

**Southend-on-Sea Borough Council**  
**Report of Executive Director (Finance & Resources)**  
**To**  
**Cabinet**  
**On**  
**13th January 2022**

**Agenda  
Item No.**

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**Draft Prioritising Resources to Deliver Better Outcomes – 2022/23 to 2026/27**  
**All Scrutiny Committees**  
**Cabinet Members: Councillor Ian Gilbert and Councillor Paul Collins**  
***Part 1 (Public Agenda Item)***

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**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 outcomes for 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 for consultation, agreement and then submission to Council for 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 6th January 2022.

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. This overall budget package is subject to confirmation of the Local Government financial settlement, certain assumptions and any consultation and scrutiny responses received by Cabinet prior to its next meeting scheduled for 15<sup>th</sup> February 2022 when it considers its final budget proposals.

**That Cabinet recommend to Council that it:**

- 2.1. Notes that a final version of the updated Financial Sustainability Strategy 2022 - 2032 will be available for consideration in February 2022 (Appendix 1).**
- 2.2. Notes that a Medium Term Financial Strategy for 2022/23 – 2026/27 will be available for consideration in February 2022 and approve the draft Medium Term Financial Forecast and estimated Earmarked Reserves Balances up to 2026/27 (Annexes 1 and 2 to Appendix 2).**
- 2.3. Consider and acknowledge the draft Section 151 Officer’s statement on the robustness of the proposed budget, the adequacy of the Council’s reserves and the Council’s Reserves Strategy (Appendix 3).**
- 2.4. Approve the appropriation of the sums to earmarked reserves totalling £2.675M (Appendix 4).**
- 2.5. Approve the appropriation of the sums from earmarked reserves totalling £4.494M, which includes £2.500M that was previously approved to support the budget in 2021/22 and is now requested to be used to support the estimated budget gap for 2022/23 instead (Paragraph 11.12) (Appendix 4).**
- 2.6. Approve a General Fund Budget Requirement for 2022/23 of £140.288M and Council Tax Requirement of £91.844M (Appendix 5) and any required commencement of consultation, statutory or otherwise.**
- 2.7. Note that the 2022/23 revenue budget has been prepared on the basis of using £1.5 million from accumulated Collection Fund surpluses for the core budget to allow for a smoothing of the budget gap across the next four financial years (Paragraph 11.12).**
- 2.8. Approve a Council Tax increase of 3.99% for the Southend-on-Sea element of the Council Tax for 2022/23, being 1.99% for general use and 2.00% for Adult Social Care (Paragraph 11.15).**
- 2.9. Note the position of the Council’s preceptors is to be determined:**
  - Essex Police – no indication of Council Tax position**
  - Essex Fire & Rescue Services – no indication of Council Tax position**
  - Leigh-on-Sea Town Council – proposed Band D precept increase of 0.53%**
- 2.10. Approve that no Special Expenses be charged other than Leigh-on-Sea Town Council precept for 2022/23.**
- 2.11. Consider and approve the proposed General Fund revenue budget investment of £13.672M (Appendix 6).**

- 2.12. **Consider and approve the proposed General Fund revenue budget savings and income generation initiatives for 2022/23 of £5.087M (Appendix 7).**
- 2.13. **Note the future outline Budget Transformation Programme 2023/24 – 2026/27 (Appendix 8).**
- 2.14. **Consider and approve the proposed range of fees and charges for 2022/23 (Appendix 9).**
- 2.15. **Approve the Dedicated Schools Grant budget and its relevant distribution as recommended by the Education Board (Appendix 10).**
- 2.16. **Consider and approve the Capital Investment Strategy for 2022/23 to 2026/27 (Appendix 11) and the Capital Investment Policy (Annex 1 to Appendix 11).**
- 2.17. **Consider and approve the proposed:**
  - (i) **new schemes and additions to the Capital Investment Programme for the period 2022/23 to 2026/27 totalling £12.6M for the General Fund (Appendix 12)**
  - (ii) **new schemes subject to viable business cases totalling £33.9M (£15.5M for the General Fund and £18.4M for the Housing Revenue Account) (Appendix 12).**
- 2.18. **Note the proposed changes to the current Capital Investment Programme that were considered for approval as part of the Resourcing Better Outcomes – Financial Performance Report – Period 8 earlier on this agenda (Appendix 13).**
- 2.19. **Approve the proposed Capital Investment Programme for 2022/23 to 2026/27 of £119.8M to be delivered by the Council and £51.3M to be delivered by Subsidiary Companies, Partners and Joint Ventures (Appendix 14) of which £51.1M is supported by external funding.**
- 2.20. **Approve the Minimum Revenue Provision (MRP) Policy for 2022/23 (Appendix 15) and the prudential indicators (Appendix 16).**
- 2.21. **Approve the operational boundary and authorised limits for borrowing for 2022/23 which are set at £385M and £395M respectively (Appendix 16).**

### **3. COVID-19 Impact and Implications**

- 3.1. This integrated revenue and capital budget report has been developed against the on-going huge fiscal challenges brought about by the pandemic. The overall health and economic impact of COVID-19 is still under assessment. The challenge is clearly worldwide, and national governments continue to wrestle with putting in place the right package of measures to save lives and to try to minimise the spread of the virus and its impact across the population. Countries have adopted different strategies and tactics to safely get their respective economies working again. These challenges have been exacerbated recently with the world-wide concern over the potential impact of the new mutant variant – Omicron.
- 3.2. Alongside this worrying development, the national vaccination programme and more recent booster campaigns do appear to be having a positive impact on limiting the severity of this new strand of the virus on people's health and well-being. Although the data available is still limited at the time of writing this report the virus does seem to be having generally milder effects on fully vaccinated and boosted people, but its speed of transmission is still much quicker than previous strands which is putting more pressure on the NHS and public services. There are widespread concerns over the number of infections which are breaking previous records almost every day, this will have an impact economically across the country as more and more people isolate and stay away from work.
- 3.3. The pandemic continues to have a major 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. Several local authorities are showing signs of significant additional financial stress. 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.
- 3.4. One of our other major areas of concern is the potential impact on service demand 'post COVID-19' or 'living with COVID-19' in the future. This could manifest itself in many ways from increased demand and support because of long COVID-19 symptoms or increased demands on services due to family tensions and breakdown, residents experiencing additional stress and mental wellbeing needs or changing employment issues. The Council and its partners will continue to monitor the situation locally.
- 3.5. The Council's 'Getting to Know Your Business' programme continues to be embedded. This programme helped to establish a baseline for all services in terms of their costs, income generation potential, value for money and performance. This data highlighted 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, administration priorities, 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 draft budget report.

- 3.6. Given the huge challenges caused by the pandemic and the uncertainty created by the delay and content of the provisional financial settlement on 16<sup>th</sup> December 2021 a high-level future Budget Transformation Programme for 2023/24 – 2026/27 will be developed further over the coming months. Suggested themes/areas for initial review are summarised in **Appendix 8**. The intention is to also create a prioritised programme of zero-based service delivery reviews to drive further efficiency and productivity improvements. This Transformation Programme will be designed to support the Council's future financial sustainability ambition and to prepare for the major Local Government 'funding reform' in 2022/23 which was highlighted within the Comprehensive Spending Review 2021 as part of the Government's 'Levelling Up' agenda.
- 3.7. It really has been an unprecedented couple of years and some tough national and local choices and decisions on priorities, particularly non-statutory service levels will be required over the medium-term. The Government have introduced a series of national tax increases and policy changes which will have a significant impact from April 2022 and general inflation is heading to its highest levels for over a decade, with some suggesting it could reach around 6% in 2022. This combination of factors will directly impact all public services, local businesses, and residents, putting more pressure on local authority budgets and household incomes.
- 3.8. In the background, although only occasionally receiving media attention, there is still some concern and uncertainty over what the overall potential medium term impact of the country's negotiated exit from the European Union will be. The full details of Brexit are still being assessed and evaluated nationally. We will continue to monitor the situation and update Cabinet and Council on any specific local implications as appropriate.

#### **4. Comprehensive Spending Review 2021**

- 4.1. 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. The Local Government Sector was hoping for a 3 - year financial settlement from the Comprehensive Spending Review for 2022/23 - 2024/25 to at least try to provide some certainty for future financial planning parameters. The provisional finance settlement was published on 16<sup>th</sup> December 2021 and disappointingly it was effectively for 1 year only, with major reform planned which potentially could result in a significant re-distribution of resources across local authority areas for years 2 and 3.
- 4.2. The Council remains in a relatively strong financial position in comparison to a number of other upper tier authorities but the size of the local financial challenge for the future is already estimated to be significant. The added uncertainty caused by the provisional finance settlement and the potential impact for 'winners and losers' of the reform intentions adds even greater uncertainty to the local financial planning challenge. In headline terms circa £3.250M of the additional Government funding contained within the provisional financial settlement for 2022/23 for Southend-on-Sea could potentially be at risk from 2023/24 onwards. The additional funding provided for 2022/23 has almost entirely being used to meet the financial implications of the recent changes that have been announced in national government policy particularly for social care.

