

Appendix 1

Budget Monitoring & Reporting 2021/2022

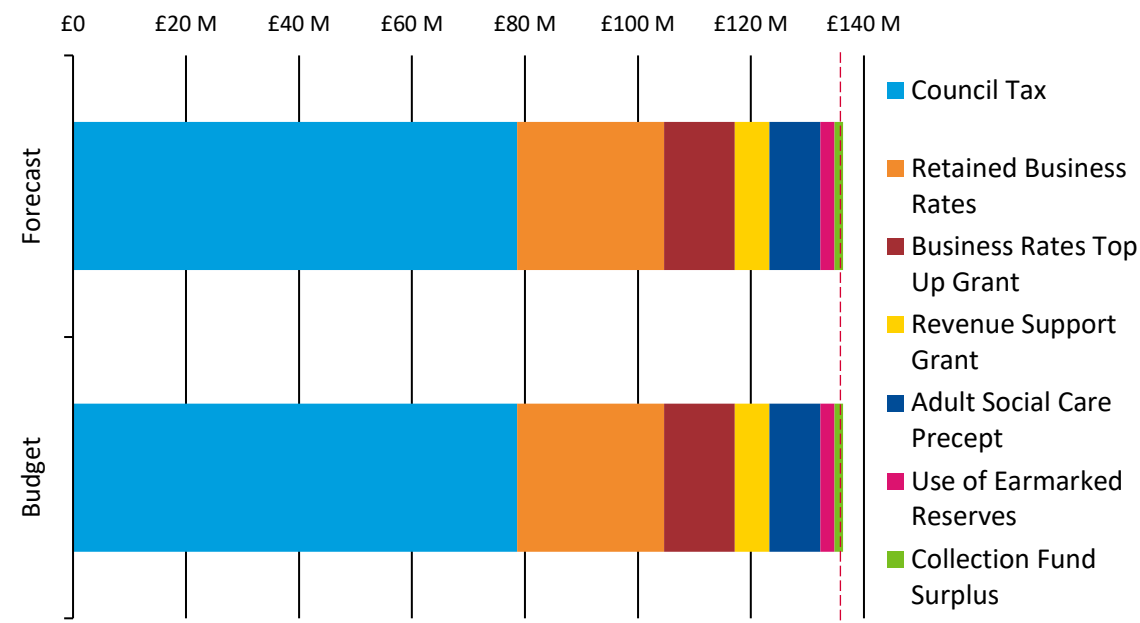
Period 06 - September 2021 Revenue Budget Performance



Summary

Last Reported Variance £M	Portfolio	Revised Budget £M	Forecast Outturn £M	Variance £M
(0.041)	Leader: Economic Recovery & Regeneration	6.952	6.847	(0.105)
1.687	Deputy Leader: Transport, Asset Management & Inward Investment	0.457	1.948	1.491
1.322	Adult Social Care & Health Integration	41.641	42.719	1.078
2.453	Children and Learning	31.622	34.081	2.459
0.129	Communities & Housing	4.274	4.345	0.071
0.605	Corporate Services & Performance Delivery	18.292	18.847	0.555
0.656	Environment, Culture, Tourism & Planning	8.051	8.970	0.919
0.709	Public Protection	14.103	15.659	1.556
7.520		125.392	133.416	8.024
(0.069)	Corporate Budgets	19.356	19.637	0.281
7.451		144.748	153.053	8.305
0.000	Contribution to / (from) earmarked reserves	(1.942)	(1.942)	0.000
0.000	Revenue Contribution to Capital	1.409	1.409	0.000
(1.100)	COVID-19 Income Compensation	0.000	(1.387)	(1.387)
(4.700)	Non Service Specific Grants	(7.925)	(12.625)	(4.700)
1.651	TOTAL	136.290	138.508	2.218
0.000	Funding (including Collection Fund)	(133.790)	(133.790)	0.000
0.000	Planned contributions from reserves	(2.500)	(2.500)	0.000
1.651		0.000	2.218	2.218

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 current lack of clarity around the level of future financial settlements for the Local Government Sector. The Chancellor will make a budget speech on 27th October and consultation on a three year Comprehensive Spending Review will follow in due course. As shown in the table above the headline Council Corporate Budgets and Service Portfolios are currently forecasting a combined estimated overspend of £8.305M. Local service delivery, planning and financial performance have all continued to be impacted by COVID-19 in 2021/22.

