10.0	10.0	10.0
Insurance Reserves	6.0	6.0	6.0	6.0	6.0	6.0	6.0
Service Reserves	8.4	14.0	9.4	9.3	9.3	9.3	9.2
Technical Reserves*	35.4	25.0	26.8	28.8	25.8	27.3	28.8
	83.2	107.0	81.7	82.4	77.7	79.3	81.3

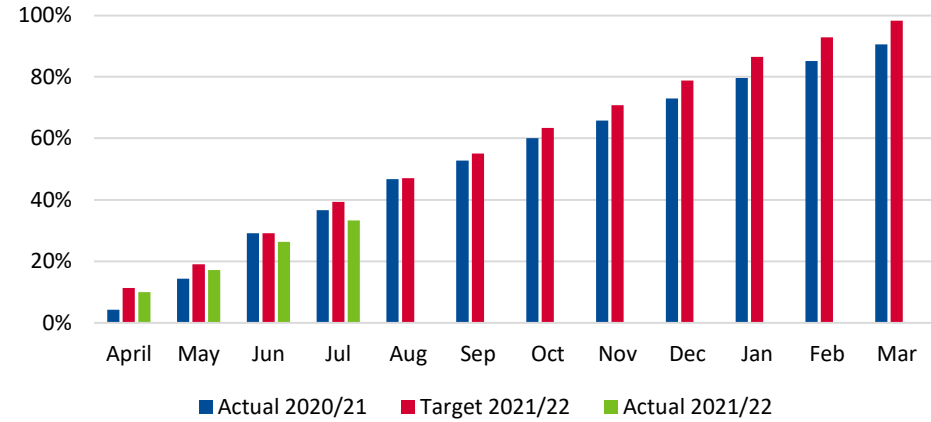
* Technical Reserves are held to even out the Council's finances and reduce in year volatility

Collection Rates

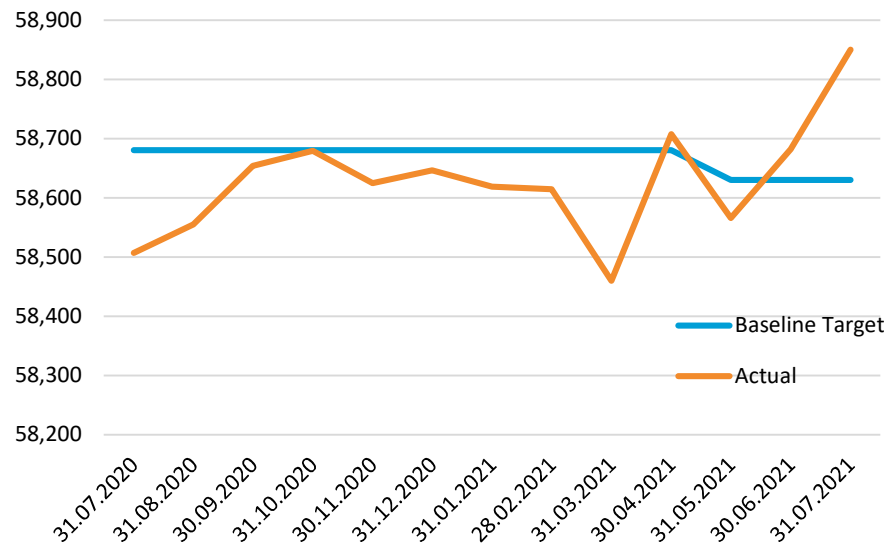
Council Tax Collection



Business Rates Collection



Council Tax Base



The Council Tax Base has increased by circa 220 Band D equivalents due to a combination of the CTR Scheme (Council Tax Reduction) being in a much better position (CTR dropped from 12.1m of CTR in Apr 21 to £11.7m in July 2021 (excluding the new £150 Hardship)) and Student Exemptions also impacting in the summer months as 70 have expired but will apply again from the new academic year.