- 4.3. The Government currently have been vague and unclear on what the actual planned 'major funding reform' for the local government sector will be. It is suggested that it will commence in 2022/23 and be implemented for the 2023/24 financial year. The only real reference has been ideological, suggesting 'Levelling up' funding redistribution to the 'Midlands and the North'. It is assumed that any changes to national formulas and distribution of funding methodology will be grounded in evidence and factors such as local need, deprivation, relative strength/weakness of local tax bases and the spending power of local authorities will all form part of the revised approach. At this stage of our local financial planning arrangements the provisional finance settlement just adds further potential risk and uncertainty.
- 4.4. It remains vital to reassess, understand and take responsibility for our financial future. We must remain proactive in the delivery of our agreed Southend 2050 ambition, key priorities, evaluate 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.
- 4.5. Given the unprecedented circumstances experienced this year and the Government's delay in the releasing the provisional finance settlement, our Medium Term Financial Strategy 2022/23 – 2026/27 is still under development and will be presented to Cabinet and Council in February 2022. This strategy will provide an integrated view of the whole of the Council's finances and priority investment plans over the medium term. This report outlines how scarce revenue and capital resources are prioritised and deployed to respond to increasing demand for key local services and to deliver better outcomes for local residents aligned to our Southend 2050 ambition, phased priorities and commitments.

## **5. Southend 2050 Ambition and Economic Recovery Focus**

- 5.1. 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 2022/23 – 2026/27. This agreement also continues to help to provide clear direction for the Organisation and has 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 5 Strategic themes. The 5 themes summarised in the following graphic (Figure 1) 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 meet Southend's residents needs.



**Figure 1 Southend 2050 Themes**

- 5.2. To reflect these aspirations and to support delivery of the early phases of activities to achieve better outcomes for Southend’s residents, the Council for 2022/23 is continuing to try and develop a longer-term view of the use of its resources and financial planning arrangements. This has been hampered by the lack of clarity and certainty contained within the Comprehensive Spending Review 2021 for 2023/24 and 2024/25. Our commitment remains to focus on supporting the local economy and local residents to recover from the pandemic.
- 5.3. Our 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. These 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.
- 5.4. 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 invest in priorities that make a real positive difference to Southend’s residents, businesses, and visitors. The years 2020/21 and 2021/22 have been dominated by the impact of the pandemic so 2022/23 is now clearly an important transitional year in our journey towards becoming a more outcome focussed organisation where our resources are prioritised accordingly.
- 5.5. 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.

## 6. National funding situation

- 6.1. 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.
- 6.2. 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.
- 6.3. Due to the unprecedented health and economic challenges caused by the global pandemic, together with Brexit considerations, the CSR planned for 2021 was the first real major opportunity for the Government to provide a 3-year funding settlement for the Local Government Sector. Unfortunately, only 2022/23 funding has been guaranteed at an individual local authority level.
- 6.4. The key headlines relevant to Local Government are summarised below:
- The Council Tax referendum threshold is expected to remain at 2% per year throughout the Spending Review (SR) period.
  - Social care authorities are expected to receive flexibility to increase the adult social care precept by 1% per annum over the SR period.
  - No announcement was made about the government's plans for funding reform or a reset of the Business Rates Retention (BRR) system, both of which were originally expected to be implemented in 2019/20. Business rates retention pilots are assumed to continue until 2024/25.
  - Business Rates Multiplier to be frozen for 2022/23.
  - The next revaluation will be in 2023, after which they will take place every three years.
  - Transitional Relief and Supporting Small Business schemes have been extended for 2022/23.
  - Retail, Hospitality and Leisure relief has been extended into 2022/23 at 50%, estimated to cost £1.7Bn nationally.
  - There will also be a new relief introduced from 2023, which will allow businesses to benefit from 100% relief for 12 months from when they make improvements to a hereditament. There will be a consultation on this prior to implementation, and then it will be reviewed after five years. A relief will also be introduced for plant and machinery used in onsite renewable energy generation and storage.
  - New Homes Bonus is continued for a further year with no new legacy payments. A consultation was completed in early 2021 but the outcome has not yet been published.
  - There will be £4.8Bn of new grant funding for Social Care and Other Services, although the proportion between these is not yet known.
  - No announcements have yet been made in relation to the Better Care Fund.
  - Public Health Grant will be maintained in real terms, so it should be expected that authorities will receive inflationary increases over the SR period.

- The Core Schools Budget will increase by £4.7Bn over the SR period, with an additional £2.6Bn for new school places for children with special educational needs and disabilities (SEND) over the same period.
- The Holiday Activities and Food Programme, introduced during the pandemic, is being extended at a cost of £200m per year.
- Funding of £38M to support authorities with cyber security and £35M to “strengthen local delivery and transparency.”
- A rise in the National Living Wage of 6.6% to £9.50 an hour.
- The first £1.7Bn of allocations through the Levelling Up Fund have been announced.
- The Rough Sleeping Initiative and Homelessness Prevention Grant will be continued.
- £111M Lower Tier Services Grant introduced in 2021/22 continued in 2022/23.
- £560M announced for youth services.
- £850M for “cultural and heritage infrastructure” over the SR period.

6.5. It is worth noting that the increase in national funding is front-loaded, so increases in 2022/23 will level off. Any increases in spending power for local authorities in subsequent years are likely to be expected to be met from increases in local Council Tax levels.

6.6. The new Department for Levelling Up, Housing and Communities (DLUHC) have announced that major reform for the local government sector will take place in 2022/23 which could impact the distribution of funding at an individual local authority level from 2023/24.

## **7. Local funding impact**

7.1. The key announcements set out in section 6.4 indicate the following provisional allocations for Southend-on-Sea Borough Council:

- Social Care – additional £2.2M to be delivered through grant in addition to the funding received in 2021/22, so for 2022/23 the total grant will be £8.2M.
- The current funding stream of £7.568M iBCF (including the former Winter Pressures Grant) has increased by 3% to £7.797M in 2022/23.
- Public Health Grant is expected to increase by real terms inflation, not yet officially announced. The 2021/22 grant is £9.798M.
- The Revenue Support Grant has increased by 3.1% to £6.244M
- Market Sustainability and Fair Cost of Care Fund – new grant of £0.556m to be received in 2022/23. This comes with new burdens, the cost of which has not yet been calculated.
- Lower Tier Services Grant funding introduced in 2021/22 has increased slightly, so for 2022/23 the grant will be £0.251M

## Dedicated School Grant Budget and Schools Revenue funding

- 7.2. The Dedicated School Grant (DSG) budget consists of delegated funding to schools, early years providers and providers for pupils 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.
- 7.3. The current total DSG for 2022/23 is £178.1M (latest allocation for 2021/22 is £171.6M). 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, free special schools and national non-domestic rates for all mainstream schools. These elements are paid directly to those settings from the Education and Skills Funding Agency. The final estimated allocation expected to be awarded to the local authority for 2022/23 is £55.958M, after considering these estimated deductions of £122.189M.
- 7.4. The Department for Education (DfE) announced on the 16<sup>th</sup> December 2021 the final funding details for 2022/23 which are summarised as below (Table 1). Note there are 4 blocks of funding allocations within the DSG.

**Table 1 Dedicated Schools Grant Funding Allocations**

Block	Amount £M's	Detail
Schools Block	137.816	Allowing for 14,847 primary and 11,771 secondary pupils plus growth and premises factors
Early Years Block	10.125	This funding allows for 15 hour universal entitlement and additional 15 hour extended entitlement for 3-4 year olds and 15 hour entitlement for 2 year olds
High Needs Block	28.764	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	1.441	Includes Education Support Grant and Council support functions
<b>Total DSG 2022/23</b>	<b>178.147</b>	

## Key 2022/23 Dedicated Schools Grant DfE Headline Announcements

- 7.5. 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 2022/23 is now the third year of that three-year commitment. Early notification has supported effective financial planning, but many national and local issues remain, including significant national pressures on high needs funding, some schools that have been struggling historically financially and further increases required for teacher salary increases and pension contributions.
- 7.6. The DfE announced in July 2021, the following key headlines in relation to Individual School Funding for 2022/23 (schools block). The minimum per pupil levels are set at £4,265 for primary schools (£4,180 in 2021/22) and £5,525 for secondary schools (£5,415 in 2021/22). 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 up to 3% on those core factors.
- 7.7. In relation to Early Years funding announced by the DfE on the 25<sup>th</sup> November 2021 the DfE confirmed an increase of 17p per hour in 2022/23 to help fund childcare places for 3 & 4 year olds and 21p per hour to help fund childcare places for eligible 2 year olds.
- 7.8. In relation to high needs block funding allocations, the funding floor (within the NFF) is set at an 8% uplift with a maximum gains cap of 11%. For Southend, this has meant an additional uplift of 9.14% and an additional indicative allocation of £2.301M. On the 16<sup>th</sup> December 2021, the DfE also announced an additional supplementary DSG grant to support health and social care levy and wider cost pressures within High Needs, this additional High Need DSG grant for 2022/23 is £1.007M. For mainstream schools, early years and post 16 provision in schools, this additional supplementary grant will be paid outside of the DSG in 2022/23 and directly to those schools by the DfE.
- 7.9. In relation to central block funding included within the July 2021 announcements, the DfE stated in 2022/23 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 implication for Southend’s allocation is a further annual loss of £116,000 from 2021/22 levels.