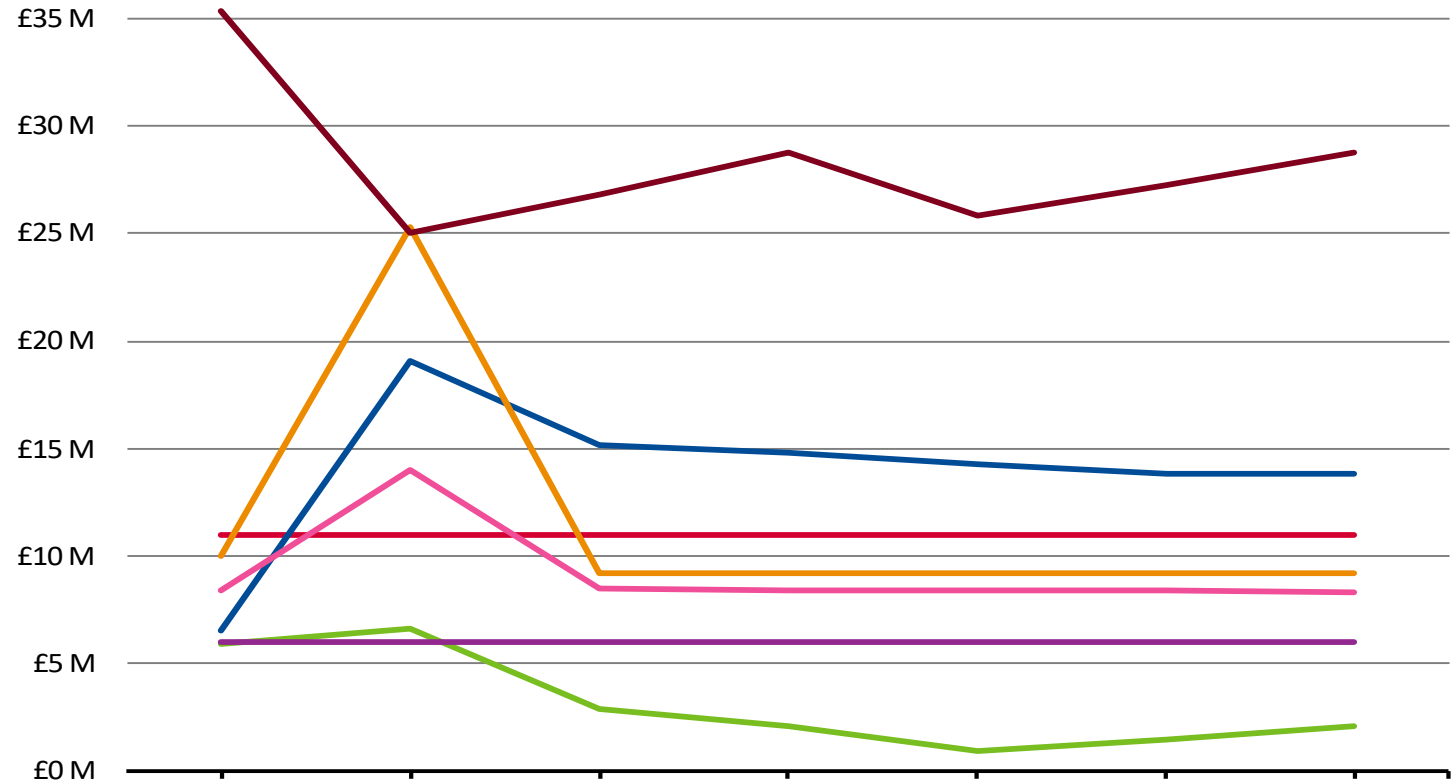
The Government continued its income compensation scheme for sales, fees & charges for the first quarter of 2021/22 (Apr-Jun). The final claim has now been submitted and the amount of (£1.387m) is shown separately in the summary table above. This is helping to offset the income pressures reported against 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 to £2.218M.

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.