Council Tax collection is 0.2% higher than target for the current year but 4.1% lower than target for arrears.

Business rates in year collection is 6% below target & arrears 4.4% below target. This performance is primarily due to the timing, value and changing of the levels of national reliefs which has resulted in a number of new bills been recently issued. Retail & Leisure rate reliefs are now 33% from 1st July (down from 100% Apr-Jun 2021).

Leader: Economic Recovery & Regeneration

3.53%

of Total Gross Revenue
Service Budget

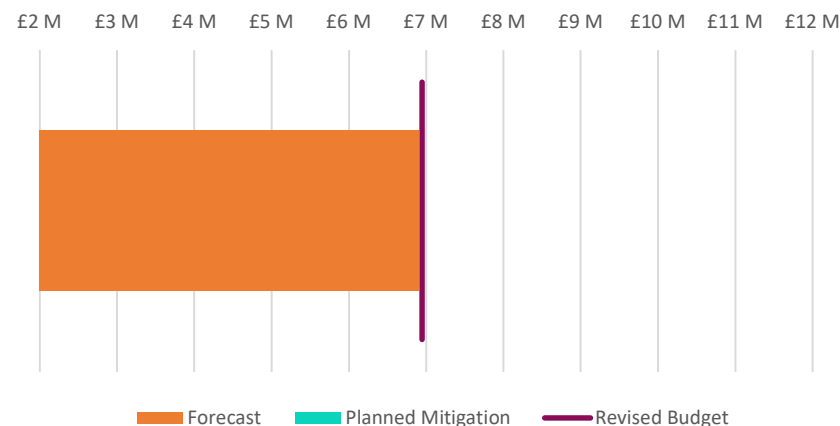
(£0.04M)

Forecast Favourable Variance

-0.03%

Variance as % of Net Portfolio
Service Budget Envelope

Last Reported Variance £M	Service Area	Revised Budget £M	Forecast Outturn £M	Variance £M
0.000	Adult and Community Learning	0.409	0.409	0.000
0.000	Civic Affairs	0.951	0.951	0.000
0.000	Corporate Budget and Resources Planning (Strategic Lead)	1.268	1.343	0.075
0.000	Corporate Planning and Strategic Direction	1.860	1.899	0.039
0.000	Emergency Planning	0.222	0.222	0.000
0.000	Housing Strategy	0.448	0.418	(0.030)
0.000	Other Services	0.842	0.732	(0.110)
0.000	Private sector housing standards and grants	0.490	0.435	(0.055)
0.000	Queensway Development	0.000	0.000	0.000
0.000	Regeneration and business growth	0.457	0.497	0.040
0.000		6.947	6.906	(0.041)
0.000	Gross Expenditure	11.497	11.456	(0.041)
0.000	Gross Income	(4.550)	(4.550)	0.000
0.000		6.947	6.906	(0.041)



There are currently a number of vacancies in the Housing team which is offsetting staffing pressures caused by the engagement of interim agency placements and additional costs in relation to the service redesign team, which has been created to improve the efficiency and productivity of services.

Although printing costs have significantly reduced in the organisation due to better use of technology there is still a management fee payable for the printing contract which is causing a pressure on the corporate budget line.

Our Southend 2050 ambition remains strong and has helped to inform and focus our immediate economic recovery plans. The original programme for 2021/22 has been reshaped as a direct response to the impact of the pandemic which is shown in the Other Services line. New opportunities have arisen as a result of additional Government funding being made available to facilitate a number of events in the town in an attempt to boost local footfall and economic growth. This external funding is being utilised to provide additional support to our 2050 programme.