## **DSG Education Board Decisions**

- 7.10. 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 18th November 2021 and the 15<sup>th</sup> December 2021 to determine and agree the principle decisions for the allocation of the 2022/23 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 national funding formula locally.
- 7.11. The recommendations of the DSG budget to the Education Board was presented on the 15<sup>th</sup> December 2021 and **Appendix 10** shows the detailed principle breakdown of the proposed 2022/23 Dedicated Schools budgets. This assessment also includes the considerations to the further reduced Central Block funding announcements. There will be a final 18<sup>th</sup> January 2022 Education Board report which will set the final funding allocations for 2022/23, based on the funding principle decisions made by the Education Board at its meetings on the 18th November 2021 and 15<sup>th</sup> December 2021, and the 18<sup>th</sup> January 2022 board meeting will also consider recommendations for the Early Years provider rates for 2022/23.

## **Pupil Premium**

- 7.12. In addition to funding from the DSG, schools will receive a Pupil Premium grant, which will provide amounts of £1,385 / £985 of funding per primary / secondary pupil in 2022/23 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 £8.4M for schools in Southend-on-Sea (including both Maintained and Academy schools).

## **8. Financial Sustainability Strategy**

- 8.1. This was first introduced and approved by Council in February 2020 to frame the financial future and intentions for Southend-on-Sea. It helped to set the context for the Medium Term Financial Strategy at that time, 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.

8.2. Its primary purpose remains to outline our approach, desire, and commitment to achieving financial sustainability by embracing the area’s economic potential, growing our local tax base and increase sustainable income capabilities. Given the health, economic and financial shocks that commenced in 2020/21 and continued into 2021/22 this strategy is currently under review. The Provisional Local Government Financial Settlement was only published on 16<sup>th</sup> December 2021, so the revised draft of this strategy is still under development. An updated early draft of the strategy is attached for comment and feedback at **Appendix 1**. A final version will be presented to the Cabinet meeting scheduled for 15<sup>th</sup> February 2022 and it will also form part of the suite of budget papers for consideration and approval at the Council meeting on 24<sup>th</sup> February 2022.

**9. Medium Term Financial Strategy (MTFS) 2022/23 – 2026/27**

9.1. Given the unprecedented and constantly changing events in 2020/21 and 2021/22, together with the late publication by the Government of the provisional finance settlement on 16<sup>th</sup> December 2021, this revised MTFS is still under review and will be presented to Cabinet and Council in February 2022. The updated strategy will build on what was approved in February 2021 and will look to provide an integrated view of the whole of the Council’s finances and outlook over the medium term, i.e. over the next five years. It will continue to show how the Council intends to align its financial resources to the Southend 2050 ambition, five-year roadmap, key pandemic recovery priorities and desired outcomes.

9.2. 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 will identify budget gaps in the medium term to enable the Council sufficient time to address them in a considered, measured, and planned way. Clearly this assessment will be based on a range of assumptions – the most significant is that we are currently assuming that the level of Government funding support we are expecting to receive in 2022/23 remains at exactly that same level in future years through to 2026/27.

9.3. Although the full MTFS is still being updated, considerable work has been undertaken to establish a Medium Term Financial Forecast for the years 2022/23 to 2026/27 and this is shown in **Annex 1 to Appendix 2**. Table 2 is a summary showing the forecast budget gap for the next five years.

**Table 2 Forecast Budget Gap 2022/23 to 2026/27**

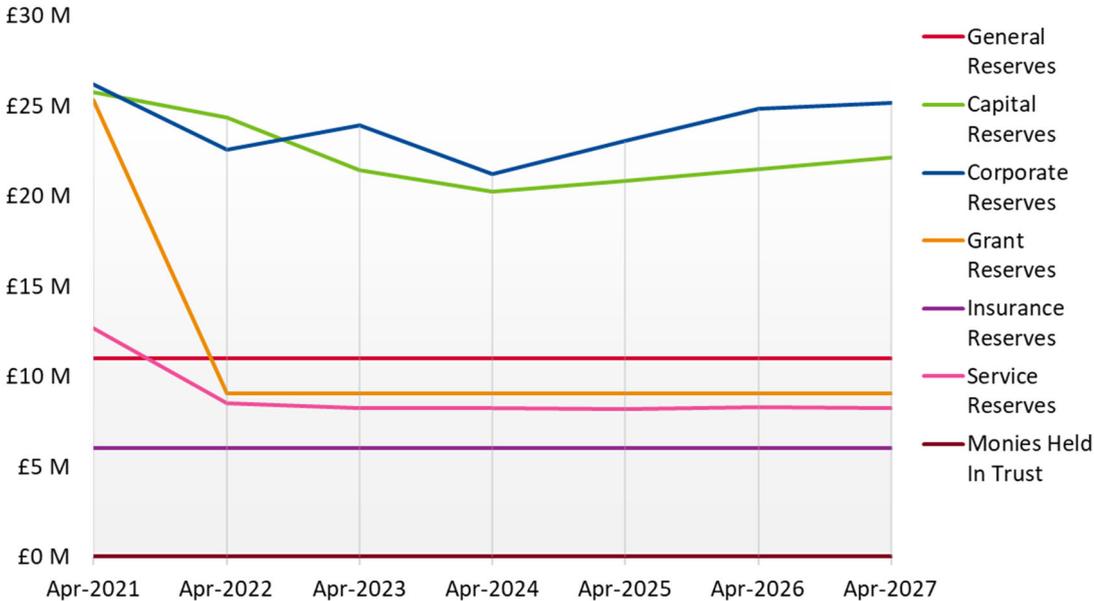
Year	2022/23	2023/24	2024/25	2025/26	2026/27	Total
Budget gap	£0M	£7.6M	£5.2M	£6.2M	£5.2M	<b>£24.2M</b>

9.4. The Section 151 Officer’s Statement on the Adequacy of Balances and the Robustness of the Budget is attached as **Appendix 3**. This includes the recommended Reserves Strategy based on an approach to evidence the requisite level of reserves by internal financial risk assessment.

9.5. The proposed Earmarked Reserves balances (2021/22 – 2026/27) is shown in **Annex 2 to Appendix 2** and it illustrates not only the appropriations to and from Earmarked Reserves but also the transfers between them. The significant fall in grant reserves in April 2022 is due to the prescriptive accounting treatment of Business Rates Section 31 Grant appropriated to reserves in the previous year. These arrangements were stipulated and were designed to primarily account for the support for businesses provided by the Government during the pandemic between the Council’s Collection Fund and General Fund. This is in accordance with national guidance given the exceptional circumstances.

A summary of the forecast reserve balances from 2021/22 to 2026/27 is illustrated in the following graph (Figure 2).

**Figure 2 Forecast Reserve Levels 2021/22 to 2026/27**



9.6. 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, COVID-19 recovery priorities and first phases of the roadmap.

9.7. 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 value for money impact in providing better outcomes for Southend residents. Analysis of the feedback from the range of extensive consultation and engagement exercises undertaken throughout 2021/22 has also directly influenced the overall proposed budget package (see Section 19.6).

- 9.8. 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 2022/23 to 2026/27 is attached as **Appendix 11**.

## 10. Prioritising Resources to Deliver Better Outcomes

- 10.1. 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.
- 10.2. A summary of the revenue investment proposals that form part of this overall budget package is shown in Table 3. The detail of each proposal for 2022/23 is shown at **Appendix 6**. Most of the proposed initiatives are planned to be a permanent increase in the revenue base budget of the Council, except where indicated (\* and \*\*).