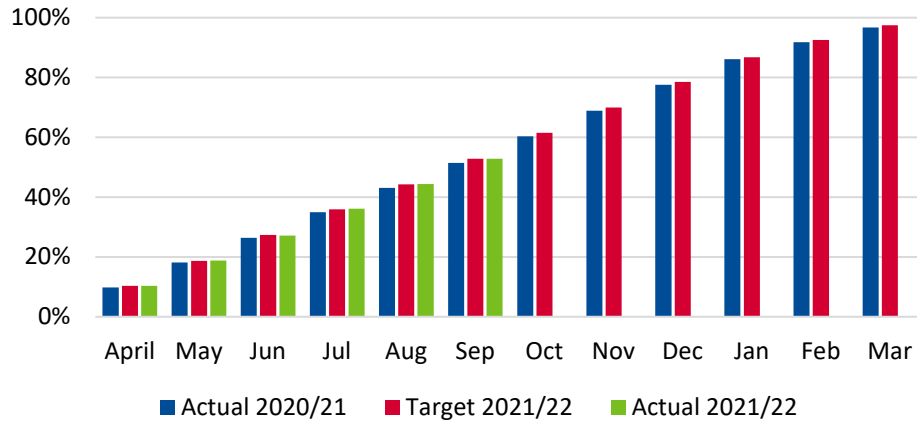


Reserves in £M	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
General Reserves	11.0	11.0	11.0	11.0	11.0	11.0	11.0
Capital Reserves	5.9	6.6	2.9	2.1	0.9	1.5	2.1
Corporate Reserves	6.5	19.1	15.2	14.8	14.3	13.8	13.8
Grant Reserves	10.0	25.3	9.2	9.2	9.2	9.2	9.2
Insurance Reserves	6.0	6.0	6.0	6.0	6.0	6.0	6.0
Service Reserves	8.4	14.0	8.5	8.4	8.4	8.4	8.3
Technical Reserves*	35.4	25.0	26.8	28.8	25.8	27.3	28.8
	83.2	107.0	79.6	80.3	75.6	77.2	79.2

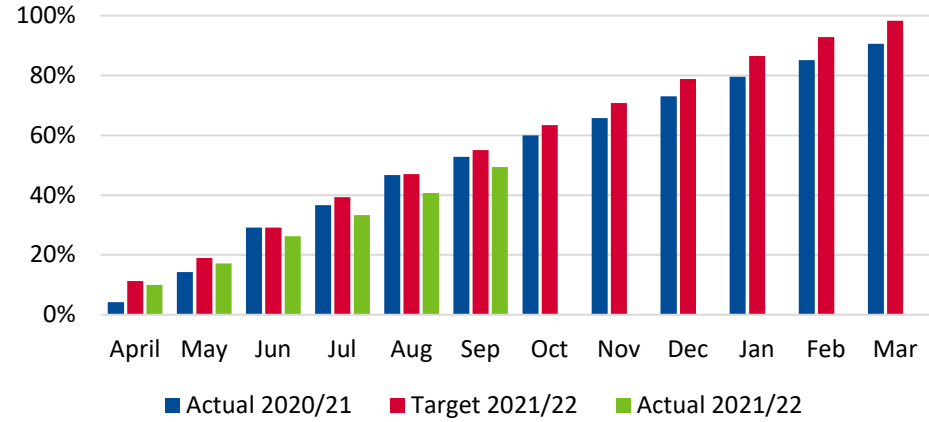
* Technical Reserves are held to even out the Council's finances and reduce in year volatility

Collection Rates

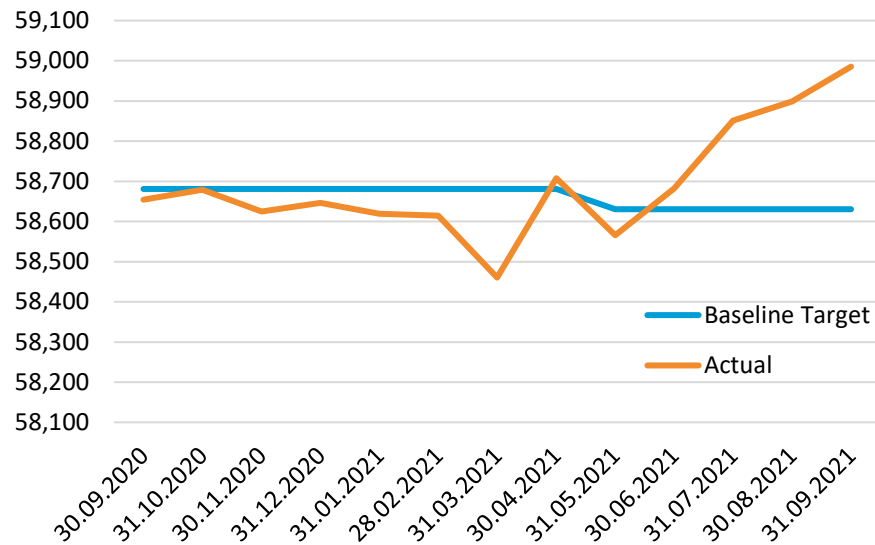
Council Tax Collection



Business Rates Collection



Council Tax Base



The Council Tax Base has increased by circa 265 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 September 2021 (excluding the new £150 Hardship)) and fluctuations in the number of exemptions awarded in the month.

Council Tax collection is on target for the current year but 6.5% (£0.6M) lower than target for arrears.

Business rates in year collection is 5.7% (£2.0M) below target & arrears 9.6% (£0.3M) above 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 until 31st March 2022 (down from 100% Apr-Jun 2021).