Deputy Leader: Transport, Asset Management & Inward Investment

4.68%

of Total Gross Revenue
Service Budget

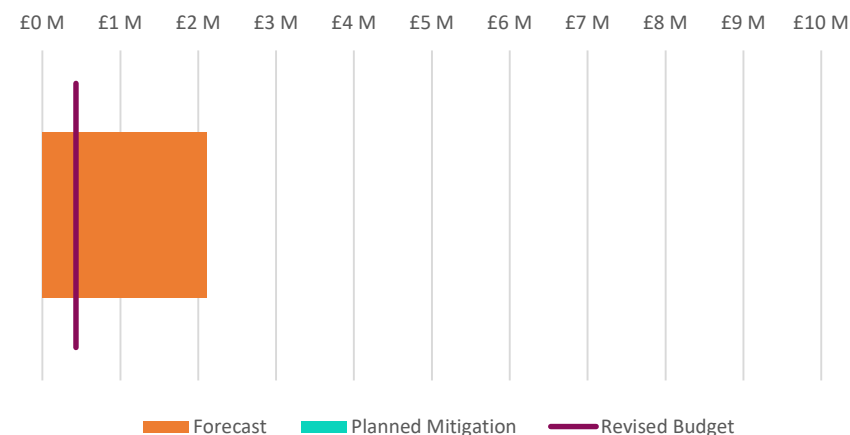
£1.7M

Forecast Adverse Variance

1.35%

Variance as % of Net Portfolio
Service Budget Envelope

Last Reported Variance £M	Service Area	Revised Budget £M	Forecast Outturn £M	Variance £M
0.000	Car parks and all car parking matters	(7.188)	(5.935)	1.253
0.000	Concessionary Fares	3.140	3.140	0.000
0.000	Engineering (Bridges and Structures)	0.051	0.051	0.000
0.000	Highways (including maintenance)	3.182	3.382	0.200
0.000	Highways and Transport	(0.363)	(0.363)	0.000
0.000	Passenger Transport / Vehicle Fleet	0.159	0.298	0.139
0.000	Property and Commercial	(0.634)	(0.569)	0.065
0.000	Street signs and all signage (Highways)	0.059	0.059	0.000
0.000	Transport (including Transport Policy and Licensing)	2.023	2.053	0.030
0.000		0.429	2.116	1.687
0.000	Gross Expenditure	15.227	15.999	0.772
0.000	Gross Income	(14.798)	(13.883)	0.915
0.000		0.429	2.116	1.687



Car parking income has continued to suffer at the beginning of the year as a result of national restrictions and the Local Authority Sales, Fees and Charges Compensation Scheme has been extended into the 1st quarter of this year to reflect that. Positively, income received in June was above historic, showing that demand to stay in Southend or visit the borough is improving. This will be continually assessed and monitored throughout the year.

One lasting impact from the pandemic is the rapid transition from cash to card or electronic payments. These methods of payment incur card processing fees and due to the high volume of car parking transactions via this method it is adding a significant extra cost to the service. Security also continues at University Square car park to ensure a safe environment for its users.

Increased costs associated with the security and cleaning in the Travel Centre are still being experienced. Street lighting columns and other street furniture are replaced when damaged and although there is an increase in insurance claims to recover monies where possible there remains a financial pressure in the service overall.