**Table 3 Revenue Investment Proposals**

Ref	Description	2022/23 £000s
PJ02-TR	Stop the use of Glyphosate in Parks and Open Spaces	* 120
<b>Pride and Joy Total</b>		<b>120</b>
SW01-UP	Adult Demographic Change	1,080
SW02-UP	Adult Social Care Provider Uplifts – Residential, Supported Living, Day Services	2,161
SW03-UP	Adult Social Care Provider Uplifts – Direct Payments	806
SW04-UP	Essential Living Fund	117
SW05-UP	Safeguarding Board Investment	30
SW06-UP	Independent Health Complaints Advocacy	28
SW07-IA	Adult Social Care Provider Uplifts – Homecare	1,316
SW08-IA	Adult Social Care Provider Uplifts – Residential Care Legacy Rates	125
SW09-IA	Children's Social Work	350
SW10-IA	Housing Staff	200
SW11-IA	Community Safety Investment	250
SW12-IA	Increase in Public Health Burials	20
SW13-IA	Parking Lines and Signs	100
SW14-IA	Street Lighting Column Replacements	100
SW21-TR	Liberty Protection Safeguards	* 60
SW22-TR	Care Home Support	* 100
SW23-TR	Housing Staff	** 150
SW24-TR	Assurance and Inspection	* 75
<b>Safe and Well Total</b>		<b>7,068</b>
OP01-IA	Planning Graduates	80
OP02-TR	Economic Recovery	* 200

Ref	Description	2022/23 £000s
OP03-TR	Events 2022 Programme	* 100
<b>Opportunity and Prosperity Total</b>		<b>380</b>
CS01-UP	ICT increase in annual support / maintenance costs	200
<b>Connected and Smart Total</b>		<b>200</b>
FW01-UP	Pay and Increments	3,650
FW02-UP	Inflation Provision	600
FW03-UP	Investment, Income and Financing Costs Review	1,204
FW04-IA	Loss of School's income across a range of services	250
FW05-IA	Rightsizing of General Fund Council Tax Budget	200
<b>Future Ways of Working Total</b>		<b>5,904</b>
<b>Total Investments</b>		<b>13,672</b>

**Key:** \* investment is for one year only and is funded from the Business Transformation Reserve.

\*\* investment is for one year only and is funded from the New Homes Bonus Reserve.

- 10.3. 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.

The Head of Climate Change will be involved in a range of Council led programmes to ensure that appropriate consideration is given to the climate impact of our activities, especially considering the commitments made by the Government at the recent COP26 summit in Glasgow.

- 10.4. A summary of the proposed savings and income generation proposals for 2022/23 that form part of this overall budget package is shown in **Table 4**. The detail of each proposal for 2022/23 – 2026/27 is shown at **Appendix 7**.

**Table 4 Savings and Income Generation Proposals**

Ref	Description	2022/23 £000s
PJ02-SP	Expectation of saving from waste disposal procurement	(112)
PJ03-SP	Review of Cemeteries and Crematorium fees and charges	(90)
<b>Pride and Joy Total</b>		<b>(202)</b>
SW15-IS	ABLE2 Team	(90)
SW16-IS	Learning Disability Services Transformation	(225)
SW17-IS	Shared Lives Expansion	(15)
SW18-IS	Commercial Improvement	(60)
SW19-IS	Enhanced In-house Foster Care Offer	0*
SW20-IS	Moving Traffic Enforcement	100*
SW25-SP	Electronic Time Monitoring for Homecare	(150)
SW26-SP	Disabled Facilities Grant and Equipment	(230)
SW27-SP	Increased Client Contributions	(300)
SW28-SP	Early Help staffing review	(27)
PY-SW01	Supported Accommodation & Supporting People Contracts	(300)
PY-SW02	Commercial negotiation and contract review with key providers	(620)
PY-SW04	Review of low-cost home care packages	17
PY-SW06	Review section 75 with Essex Partnership University Trust	(100)
PY-SW07	Review of the Adult Social Care contributions policy	(50)
PY-SW08	Introduce a new strengths-based refresh to adult social care	0*
PY-SW10	CCTV monitoring services for other networks	(10)
<b>Safe and Well Total</b>		<b>(2,060)</b>
PY-AI03	Targeted integration of the Public Health grant	(150)
PY-AI04	Negotiated planned increased in bowls season ticket fees	(20)
<b>Active and Involved Total</b>		<b>(170)</b>
OP04-SP	Advertising on Council waste assets	(5)
PY-OP01	Introduce charging at Pre-Application Advice meetings	(8)
PY-OP02	Fast Track and Premium Services for Planning Applications	(5)
PY-OP03	Potential sponsorship opportunities within parks	(5)
PY-OP04	Ensure all parks buildings either have a lease or charged separately for usage	(10)
PY-OP05	Review of Planning and Building Control Consultancy Service	(38)
PY-OP07	New rental income from the airport business park	(23)
<b>Opportunity and Prosperity Total</b>		<b>(94)</b>
CS02-IS	Public Interface Transformation	150*
CS03-IS	Highway improvements	150*
CS04-SP	Pay & display tariff standardisation	(350)
CS05-SP	Zone 1A Car Park charge extension 6pm to 9pm	(350)
CS06-SP	Reduction of concessionary fares support to match usage	(200)
PY-CS03	Comprehensive review of car parking fees and charges	(150)

Ref	Description	2022/23 £000s
PY-CS04	Review of all Highways fees and charges	0*
<b>Connected and Smart Total</b>		<b>(750)</b>
FW06-SP	Fees and charges increased yield	(800)
FW07-SP	Housing Benefit and Council Tax verification software	(17)
FW08-SP	Financial Services staffing review	(68)
FW09-SP	Council Tax Base additional increase 0.3%	(271)
PY-ES02	Saving from not borrowing during 2021/22	(150)
PY-ES08	Various administrative efficiencies and savings	45*
PY-ES10	Service redesign of the Business Support function	(500)
PY-ES13	New income stream from a formal laptop disposal scheme	0*
PY-ES14	Housing Revenue Account charging review	(50)
<b>Future Ways of Working Total</b>		<b>(1,811)</b>
<b>Savings Initiatives Total</b>		<b>(5,087)</b>

**Key:** The prefix "PY" indicates a saving which was approved as part of the 2021/22 budget setting process with a multi-year impact.

The suffix "IS" indicates an invest to save proposal.

\* Indicates savings/extra income is planned to be delivered in future years.

## 11. General Fund Revenue Budgets 2022/23 – 2026/27

### Forecast revenue outturn 2021/22

- 11.1. The original General Fund revenue budget requirement for 2021/22 totalled £135.847M and was to be met from government grants, available business rates, council tax and adult social care precept and £2.500m planned use of reserves.
- 11.2. Members have been supplied with regular financial monitoring information throughout the year. The latest forecast outturn and supporting narrative for 2021/22 is summarised in the Resourcing Better Outcomes - Financial Performance Report – Period 8, elsewhere on this Cabinet agenda. The year has clearly been dominated again by the impact of COVID-19 on both the finances and operations of the Council.
- 11.3. The latest financial forecast for 2021/22 indicates a projected £1.358M overspend for the Council.
- 11.4. A range of mitigation plans are also in place to try and improve the overall financial position further by the end of the financial year. The situation will continue to be closely monitored. It is anticipated that the current forecast overspend will be met by a combination of additional COVID-19 Government support (Control Outbreak Management Fund) or using corporate contingency if required. This should enable the previously approved £2.5M to support the Council's spending plans in 2021/22 to be deferred and is now proposed to be used to support the 2022/23 Budget package instead. The actual year-end final position for 2021/22 will be considered as part of the outturn report, which will be presented to Cabinet in June 2022.

## Fees and Charges Proposals

- 11.5. Cabinet at its meeting on 18<sup>th</sup> 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 to be agreed by Cabinet like car parking charges. For 2022/23 the guideline yield has been set at CPI at October 2021 (4.2%) and therefore charges for 2022/23 will be set by Chief Officers within this guideline with a few exceptions.
- 11.6. The proposed overall balanced revenue budget package assumes several new fee charging options within parking and bereavement services. The detailed proposals are summarised at **Appendix 9**. New charging arrangements based on national policy/guidance (Care Act Considerations) and individual financial circumstances of clients are also planned for Adult Social Care services.
- 11.7. The Southend Pass will continue into 2022/23 with feedback from users resulting in the creation of a 1 and 3-month pass purchase option too. As a result of parking services being continually impacted in 2021/22 due to COVID-19, an evaluation of the pass will now be undertaken in 2022/23. Except for the changes to parking charges summarised for Zone 1a in **Appendix 9**, all other pay and display tariffs are proposed to remain at 2021/22 prices. This means that the impact of increasing inflationary factors is not being passed on to parking users in 2022/23.
- 11.8. After the significant piece of work undertaken to create parking zones across the Borough to standardise parking charges within similar areas in 2021/22, it is now proposed to simplify them even further by standardising the hourly rate in Zone 1a in line with all other zones across the Borough. This will provide an even simpler and uniform approach across the whole town. There are also some minor amendments to other parking arrangements, which are outlined in detail at **Appendix 9**.
- 11.9. To alleviate parking pressure for the night-time economy in Southend-on-Sea the applicable charging times in Zone 1a will be extended from 6pm to 9pm. This extension will ensure that existing parking provision is not abused, and safe standards are maintained. Enforcement hours will be increased to support these restrictions which in line with the Highways Act 1980 will aim to avoid danger to persons and damage that has been caused by poor driving and historical inappropriate parking behaviours. Southend Pass Holders will be able to use their pass during these extended hours. It is proposed that the Cliffs Pavilion and Shorefield Road car park will remain chargeable to 6pm only.