Leader: Economic Recovery & Regeneration

3.51%

of Total Gross Revenue
Service Budget

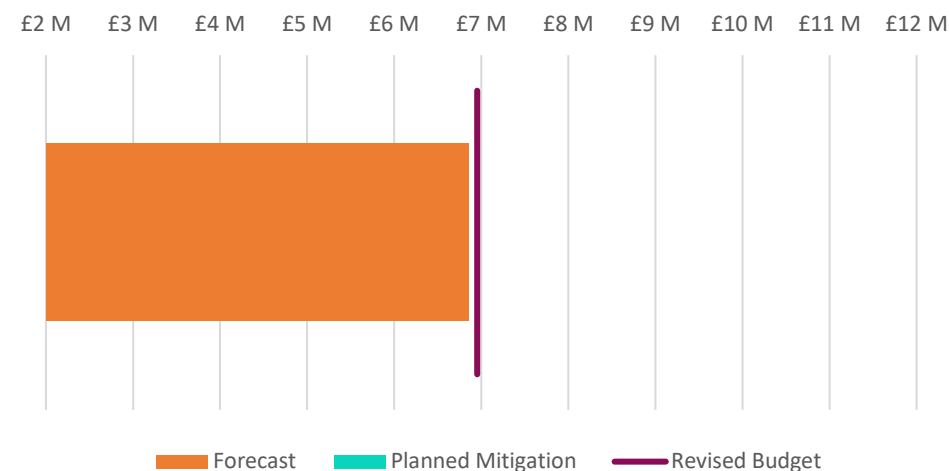
(£0.1M)

Forecast Favourable Variance

-0.08%

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
0.075	Corporate Budget and Resources Planning (Strategic Lead)	1.274	1.254	(0.020)
0.039	Corporate Planning and Strategic Direction	1.888	1.943	0.055
0.000	Emergency Planning	0.222	0.222	0.000
(0.030)	Housing Strategy	0.448	0.415	(0.033)
(0.110)	Other Services	0.842	0.782	(0.060)
(0.055)	Private sector housing standards and grants	0.490	0.403	(0.087)
0.000	Queensway Development	0.000	0.000	0.000
0.040	Regeneration and business growth	0.429	0.469	0.040
(0.041)		6.953	6.848	(0.105)
(0.041)	Gross Expenditure	11.503	11.398	(0.105)
0.000	Gross Income	(4.550)	(4.550)	0.000
(0.041)		6.953	6.848	(0.105)



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.

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.

Our commitment to wider networks such as the LGA, East of England LGA and ASELA (Association of South Essex Local Authorities) remains unwavering, especially during the recovery from COVID-19 and as such the subscriptions to be members of these organisations is shown in the Other Service line.

Deputy Leader: Transport, Asset Management & Inward Investment

4.72%

of Total Gross Revenue
Service Budget

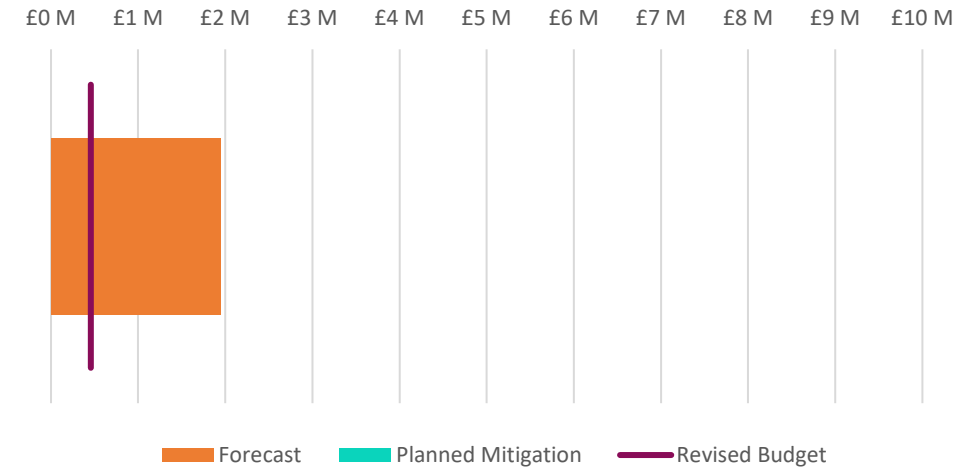
£1.5M

Forecast Adverse Variance

1.19%

Variance as % of Net Portfolio
Service Budget Envelope

Last Reported Variance £M	Service Area	Revised Budget £M	Forecast Outturn £M	Variance £M
1.253	Car parks and all car parking matters	(7.188)	(6.320)	0.868
0.000	Concessionary Fares	3.140	3.140	0.000
0.000	Engineering (Bridges and Structures)	0.051	0.051	0.000
0.200	Highways (including maintenance)	3.182	3.382	0.200
0.000	Highways and Transport	(0.363)	(0.272)	0.091
0.139	Passenger Transport / Vehicle Fleet	0.159	0.290	0.131
0.065	Property and Commercial	(0.606)	(0.495)	0.111
0.000	Street signs and all signage (Highways)	0.059	0.059	0.000
0.030	Transport (including Transport Policy and Licensing)	2.023	2.113	0.090
1.687		0.457	1.948	1.491
0.772	Gross Expenditure	15.469	16.305	0.836
0.915	Gross Income	(15.012)	(14.357)	0.655
1.687		0.457	1.948	1.491



Car parking income suffered in the opening quarter 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 Q2 was above historic levels, 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.