Adult Social Care & Health Integration

22.76%

of Total Gross Revenue
Service Budget

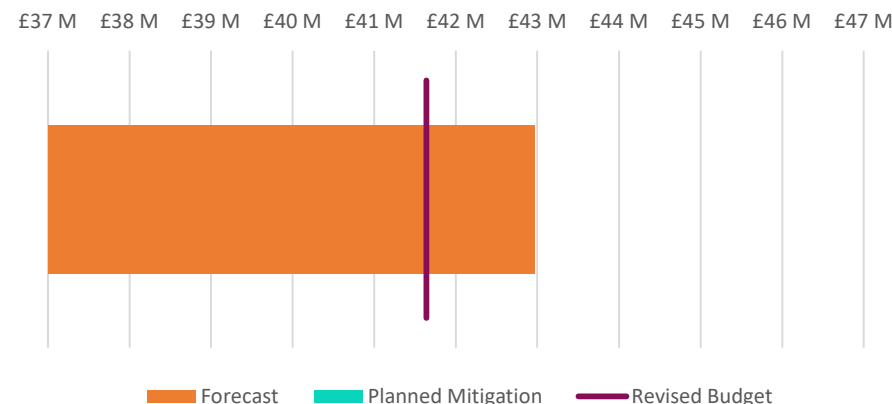
£1.3M

Forecast Adverse Variance

1.06%

Variance as % of Net Portfolio
Service Budget Envelope

Last Reported Variance £M	Service Area	Revised Budget £M	Forecast Outturn £M	Variance £M
0.000	Adult Social Care	33.462	34.013	0.551
0.000	Commissioning	5.089	5.148	0.059
0.000	Mental Health Services	3.089	3.801	0.712
0.000		41.640	42.962	1.322
0.000	Gross Expenditure	74.128	78.102	3.974
0.000	Gross Income	(32.488)	(35.140)	(2.652)
0.000		41.640	42.962	1.322



Adult Services are reporting a forecast overspend of £1.3m. The majority of this overspend is due to the delivery of statutorily required care and support to people with physical or learning disabilities aged 18-64. Work is ongoing to improve forecasting in this area for 2022/23.

The medium to longer term impact of COVID-19 on budgets and service demand remains concerning. Levels of service use amongst older people have been lower than predicted, particularly use of residential care, this has reduced the budget pressure for 2021/22. However, the needs of this group of people have not gone away and may have escalated over the period of lock down. It is likely that this will result in substantially increased demand in the future, but the timing of the change in trend is uncertain at present.

Alongside the potential for increased demand there are several national policy and funding changes that present a financial risk to the authority. National Hospital Discharge funding is scheduled to be scaled back from September. This is additional COVID-19 related central government funding to support hospital discharge. It funds costs incurred during the first 4 weeks post discharge and has enabled clients to be released from hospital earlier.

Further national guidance is anticipated soon which will allow us to factor in the financial impact on the second half of this financial year. It should be noted that whilst the levels of discharge remain as they are currently, the financial pressures on the Council may increase. New requirements to deliver Liberty Protection Safeguarding support across the Borough are also a potential pressure, as is the impact of care home closures.

Children and Learning

25.27%

of Total Gross Revenue
Service Budget

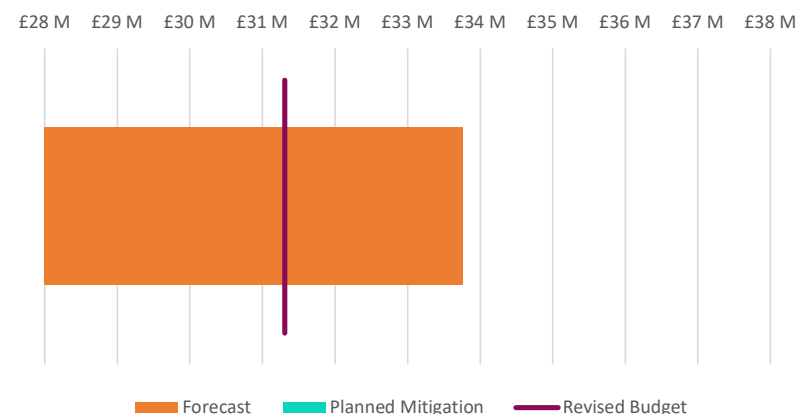
£2.5M

Forecast Adverse Variance

1.96%

Variance as % of Net Portfolio
Service Budget Envelope

Last Reported Variance £M	Service Area	Revised Budget £M	Forecast Outturn £M	Variance £M
0.000	Schools, Education and Learning	2.786	2.786	0.000
0.000	Children's Services	24.294	26.440	2.146
0.000	Special Educational Needs and Children with Disabilities	2.084	2.376	0.292
0.000	Youth Offending Service	1.460	1.510	0.050
0.000	Youth and Connexions	0.682	0.647	(0.035)
0.000		31.306	33.759	2.453
0.000	Gross Expenditure	82.282	84.713	2.431
0.000	Gross Income	(50.976)	(50.954)	0.022
0.000		31.306	33.759	2.453



As expected, Children & Learning Services remains a high spend pressure area and is currently forecasting a net overspend of circa £2.453M, excluding the one-off £2.5M put aside to support the service as part of the approved 2021/22 budget. Although still a concern in headline terms this is a positive financial improvement from both 2019/20 and 2020/21. Most of this pressure is shown on Children Services.