- 11.10. The Care Act allows local authorities to charge people a fair contribution towards the cost of care. In any financial assessment, individual circumstances will continue to be considered. People are only charged when they can afford to pay all or part of the actual cost of their care. No one will pay more than the care costs the council to deliver. Each year the cost of care rises because of increased payments to providers, and the amount people have to pay for care also increases. These two factors, together with assumptions about the increase in the aging population mean we are assuming increased charging income in future years.
- 11.11. The charges for our cemetery and crematorium have been benchmarked for the last few years against nearest neighbours and similar facilities and the outcome of this shows that our charges are primarily in the lower quartile. Considering the current increases in utility costs to operate our cremators and the reduced availability of burial plots it seems prudent to review the charges associated with these services. The proposed charges at **Appendix 9** are the result of benchmarking data from competitors as well as the unique demographics of Southend whilst ensuring that the needs of service users are met during the difficult time of a bereavement. These revised proposed charges also ensure that the cost of a basic cremation remains one of the lowest in South Essex.

### Overall General Fund Budget

- 11.12. The overall proposed balanced General Fund Revenue Budget package for 2022/23 is summarised in the following table (Table 5).

**Table 5 Summary of General Fund Revenue Budget**

	2021/22 £M	2022/23 £M
<b>Net Base Budget</b>	131.342	135.960
Net Investment and Reprioritisation	2.005	4.328
<b>Revenue Budget</b>	<b>133.347</b>	<b>140.288</b>
<i>Less Available Funding</i>		
Revenue Support Grant	(6.082)	(6.244)
Business Rates Income	(38.129)	(38.200)
Collection Fund Surplus	(1.500)	(1.500)
<b>To be funded from Council and ASC Precept</b>	<b>87.636</b>	<b>94.344</b>
General Council Tax	78.576	80.945
ASC Precept Income	9.060	10.899
<b>Remaining Budget Gap</b>	<b>0</b>	<b>2.500</b>
<b>Use of Reserves to Balance Budget</b>	<b>0</b>	<b>(2.500)</b>
<b>Balanced Budget</b>	<b>0</b>	<b>0</b>

- 11.13. Table 6 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.

**Table 6 Use of Reserves approved in 2020/21**

	<b>2022-23 £000</b>
Service Design	185
Community Safety – Summer and Winter Planning	100
<b>Business Transformation Reserve total</b>	<b>285</b>
Outcome Delivery	250
<b>Outcome Delivery Reserve total</b>	<b>250</b>
School Improvement	200
<b>School Improvement Reserve total</b>	<b>200</b>
<b>Total Use of Reserves approved in 2020/21</b>	<b>735</b>

### **Council Tax 2022/23 and estimated collection fund balance 2021/22**

- 11.14. The Council must formally determine the Council Tax Base (the number of Band D equivalent properties) for 2022/23 and any estimated Collection Fund balance at the end of 2021/22. The Council Tax base for 2022/23 is as reported in a separate report on this agenda for approval by Cabinet as delegated by Council at **59,086.74** (equivalent Band D properties) including Leigh-on-Sea Town Council.

The tax base for Leigh-on-Sea Town Council has been calculated for 2022/23 as **8,890.46** Band D equivalents.

The estimated balance on the Collection Fund in respect of Council Tax as at the end of 2021/22 will be formally reported to Cabinet in February 2022. It is currently assumed that £1.5M of the projected accumulated historical surplus will be used to support the budget for 2022/23.

### **Council Tax**

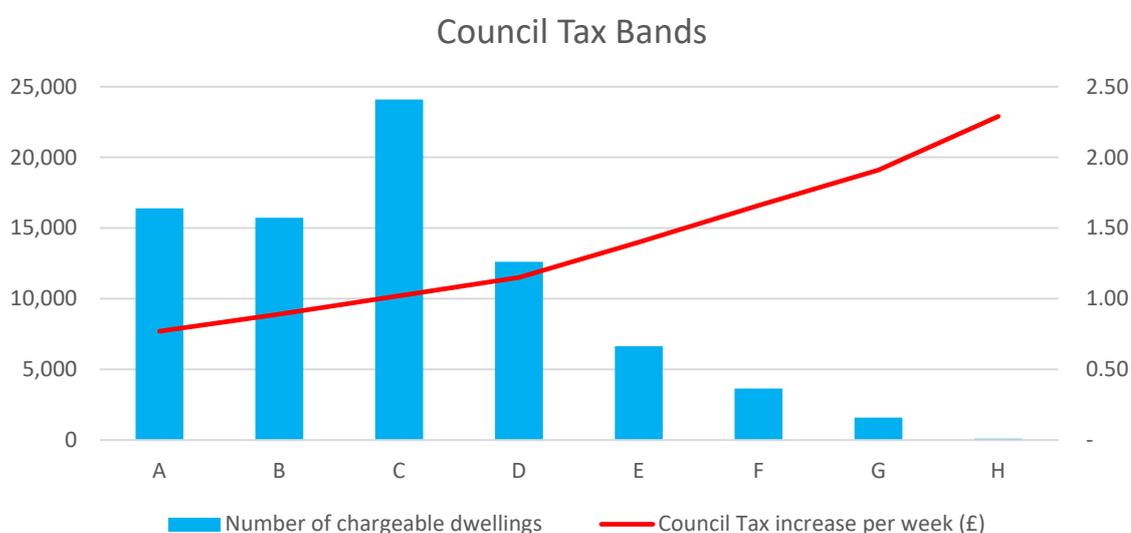
- 11.15. Overall, the draft budget assumes a total increase in the Council Tax of 3.99% (that being 1.99% for general use and 2% for the Adult Social Care precept). This would result in a Band D value of £1,554.39 per annum (the Band D level for 2021/22 is £1,494.72). This equates to an annual increase of £59.67 and a weekly increase of £1.15.

11.16. Table 7 and Figure 3 provide an indicative illustration of the impact of the proposed council tax increase for 2022/23 across the range of properties in Southend-on-Sea. Over 70% of properties in the Borough are in council tax bands A to C.

**Table 7 Council Tax Bands**

Council Tax Band	A	B	C	D	E	F	G	H
Number of chargeable dwellings	16,394	15,726	24,088	12,604	6,636	3,643	1,584	101
21/22 Council Tax per week (£)	19.16	22.36	25.55	28.74	35.13	41.52	47.91	57.49
Increase per week (£)	0.77	0.89	1.02	1.15	1.40	1.66	1.91	2.29
22/23 Council Tax per week (£)	19.93	23.25	26.57	29.89	36.53	43.18	49.82	59.78

**Figure 3 Number of Council Tax Dwellings and the associated proposed increase**



This draft proposed budget for 2022/23 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 based on trying to limit the local Council Tax increase to as low a level as realistically possible in the very financially challenging circumstances. The proposal includes 1.0% Adult Social Care Precept deferred from 2021/22 financial year.

For comparative purposes, nearly 70% of all unitary authorities in 2021/22 applied the maximum Council Tax increase possible without a local referendum (4.99%). Southend's approved level placed them within the next 20% of unitary authorities which increased their Council Tax between 3.00 – 3.99% in 2021/22.

The decision to defer the 1% available for the Adult Social Care precept in 2021/22 is now being proposed to be implemented for 2022/23. This strategy has provided a more stable consistent increase to local residents of 3.99% each year, primarily to fund increasing demand and cost pressures for social care. Whereas 70% of residents in other unitary authority areas will have seen a bigger jump of 4.99% in 2021/22 followed by a smaller 2.99% increase in 2022/23.

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

- 11.17. Leigh-on-Sea Town Council has indicated its proposed level of precept for 2022/23 of £452,080 (2021/22 = £443,217) pending approval at their Town Council meeting of 18<sup>th</sup> January 2022. Based on their council tax base of 8,890.46, the Town Council element of the total Council Tax bill would increase from £50.58 to £50.85 at Band D, equivalent to an increase of 0.53% from 2021/22.
- 11.18. Essex Fire & Rescue Services and Essex Police through the Police, Fire and Crime Commissioner for Essex has by law to set both precepts no later than 1<sup>st</sup> March 2022 (after consideration by the Essex Police, Fire and Crime Panel on 3<sup>rd</sup> February 2022). At this stage, no information is available on their proposed Council Tax increase levels for 2022/23.