The increase to the Highways establishment assumed an increase in the level of work undertaken to deliver the capital programme. Further analysis is required to ensure all legitimate capitalisation of salaries is undertaken to appropriately charge staffing costs to capital.

As a result of the continuation of working from home practices, the Tickfield Centre will not generate as much income as anticipated this year.

Adult Social Care & Health Integration

22.73%

of Total Gross Revenue
Service Budget

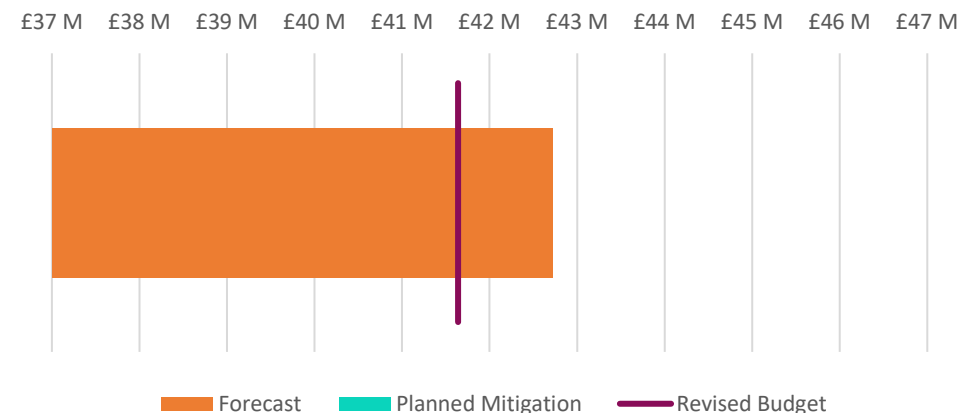
£1.1M

Forecast Adverse Variance

0.86%

Variance as % of Net Portfolio
Service Budget Envelope

Last Reported Variance £M	Service Area	Revised Budget £M	Forecast Outturn £M	Variance £M
0.551	Adult Social Care	33.434	33.489	0.055
0.059	Commissioning	5.117	5.225	0.108
0.712	Mental Health Services	3.089	4.004	0.915
1.322		41.640	42.718	1.078
3.974	Gross Expenditure	74.445	75.634	1.189
(2.652)	Gross Income	(32.805)	(32.916)	(0.111)
1.322		41.640	42.718	1.078



Adult Services are reporting a forecast overspend of £1.1m. The majority of this is due to the delivery of statutorily required care and support to people with mental health & learning disabilities aged 18-64.

The medium to longer term impact of COVID-19 on budgets and service demand remains concerning as people impacted by this are required to have support earlier than would have been the case.

Levels of service use amongst older people have been lower than was previously the case due to COVID concerns, particularly in the use of residential and home care. This has reduced the budget pressure for 2021/22. However, the needs of this group of people have not gone away and costs pressure are likely to return to their upward trend over the longer term.

National Hospital Discharge funding in support of COVID pressures is now assured until 31st March 2022. This funds costs incurred during the first 4 weeks post discharge and has enabled clients to be released from hospital earlier. This will have the effect of sustaining this years financial position.