Looked After Children (LAC) numbers reached a peak in 2019/20, reduced through 2020/21 and are now at their lowest level for five years. There are 277 LAC as at the end of July 2021. This reduction in LAC numbers is having a positive effect on improving previous and significant spend pressures. Whilst this spend reduction is positive, reliance on LAC external care placements (the most expensive type of provision) remains high as a proportion of overall LAC placements with 91 placements as at the end of July 2021, equivalent to 33%. This is the main cause of the spend pressure within Children Services. Work continues to re-build capacity for inhouse foster care placements with the aim of reducing these costs over time and improve outcomes for children in the care system.

It is currently proving difficult to recruit permanent staff, so this forecast includes a sustained pressure on the budget due to the use of agency to cover for social work vacancies and maternity leave. The service is also anticipating additional funding pressures following requests from Government for local authorities to meet increased support for unaccompanied asylum seeker placements. Additionally, there is funding pressure on care package costs for Children with Disabilities and there are also increased costs related to COVID-19 resulting from both placement extensions and extra staffing to respond to the crisis.

The Children's service position remains subject to further volatility and spend pressure should the number of LAC increase again. The situation will continue to be closely monitored.

Communities & Housing

6.96%

of Total Gross Revenue
Service Budget

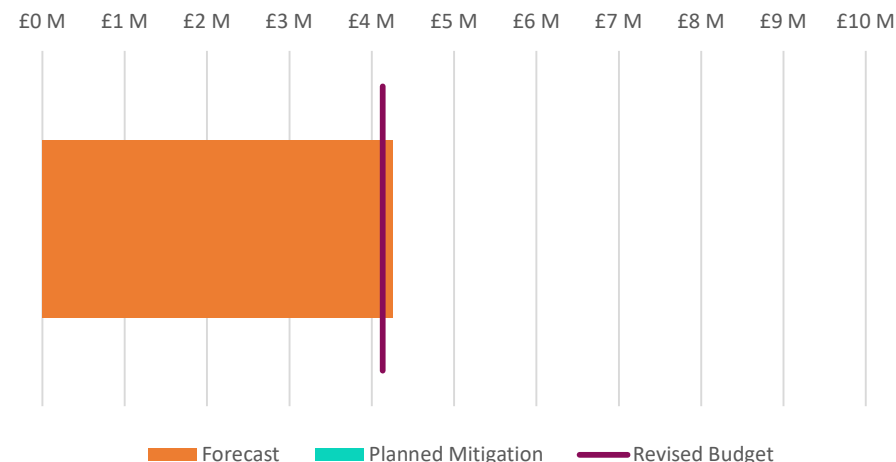
£0.1M

Forecast Adverse Variance

0.10%

Variance as % of Net Portfolio
Service Budget Envelope

Last Reported Variance £M	Service Area	Revised Budget £M	Forecast Outturn £M	Variance £M
0.000	Better Start and Early Years	0.612	0.612	0.000
0.000	Children's Centres, Nurseries, Child Care	0.893	0.893	0.000
0.000	Community Cohesion and community assets	0.016	0.016	0.000
0.000	Domestic Abuse	0.151	0.151	0.000
0.000	Homelessness	0.231	0.322	0.091
0.000	Library Services	2.547	2.585	0.038
0.000	Public Health	(0.317)	(0.317)	0.000
0.000		4.133	4.262	0.129
0.000	Gross Expenditure	22.657	22.686	0.029
0.000	Gross Income	(18.524)	(18.424)	0.100
0.000		4.133	4.262	0.129



An historic saving target relating to hostel income generation remains challenging to deliver and as a result alternative savings proposals are currently being explored. Additional one-off ICT developmet charges have been incurred to update the Housing system to reflect changes to the Housing Allocation Policy.