### Levies

- 11.19. The Council is required to pay relevant levying bodies, who have only indicated their draft levy position for 2022/23. Updated levies figures will be included in the final report to Cabinet on 15<sup>th</sup> February 2022. The final levies will be reported on in the Council Tax report for Council on 24<sup>th</sup> February 2022. The current position for 2022/23 is identified in Table 8.

**Table 8 Levying bodies and their charges**

	<b>2021/22 Probable Actual £000</b>	<b>2022/23 Estimate £000</b>	<b>Percentage increase %</b>
Kent and Essex Inshore Fisheries and Conservation Authority (Provisional)	21.9	23.0	5.0
Flood Defence – Environment Agency (Provisional)	209.4	215.7	3.0
Coroners Court (Provisional)	409.7	423.3	3.3
<b>Total</b>	<b>641.0</b>	<b>662.0</b>	

The Kent and Essex Inshore Fisheries and Conservation Authority levy is provisional and is a proposed increase of £1,066 from 2021/22 to 2022/23. The Flood defence levy is provisional and is based on the increase agreed at the Anglian Eastern Regional Flood and Coastal Committee. The Coroners Court levy is also provisional.

### **Reserves Strategy and Section 151 Officer's Statement**

- 11.20. The Reserves Strategy is set out in the Section 151 Officer's Statement on the Adequacy of Balances attached at **Appendix 3**. Within the boundaries of this strategy the presentation of the budget reflects proposed net appropriations from earmarked reserves totalling £1.819M for which separate approval is sought. Full details are shown in **Appendix 4**.

### **Staffing Implications**

- 11.21. The investment proposals outlined in **Appendix 6** will result in a permanent increase to the staffing establishment of the Council of circa 16.4 full time equivalent (FTE) posts. In addition to this there will be an estimated 10.0 FTE fixed-term posts supported by one-off investment from reserves.
- 11.22. There are approximately 10 posts/roles proposed to be deleted as part of the budget savings package detailed at **Appendix 7** for 2022/23. 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.
- 11.23. 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.
- 11.24. 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.

## **12. Capital Investment Programme**

- 12.1. 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.
- 12.2. The capital investment programme is prepared and developed in accordance with the Council's Capital Investment Strategy, which is attached as **Appendix 11** 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**

- 12.3. 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.
- 12.4. We need to ensure that investment is focussed on priorities and that priority projects have viable delivery plans. A MoSCoW review has been undertaken to re-assess and re-prioritise the capital investment programme. This enables prioritisation by categorising capital projects as 'must have', 'should have', 'could have' or 'will not have' (at this time). The results of this review were included in the Period 4 and Period 6 financial performance reports to September and November Cabinet respectively.
- 12.5. Capital challenge sessions have also been held with the Cabinet Member for Corporate Services and Performance Delivery. The first sessions were held in late September and early October and the results of these were included in the Period 6 financial performance report to November Cabinet. Follow up capital challenge sessions were held with the Cabinet Member for Corporate Services and Performance Delivery in early December, with any resulting requested changes to the capital investment programme included in the Period 8 financial performance report elsewhere on this agenda.
- 12.6. The reviews of the capital investment programme have considered the following:
- 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 as a whole
  - consider whether any schemes can be stopped or paused
  - consider whether any schemes should be subject to a viable business case assessment.
- 12.7. 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.

**13. Capital Investment Programme – position as set out in the Resourcing Better Outcomes – Financial Performance Report – Period 8 (elsewhere on this agenda)**

- 13.1. At November Cabinet a 2021/22 budget of £70.9M was approved for schemes to be delivered by the Council and £14.2M for schemes to be delivered by subsidiary companies, partners and joint ventures. At November Cabinet a total budget for financial years 2022/23 to 2025/26 of £85.9M was approved for schemes to be delivered by the Council and £50.0M for schemes to be delivered by subsidiary companies, partners and joint ventures.
- 13.2. Since November Cabinet the capital investment programme review has continued as set out in paragraph 12.5. The Council has also been successful in its Levelling Up Fund bid for visitor economy improvements, focussed on Leigh Port, the Cliffs Pavilion and wider seafront and town centre safety measures. The £19.9M external funding will be match funded by £4.1M from the Council’s Capital Investment Programme, and works will be completed by March 2024.
- 13.3. As a result of this and the ongoing review, the Resourcing Better Outcomes – Financial Performance Report – Period 8 includes any 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 13**.
- 13.4. The resulting revised capital investment programme for 2021/22 to 2025/26 is shown in Table 9.

**Table 9 Capital Investment Programme Summary**

**Programme to be delivered by the Council (GF and HRA):**

	<b>2021/22 (£000)</b>	<b>2022/23 (£000)</b>	<b>2023/24 (£000)</b>	<b>2024/25 (£000)</b>	<b>2025/26 (£000)</b>	<b>Total (£000)</b>
At November Cabinet	70,852	50,322	18,508	10,108	6,919	156,709
Levelling Up Fund amendments*	4,275	15,110	3,705	25	0	23,115
Other amendments	(3,737)	1,537	830	102	39	(1,229)
<b>Revised programme</b>	<b>71,390</b>	<b>66,969</b>	<b>23,043</b>	<b>10,235</b>	<b>6,958</b>	<b>178,595</b>

\* £880,000 of match funding from the Council’s capital resources had already been included in the programme at an earlier Cabinet.

*Total proposed budget for 2022/23 to 2026/27 = £107.2M*

**Programme to be delivered by Subsidiary Companies, Partners and Joint Ventures:**

	<b>2021/22 (£000)</b>	<b>2022/23 (£000)</b>	<b>2023/24 (£000)</b>	<b>2024/25 (£000)</b>	<b>2025/26 (£000)</b>	<b>Total (£000)</b>
At November Cabinet	14,222	21,549	15,559	9,598	3,250	64,178
Amendments	(1,362)	534	828	0	0	0
<b>Revised programme</b>	<b>12,860</b>	<b>22,083</b>	<b>16,387</b>	<b>9,598</b>	<b>3,250</b>	<b>64,178</b>

*Total proposed budget for 2022/23 to 2026/27 = £51.3M*

- 13.5. Key areas of investment within this programme across the four-year period 2022/23 to 2025/26 are as follows:

**Pride and Joy**

**Southend Pier**

- 13.6. 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.
- 13.7. Major capital investment in the pier of £10.6M 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 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**

- 13.8. Capital investment in this area contributes to the desired outcome everyone has a good quality, sustainable home that meets their needs.
- 13.9. Several sites within the housing development pipeline are currently underway and a major capital investment of £12.4M 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. Phase 3 is to deliver circa 29 units of Council housing across six underutilised garage sites and surrounding land in Shoeburyness. Phase 4 is to deliver circa 9-12 units of Council housing at the North site within the Council owned Lundy Close housing estate. There are also Modern Methods of Construction pilots for off-site delivery methods at Archer Avenue and Saxon Gardens.

- 13.10. Capital investment of £4.7M is included until 2023/24 to continue the affordable housing acquisitions programme. Capital investment of £18.4M 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 common area improvement works. The 5,930 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.
- 13.11. Capital investment of £4.4M is included for Disabled Facilities Grants to provide grants to disabled people make changes to their homes. Adaptations include widening doors, installing ramps, improving access to rooms and facilities and adapting heating and lighting controls to make them easier to use.

### **Climate change**

- 13.12. Capital investment in this area contributes to the desired outcome that we act as a sustainable and green city embracing the challenges of the Climate Emergency Declaration made in 2019.
- 13.13. The Council wants to achieve net zero carbon by 2030 and the Green City Action Plan sets out the initial steps that the Council will undertake to become a Green City and fulfil its obligations after declaring a Climate Emergency in Autumn 2019. The report includes the five key focus areas which will help accelerate the work to create net zero emissions by 2030:
- Climate Leadership and Strategic Approach
  - Establishing a Pathway to Net Zero Carbon
  - Building Climate Resilience across Southend
  - Future Generations
  - Building Partnerships
- 13.14. Southend pier's diesel trains are being replaced with new ultra-modern electric trains as part of a £3.25M capital investment which is due to conclude in early 2022. Electric trains mean significant cuts in carbon emissions compared to diesel and lower energy and maintenance costs.
- 13.15. The Council is monitoring air pollution and uses this information to help inform road transport improvements and major infrastructure projects such as the A127 Kent Elms scheme and the Bell Junction works which help reduce congestion and improve air quality.
- 13.16. A £13.5M project to replace all of Southend's 15,000 streetlights with LEDs was completed in August 2017 which continues to reduce carbon emissions.
- 13.17. 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 CO<sub>2</sub>, filtering urban pollution and fine particulates, cooling the air, and increasing biodiversity by providing habitat, food and protection for plants and animals. The Council's Tree Policy aims to increase the Borough's tree canopy cover to 15%, which is equivalent to 150 football pitches.