Children and Learning

25.19%

of Total Gross Revenue
Service Budget

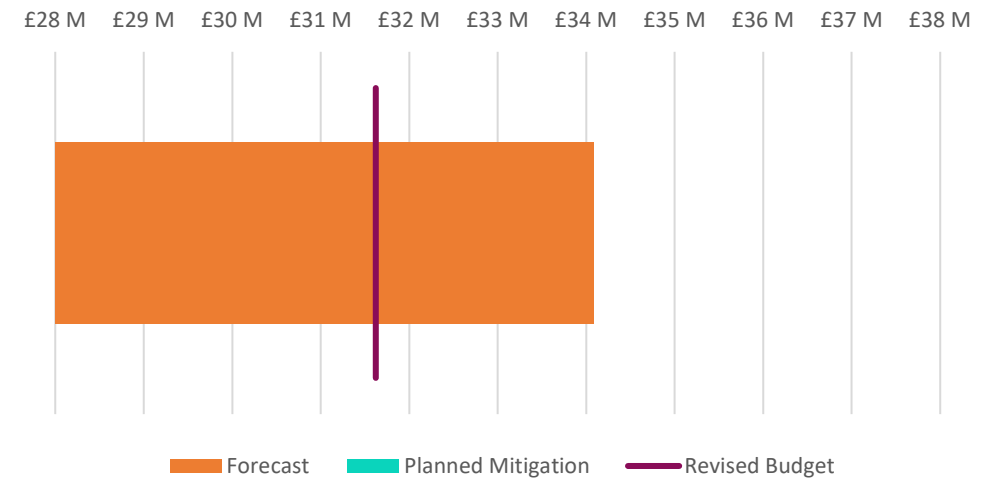
£2.5M

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	2.805	2.760	(0.045)
2.146	Children's Services	24.558	26.879	2.321
0.292	Special Educational Needs and Children with Disabilities	2.117	2.325	0.208
0.050	Youth Offending Service	1.460	1.474	0.014
(0.035)	Youth and Connexions	0.682	0.643	(0.039)
2.453		31.622	34.081	2.459
2.431	Gross Expenditure	82.498	85.237	2.739
0.022	Gross Income	(50.876)	(51.156)	(0.280)
2.453		31.622	34.081	2.459



As expected, Children & Learning Services remains a high spend pressure area and is currently forecasting a net overspend of circa £2.459M, 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 282 LAC as at the end of Sept 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 96 currently projected ongoing placements as at the end of September 2021, equivalent to 34%. 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, Leaving Care accommodation payment costs 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

7.25%

of Total Gross Revenue
Service Budget

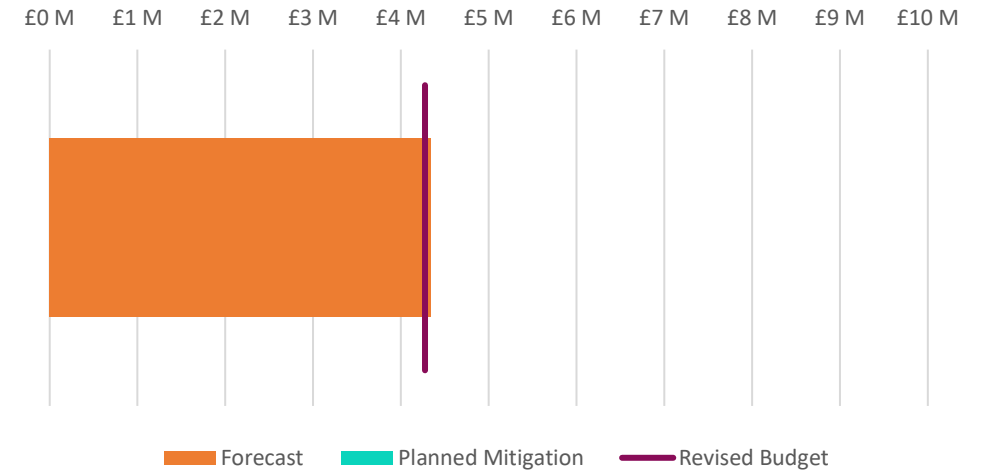
£0.1M

Forecast Adverse Variance

0.06%

Variance as % of Net Portfolio
Service Budget Envelope

Last Reported Variance £M	Service Area	Revised Budget £M	Forecast Outturn £M	Variance £M
0.000	Better Start and Early Years	0.612	0.612	0.000
0.000	Children’s Centres, Nurseries, Child Care	0.784	0.784	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
0.091	Homelessness	0.231	0.291	0.060
0.038	Library Services	2.547	2.558	0.011
0.000	Public Health	(0.067)	(0.067)	0.000
0.129		4.274	4.345	0.071
0.029	Gross Expenditure	23.749	23.614	(0.135)
0.100	Gross Income	(19.475)	(19.269)	0.206
0.129		4.274	4.345	0.071



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 development 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