Income in Libraries continues to be impacted by the pandemic and the Quarter 1 loss will be subject to a compensation claim from the Government's sales, fees and charges scheme.

Corporate Services & Performance Delivery

27.37%

of Total Gross Revenue
Service Budget

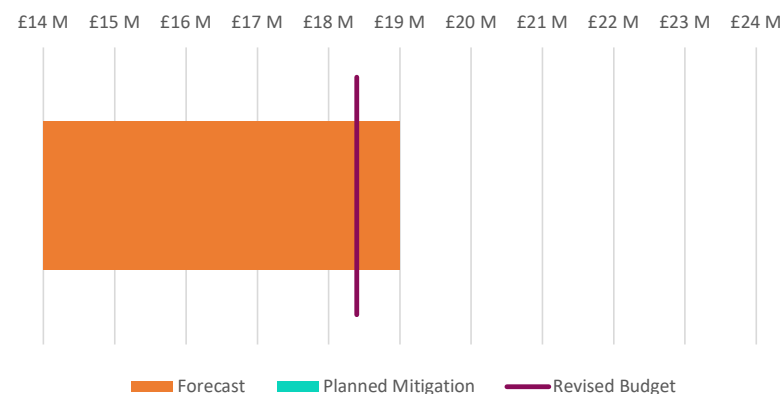
£0.6M

Forecast Adverse Variance

0.48%

Variance as % of Net Portfolio
Service Budget Envelope

Last Reported Variance £M	Service Area	Revised Budget £M	Forecast Outturn £M	Variance £M
0.000	Corporate Budget and Resource Planning (monitoring, Capital Programme Delivery)	2.129	2.149	0.020
0.000	Corporate Procurement	0.866	0.866	0.000
0.000	Council Tax and Business Rates	(0.015)	0.265	0.280
0.000	Digital and Technology	3.521	4.221	0.700
0.000	Elections and Electoral Registration	0.401	0.461	0.060
0.000	Financial Services (including Insurance etc.)	0.396	0.391	(0.005)
0.000	Housing Benefit	1.764	1.598	(0.166)
0.000	Human Resources	1.936	1.966	0.030
0.000	Internal Audit	0.753	0.453	(0.300)
0.000	Learning and Workforce Development	1.084	1.054	(0.030)
0.000	Legal Services, Land Charges & Democratic Services	1.804	1.774	(0.030)
0.000	Performance Delivery	3.755	3.801	0.046
0.000		18.394	18.999	0.605
0.000	Gross Expenditure	89.125	88.364	(0.761)
0.000	Gross Income	(70.731)	(69.365)	1.366
0.000		18.394	18.999	0.605



Planned budget proposals in relation to Council Tax and Business Rates income should increase the net level of debt collectable by reviewing all discounts and exemptions. This 'extra' income will be reported in the summary table under the "Funding" section. Whilst e-billing is unavailable printing costs continue to be a pressure to this budget line, together with card processing fees as the transition to payments on the website increase. There are a number of vacancies within the Council Tax and Housing Benefit teams that are putting pressure on the teams but also providing some compensating savings.

As is being seen across a number of other teams, schools are reducing their use of SBC support services as they work across Academy trust portfolios. This is impacting the amount of income generated by ICT. As a result of further scoping works across the ICT estate, the savings delivery programme for 2021/22 has been delayed. These combined factors have created a significant pressure for 2021/22. Positively the planned laptop replacement programme is now almost completed which will result in extra income generated from the sale of older machines.

There continues to be a significant number of vacancies within the Internal Audit function and to a lesser degree in other areas. It is still anticipated that the audit programme will be delivered this year, with the assistance of addition of some temporary resource / external support.