- 13.18. The new Launchpad Innovation Centre will be completed in June 2022 as part of the Airport Business Park. Environmental sustainability is core to the design of this building. The design and construction will support the Council's Green City Action Plan and environmental commitments by achieving the highest standards of environmental performance, making it the first council-owned building to achieve Building Research Establishment Environmental Assessment Method (BREEAM) Outstanding Certification.
- 13.19. The other 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).
- 13.20. 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. An 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.
- 13.21. 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
- 13.22. 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.
- 13.23. The Council was 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.
- 13.24. 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.

## **Opportunity and Prosperity**

### **Enterprise and Regeneration**

- 13.25. Capital investment in this area contributes to the desired outcome that major regeneration projects are underway and bringing prosperity and job opportunities to the borough.
- 13.26. A major investment of £5.3M included in this capital investment programme is for the completion of the Airport Business Park, a major strategic employment site near 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. The construction of the Launchpad building is underway and the project is expected to be completed during 2022/23.
- 13.27. £11.0M 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.
- 13.28. Capital investment of £1.1M 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.

### **Housing**

- 13.29. Capital investment in this area contributes to the desired outcome everyone has a good quality, sustainable home that meets their needs.
- 13.30. Capital investment of £2.4M 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.

### **Schools**

- 13.31. Capital investment in this area contributes to the desired outcome that our children are school-ready and young people are ready for further education, employment or training.
- 13.32. The schools capital investment programme for 2022/23 onwards totals £2.8M. The programme will continue to be dominated by the schools condition works but also by the high needs and special provision funds. These funds are to enhance the facilities and number of places available for children with special educational needs and disabilities or requiring alternative provision.

## **Connected and Smart**

### **Highways and Infrastructure**

- 13.33. Capital investment in this area contributes to the desired outcome to facilitate a wide choice of transport that improves accessibility, connectivity and mobility to all residents.
- 13.34. Significant capital investment of £16M in the town's footways and carriageways is included in this programme. This includes £10M for footways improvements and £6M for carriageways improvements to reduce long term structural maintenance and improve public safety.
- 13.35. Nearly two thirds of this new investment will be in footways as, over the period to 2021/22, more has 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.
- 13.36. Capital investment of £2.5M is included in this programme for the completion of schemes funded from Local Transport Plan and the Local Growth Fund monies from Government. These include the Bell Junction, A127 essential maintenance works, transport management schemes and town centre interventions.
- 13.37. Capital investment of £3.0M included in this programme is for works to the cliff slip at Belton Way East, funded by a grant received from the Department for Transport.

## **Future Ways of Working**

### **Works to Property**

- 13.38. Capital investment of £4.4M 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.

- 13.39. Capital investment of £2.7M is included in this programme for refurbishment of the crematorium to ensure the Council can continue to provide high quality crematorium services. The works include replacement of the three existing cremators, replacement of plant associated with the cremators, reconfiguring the back of house to accommodate new equipment and to facilitate better working, and reconfiguring the front of house areas including the installation viewing area to accommodate different faiths and beliefs.

## **ICT**

- 13.40. Capital investment of £2.3M included in this programme for ICT includes the ongoing projects for digital enablement and security and resilience and the Council's enterprise agreement licences.

## **14. New capital investment proposed**

- 14.1. Although the capital investment programme for 2022/23 to 2025/26, updated as a result of the changes set out in **Appendix 13**, represents a significant investment of over £158M on the part of the Council in the Southend area, the Council's ambition to improve the lives of residents is undiminished.

### ICT – Smart Council

- 14.2. New capital investment of £1,050,000 in the Council's ICT equipment and application and infrastructure licences for 2022/23 is proposed, to enable the Smart Council project to progress whilst the necessary business cases and governance processes are being worked through for the rest of the project. This is in addition to the budget request in **Appendix 13** of £146,000 for the approved capital investment programme in 2021/22. Inclusion of the rest of the Smart Council project in the main programme is subject to approval of appropriate viable business cases.
- 14.3. This capital investment is to continue to provide the ICT core services to the Council (software and hardware). This project proposes a fast-track migration to the cloud which enables the Council's transformation, mitigates the disaster recovery risk, negates the need for a cyclical investment and realises the cost savings that can be achieved from such a strategy. By utilising the cloud for the Council's infrastructure there is no longer a need to replace ICT Infrastructure, resulting in significant cost savings. The additional work has been broken down into projects, which, when delivered together, will achieve quantitative and qualitative benefits and mitigates risk.
- 14.4. Part of the project is to provide regular device refreshes, to ensure the estate does not go beyond the end of its supported life and result in security risks and to enable officers and members to carry on working remotely. The COVID-19 pandemic meant that the Council was required to begin a move to the Cloud, to enable remote working. Reversing this or stopping this will add additional costs.

- 14.5. The ICT Smart Council project has a total estimated cost of £16,396,000 over the years from 2021/22 to 2025/26. The remaining £15,200,000 is estimated to be £5,505,000 of capital investment over the years 2023/24 to 2025/26 and £9,695,000 of revenue investment over the years from 2021/22 to 2025/26.

#### East Beach Car Park – Phase 1

- 14.6. New capital investment of £355,000 is proposed in 2022/23 for Phase 1 of the East Beach Car Park works. This investment is to widen the existing vehicular entrance/exit and install a height barrier and vehicle flow plates. The footway entrance would be improved to include street lighting and improved access for pedestrians and cyclists. The car parking area would be future proofed to ensure that Electric Vehicle Charging can be accommodated.
- 14.7. Phase 2 of this project would be the construction of the car park and which would require planning permission. Detailed cost estimates for this phase are being sought but it is estimated that the full project cost (phases 1 and 2) would be up to £825,000. In addition to these capital costs, £40,000 has been allocated from the revenue budget for professional fees regarding all relevant surveys and flood risk assessments to enable a more detailed business case to be worked through.
- 14.8. Inclusion of phase 2 into the main programme would be subject to approval of a viable business case.

#### Footways Improvements

- 14.9. Improving local pavements is a priority for local people and for this council. This investment is to create better conditions for walking and improve public safety by reducing instances of trips and falls.
- 14.10. Investment of £4M for 2022/23 is to be brought up into the main programme from the Subject to Viable Business Case section. £2.5M is to be added to the programme for 2026/27 to ensure the continuation of the rolling programme. This is in addition to the budget of £16million already in the approved capital investment programme for the years 2021/22 to 2025/26.
- 14.11. The programme of works includes some of the highest priority pavements that need repair, across a range of wards and is part of more major investment across future years that will be needed to enable all the highest priority pavements to be brought up to standard across the borough.

#### Carriageways Improvements

- 14.12. Improving local roads is a priority for local people and for this council. This investment is to improve the highways infrastructure, reduce long term structural maintenance and improve public safety.

- 14.13. Investment of £2M for 2022/23 is to be brought up into the main programme from the Subject to Viable Business Case section. £1.5M is to be added to the programme for 2026/27 to ensure the continuation of the rolling programme. This is in addition to the budget of £10million already in the approved capital investment programme for the years 2021/22 to 2025/26.
- 14.14. The programme of works includes some of the highest priority roads that need repair, across a range of wards and is part of more major investment across future years that will be needed to enable all the highest priority roads to be brought up to standard across the borough.

#### Priority Works

- 14.15. New capital investment of £600,000 is proposed for each of the financial years 2025/26 and 2026/27. This investment is to ensure an annual budget is available to deal with any urgent or priority works to Council owned assets that may arise during the year.
- 14.16. This investment is in addition to the £2,274,000 budget already in the approved capital investment programme for the years 2021/22 to 2024/25.

### **15. Capital investment subject to viable business cases**

- 15.1. To ensure that the programme is affordable, deliverable and focussed on the Council's key priorities several 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.