27.18%

of Total Gross Revenue
Service Budget

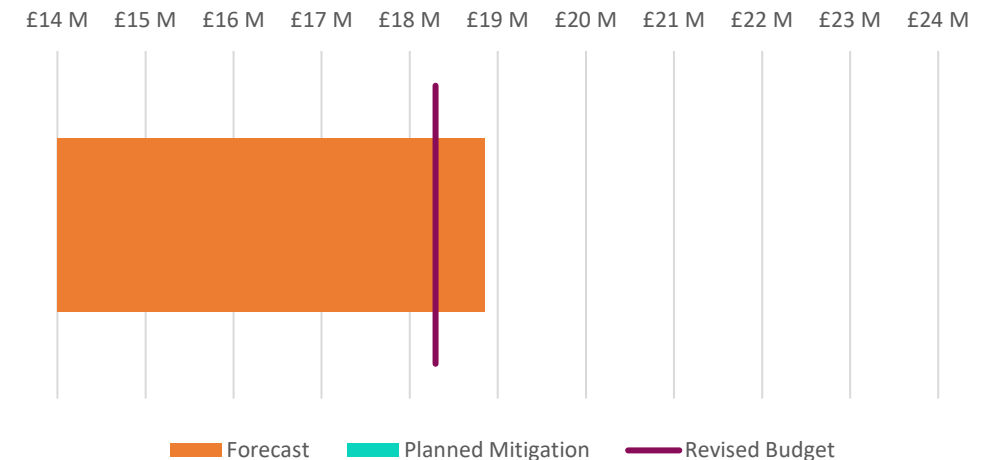
£0.6M

Forecast Adverse Variance

0.44%

Variance as % of Net Portfolio
Service Budget Envelope

Last Reported Variance £M	Service Area	Revised Budget £M	Forecast Outturn £M	Variance £M
0.020	Corporate Budget and Resource Planning (monitoring, Capital Programme Delivery)	2.129	2.199	0.070
0.000	Corporate Procurement	0.866	0.866	0.000
0.280	Council Tax and Business Rates	(0.015)	0.290	0.305
0.700	Digital and Technology	3.565	4.355	0.790
0.060	Elections and Electoral Registration	0.401	0.461	0.060
(0.005)	Financial Services (including Insurance etc.)	0.396	0.401	0.005
(0.166)	Housing Benefit	1.764	1.499	(0.265)
0.030	Human Resources	1.980	2.045	0.065
(0.300)	Internal Audit	0.753	0.453	(0.300)
(0.030)	Learning and Workforce Development	0.921	0.838	(0.083)
(0.030)	Legal Services, Land Charges & Democratic Services	1.804	1.709	(0.095)
0.046	Performance Delivery	3.729	3.732	0.003
0.605		18.293	18.848	0.555
(0.761)	Gross Expenditure	89.024	88.367	(0.657)
1.366	Gross Income	(70.731)	(69.519)	1.212
0.605		18.293	18.848	0.555



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. Human Resources income is also impacted for the same reason.

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

3.54%

of Total Gross Revenue
Service Budget

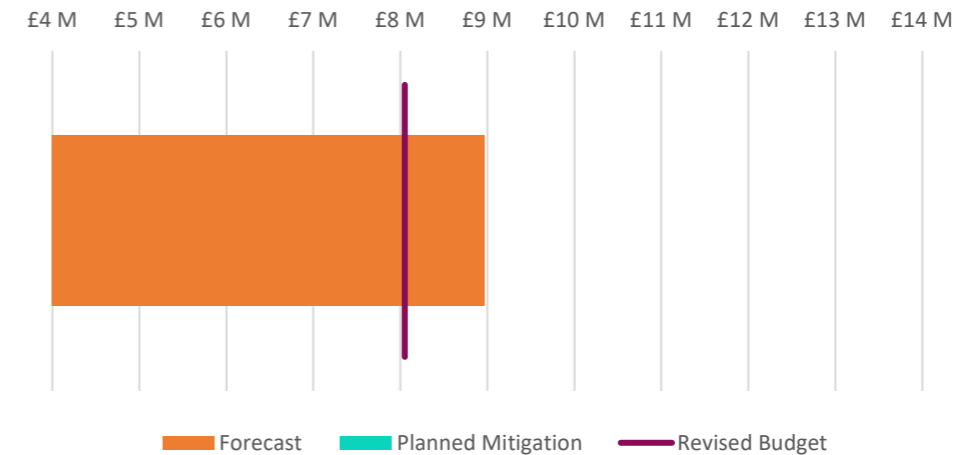
£0.9M

Forecast Adverse Variance

0.73%

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)	0.013	0.030
0.036	Climate Change, Renewable energy and Energy Saving	0.086	0.122	0.036
0.024	Grounds Maintenance	3.463	3.580	0.117
0.025	Museums and Galleries	1.249	1.358	0.109
0.000	Parks and Open Spaces	1.044	1.038	(0.006)
0.064	Planning Policy and Planning Control	1.115	1.241	0.126
0.200	Sea and Foreshore Defences	0.401	0.601	0.200
0.000	Southend Theatres	0.027	0.027	0.000
0.308	Sport Development	(0.122)	0.186	0.308
0.000	Tourism	0.249	0.249	0.000
0.657		8.051	8.971	0.920
0.300	Gross Expenditure	11.592	12.097	0.505
0.357	Gross Income	(3.541)	(3.126)	0.415
0.657		8.051	8.971	0.920



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 and specialist external / professional support are currently in place to support both the Planning and Climate change services with regards to the significant planning schemes underway (Better Queensway, Fossetts Farm), and 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.