Environment, Culture, Tourism & Planning

3.56%

of Total Gross Revenue
Service Budget

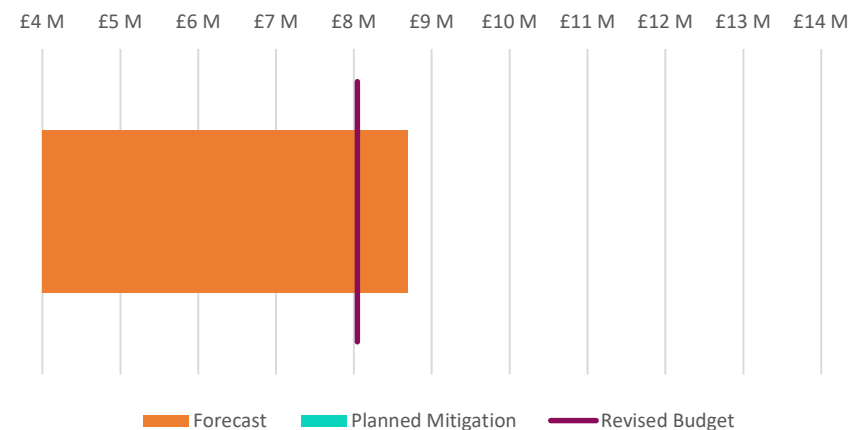
£0.7M

Forecast Adverse Variance

0.52%

Variance as % of Net Portfolio
Service Budget Envelope

Last Reported Variance £M	Service Area	Revised Budget £M	Forecast Outturn £M	Variance £M
0.000	All matters relating to trees, plants, grass verges and other flora	0.556	0.556	0.000
0.000	Building Control (planning)	(0.017)	(0.017)	0.000
0.000	Climate Change, Renewable energy and Energy Saving	0.086	0.122	0.036
0.000	Grounds Maintenance	3.463	3.487	0.024
0.000	Museums and Galleries	1.241	1.266	0.025
0.000	Parks and Open Spaces	1.044	1.044	0.000
0.000	Planning Policy and Planning Control	1.115	1.179	0.064
0.000	Sea and Foreshore Defences	0.401	0.601	0.200
0.000	Southend Theatres	0.027	0.027	0.000
0.000	Sport Development	(0.122)	0.186	0.308
0.000	Tourism	0.249	0.249	0.000
0.000		8.043	8.700	0.657
0.000	Gross Expenditure	11.584	11.884	0.300
0.000	Gross Income	(3.541)	(3.184)	0.357
0.000		8.043	8.700	0.657



Coastal damage from storms has resulted in additional maintenance requirements along our shoreline. Increased inspections are also identifying defects more promptly. External support continues to be required to support the Sustainable Drainage Systems (SuDS) elements of planning applications and to provide geotechnical expertise as required.

Interim staff are currently in place to support both the Planning and Climate change services, one to support the significant planning schemes underway (Better Queensway, Fossetts Farm), and the other to support the variety of externally funded projects the Council is currently engaged in.

In order to support the leisure provision recovery in the Borough the management fee payable from the operator has been waived for 2021/22.

Public Protection

5.88%

of Total Gross Revenue
Service Budget

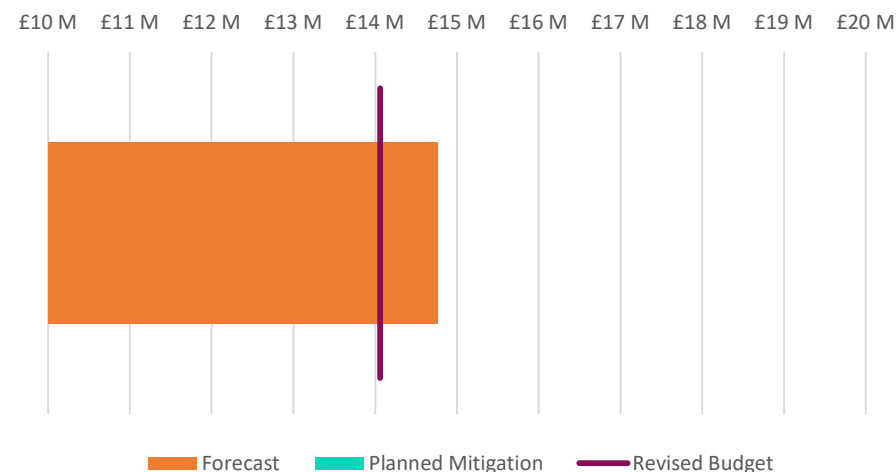
£0.71M

Forecast Adverse Variance

0.57%

Variance as % of Net Portfolio
Service Budget Envelope

Last Reported Variance £M	Service Area	Revised Budget £M	Forecast Outturn £M	Variance £M
0.000	Community Safety	0.795	0.783	(0.012)
0.000	Regulatory services	1.178	1.227	0.049
0.000	Pier and Foreshore	0.431	0.510	0.079
0.000	Cemeteries, Crematoria and Bereavement Services	(1.669)	(1.648)	0.021
0.000	Cleansing of highways and public realm	1.670	1.643	(0.027)
0.000	Waste collection, disposal, management, recycling & sanitation	10.646	11.258	0.612
0.000	Public Toilets and alleyways	0.510	0.510	0.000
0.000	Town Centre Management	0.127	0.129	0.002
0.000	Registration Services	(0.118)	(0.118)	0.000
0.000	Closed Circuit Television	0.491	0.476	(0.015)
0.000		14.061	14.770	0.709
0.000	Gross Expenditure	19.162	19.761	0.599
0.000	Gross Income	(5.101)	(4.991)	0.110
0.000		14.061	14.770	0.709



Whilst many people continue to work from home, and could do so for the foreseeable future, there has been a significant increase in the volume of household waste which is being collected and disposed of. As a waste disposal authority, the financial consequences of this significant increase in tonnage is borne by the Council.

Income received on the pier and foreshore in Quarter 1 has been impacted by pandemic restrictions, although the extension of the sales, fees and charges compensation scheme up to the end of June 2021 will assist in recovering some of this loss.

Housing Revenue Account

(£0.5M)

Forecast Favourable Variance

-1.8%

Variance as % of Gross Operating Expenditure

Last Reported Variance £M	Service Area	Revised Budget £M	Forecast Outturn £M	Variance £M
0.000	Gross Expenditure	25.040	25.040	0.000
0.000	Gross Income	(29.102)	(29.552)	(0.450)
0.000	NET OPERATING EXPENDITURE	(4.062)	(4.512)	(0.450)
0.000	Revenue Contribution to Capital	8.334	8.334	0.000
0.000	Contribution to / (from) Earmarked Reserves	(4.272)	(3.822)	0.450
0.000	TOTAL	0.000	0.000	0.000

HRA Reserves 2020/21	Opening Balance	Forecast Movement	Closing Balance
Capital Investment Reserve	27.1	(3.9)	23.2
Major Repairs Reserve	6.9	0.0	6.9
Repairs Contract Pension Reserve	0.6	0.1	0.7
HRA Reserve	3.5	0.0	3.5
HRA Reserves Total	38.2	(3.8)	34.3

The forecast for the Housing Revenue Account (HRA) as at the end of July 2021 indicates that it will have a net surplus of (£450,000) in 2021/22, a positive variance of around (-1.8%) of gross operating expenditure.

This position is due to increased levels of rental income received as a result of a lower level of voids within the housing stock. This demonstrates good housing management practice. As the planned affordable homes acquisitions programme progresses into Quarter 2 there is also an anticipated increase in the numbers of units within the housing stock that will further increase the HRA's rental income streams in the future.

It is currently anticipated that any surplus will be transferred to the HRA Capital Investment Reserve at the year-end for future planned investment into improving the housing stock.