Additional leasing and repairs and maintenance costs are being incurred in the Grounds Maintenance service to ensure that there is enough equipment available to staff, there is currently a procurement underway with a view to reduce these costs.

Income in the museums service has suffered this financial year, firstly due to national restrictions, and then from a low number of visitors during the summer period. The first quarter of lost income will be included in the MHCLG sales, fees and charges compensation scheme claim.

Public Protection

5.86%

of Total Gross Revenue
Service Budget

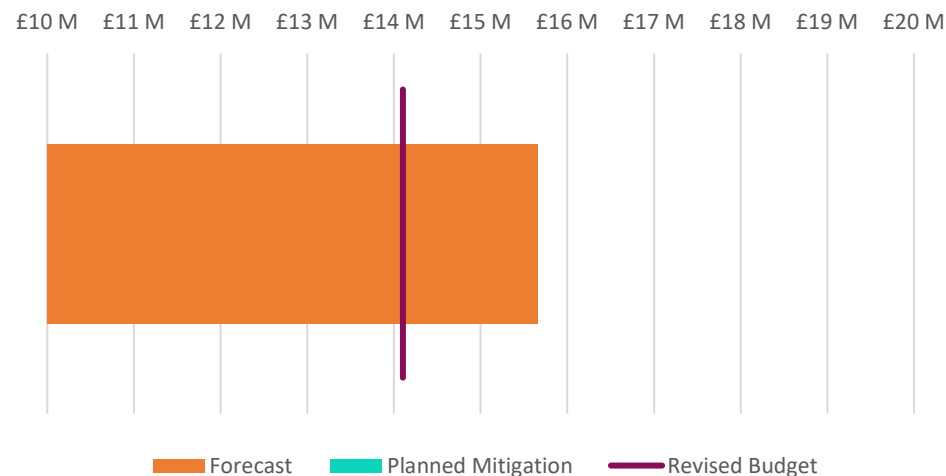
£1.56M

Forecast Adverse Variance

1.24%

Variance as % of Net Portfolio
Service Budget Envelope

Last Reported Variance £M	Service Area	Revised Budget £M	Forecast Outturn £M	Variance £M
(0.012)	Community Safety	0.795	0.745	(0.050)
0.049	Regulatory services	1.183	1.202	0.019
0.079	Pier and Foreshore	0.431	0.544	0.113
0.021	Cemeteries, Crematoria and Bereavement Services	(1.669)	(1.580)	0.089
(0.027)	Cleansing of highways and public realm	1.670	1.592	(0.078)
0.612	Waste collection, disposal, management, recycling & sanitation	10.683	12.121	1.438
0.000	Public Toilets and alleyways	0.510	0.510	0.000
0.002	Town Centre Management	0.127	0.099	(0.028)
0.000	Registration Services	(0.118)	(0.098)	0.020
(0.015)	Closed Circuit Television	0.491	0.524	0.033
0.709		14.103	15.659	1.556
0.599	Gross Expenditure	19.204	20.649	1.445
0.110	Gross Income	(5.101)	(4.990)	0.111
0.709		14.103	15.659	1.556



Whilst many people continue to work from home, and could do so for the foreseeable future in some way, there has been a significant increase in the volume of household waste which is being collected and disposed of, even more so than during the lockdown periods. 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.

The requirements for additional equipment at the cemetery and crematorium to ensure operations can be carried out respectfully and safely is currently resulting in a budget pressure. A wider review of the service is underway to attempt to fund these costs from next year with current resource allocations.

Housing Revenue Account

(£0.1M)

Forecast Favourable Variance

-0.3%

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	25.409	0.369
(0.450)	Gross Income	(29.102)	(29.552)	(0.450)
(0.450)	NET OPERATING EXPENDITURE	(4.062)	(4.143)	(0.081)
0.000	Revenue Contribution to Capital	8.334	8.334	0.000
0.450	Contribution to / (from) Earmarked Reserves	(4.272)	(4.191)	0.081
0.000	TOTAL	0.000	0.000	0.000

HRA Reserves 2021/22	Opening Balance	Forecast Movement	Closing Balance
Capital Investment Reserve	27.1	(4.3)	22.9
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	(4.2)	34.0

The forecast for the Housing Revenue Account (HRA) as at the end of September 2021 indicates that it will have a net surplus of (£81,000) in 2021/22, a positive variance of around (-0.3%) of gross operating expenditure.

This position is due to increased levels of rental income received (£450,000) 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 through the year 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.

There is an anticipated pressure on HRA revenue repairs budget of £369,000. This is due to a combination of increasing contractor costs, additional compliance requirements as well as works that were delayed from 2020/21 due to Covid and the national lockdown.

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.