- 15.2. The following schemes (Table 10) are listed as being subject to viable business cases:

**Table 10 Capital schemes subject to a viable business case**

<b>Scheme</b>	<b>Existing as at November Cabinet or New</b>
Footways Improvements	Existing
Carriageways Improvements	Existing
Tree Planting	Existing
Better Queensway - Additional Affordable Housing	Existing
Better Queensway Housing and Commercial Property acquisitions	Existing
Regeneration Pipeline Schemes	Existing
Strategic and Regeneration Acquisitions	Existing
Private Sector Housing Strategy	Existing
ICT – Smart Council	Existing
Coastal Defence	Existing
Cliffs Stabilisation	Existing
Shoebury Health Centre	Existing
East Beach Masterplan	Existing
Town Centre and Seafront Security Works	Existing
Civic Centre Campus Masterplan	Existing
Cliffs Pavilion Refurbishment and Remodelling	Existing
Seafront Illuminations	Existing
Re-imagination of the Town Centre	Existing
Museums and Galleries	Existing
School Improvement and Provision of School Places	Existing
Seaway Leisure	New
Southend Pier - Condition Works	New
Coastal Defence Refurbishment Programme	New
Schools – Condition Works	New
Property Refurbishment Programme	New
Fire Improvement Works	New
HRA Affordable Housing Acquisitions Programme	New
HRA Future Investment Programme	New
HRA Right to Buy Buybacks Refurbishment	New

- 15.3. Footways Improvements: this investment is to create better conditions for walking and improve public safety by reducing instances of trips and falls. £4M p.a. has been included in this section of the programme for the years 2023/24 to 2026/27.
- 15.4. Carriageways Improvements: this investment is to improve the highways infrastructure, reduce long term structural maintenance and improve public safety. £2M p.a. has been included in this section of the programme for the years 2023/24 to 2026/27.
- 15.5. 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.
- 15.6. 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.
- 15.7. 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.
- 15.8. 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.
- 15.9. 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.
- 15.10. 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 had 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.
- 15.11. ICT – Smart Council: the proposed investment is set out in paragraphs 14.2 to 14.5.
- 15.12. Coastal Defence: this is to support the delivery of the desired outcome that we will assess how to best manage our coastline to protect people, residential and commercial properties, designated habitats, public open spaces and agricultural land from coastal flood and erosion risk. The scope of this is wider than the Coastal Defence Refurbishment rolling programme being proposed in paragraph 15.25.

- 15.13. 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.
- 15.14. 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.
- 15.15. 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.
- 15.16. 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.
- 15.17. 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.
- 15.18. Cliffs Pavilion Refurbishment and Remodelling: the Council has been successful in its Levelling Up Fund bid for visitor economy improvements, with one of the projects being the Cliffs Pavilion. Since the bid was submitted there have been changes to the building regulations regarding ventilation and overheating that will be enacted from June 2022. The purpose is to increase the supply of fresh air to new buildings so the new build elements of this project will need to comply. An estimate of the increased costs is in the region of £2M although more exact figures will become available over the following months. It is recognised that an update report to Cabinet would be required when more details are known.
- 15.19. Seafront Illuminations: investment to deliver new seafront illuminations to support the local economy, tourism strategy and long-term recovery of the hospitality sector. The project would help extend the season by giving a greater footprint for visitors to see the destination lit up stretching from the Cliff Lift and gardens through to the Kursaal. Controlled lighting displays allow for seasonal programming of events to add value to festivals and create an attraction in their own right. Part of the project also fulfils expectations of digital display information to update visitors to the area of upcoming events and safety messages. There would be a revenue cost attributed to the ongoing maintenance needs, however the project is not expected to raise any additional utility costs. LED lights are very efficient, and Photovoltaics (PV) would be built into the Pier Hill Lift Tower and with the replacement of older technology.

- 15.20. Re-imagination of the Town Centre: this is to support the delivery of the desired outcome that we have a vibrant, thriving town centre, with an inviting mix of retail, homes, arts, culture, and leisure opportunities. It is recognised that a business case(s) will need to be submitted and assessed for viability.
- 15.21. Museums and Galleries: The Central Museum and Beecroft Gallery require a capital refurbishment programme following condition surveys and accessibility constraints. The service also has insufficient storage space for its growing 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 works and revised storage space need to be resolved. This could include a new collections centre feature in future years (subject to external project funding) where storage and presentation for groups could be developed. Phased works to undertake building refurbishment and storage improvements would be delivered over the coming few years to enable more of the collection to be presented to the public.
- 15.22. School Improvement and Provision of School Places: this multi-year programme has funded a large secondary school growth plan but is coming to an end as the growth patterns have now been met. There is £400,000 of unspent budget as some school projects have cost less than anticipated. The Local Plan may have an impact on future funding requirements so rather than delete this budget it had been moved to the Subject to Viable Business Case section of the programme.
- 15.23. Seaway Leisure: it was agreed at Council on 9<sup>th</sup> December 2021 that up to a maximum of £10M of the Council's capital reserves would be used as equity in the proposed development to enable the different and significantly improved commercial terms, thereby significantly reducing the Council's financial risk and providing an improved annual income stream.
- 15.24. Southend Pier – Condition Works: a rolling programme of investment to deliver the ongoing planned approach to addressing the condition works and bearing refurbishment identified within the condition survey. This proactive approach reduces the requirement for urgent and/or reactive condition works and ensures the integrity of this landmark structure that helps drive millions of visitors to Southend-on-Sea each year. £1,250,000 p.a. has been included in this section of the programme for the years 2025/26 to 2026/27.
- 15.25. Coastal Defence Refurbishment Programme: a rolling programme of investment is to deliver a planned approach for the essential refurbishment works to the borough's coastal defences. This proactive approach reduces the requirement for urgent and/or reactive condition works. £500,000 p.a. has been included in this section of the programme for the years 2022/23 to 2026/27.
- 15.26. Schools – Condition Works: a rolling programme at Children Centres and emergency works at schools. These are mainly larger, urgent projects to be agreed between the Council's property team and head teachers. £500,000 p.a. has been included in this section of the programme for the years 2024/25 to 2026/27.

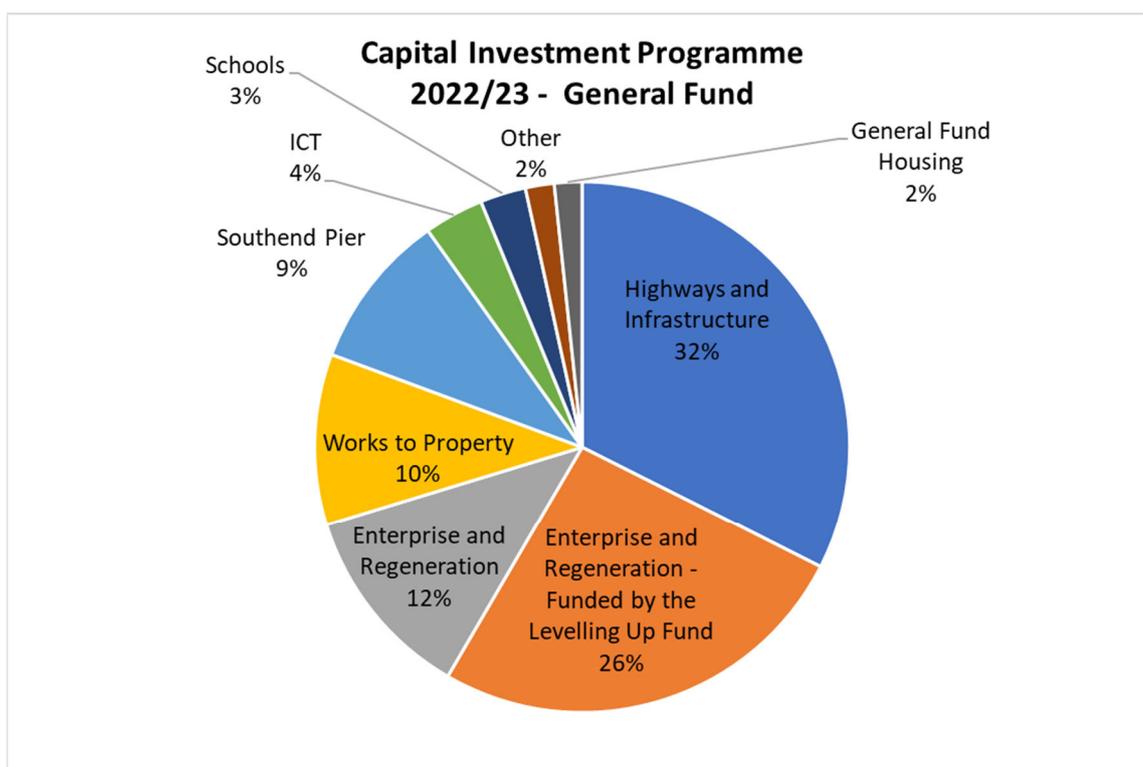
- 15.27. Property Refurbishment Programme: a rolling programme of investment to enable the Council's Property and Estate Management service to take a proactive approach to maintaining the buildings for which it is responsible. This will ensure investment is made in the fabric and services within building 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 costs long term. £750,000 p.a. has been included in this section of the programme for the years 2025/26 to 2026/27.
- 15.28. Fire Improvement Works: a rolling programme for the implementation of fire safety and associated compliance works across the Council's corporate property estate arising as a result of any changes to building regulations and/or other standards or updated fire risk assessments. £750,000 p.a. has been included in this section of the programme for the years 2025/26 to 2026/27.
- 15.29. HRA Affordable Housing Acquisitions Programme: through the rolling programme of purchasing suitable private homes for council use, the acquisitions programme helps to ensure that everyone has a home that meets their needs, including those with complex needs. £1,500,000 p.a. has been included in this section of the programme for the years 2024/25 to 2026/27.
- 15.30. HRA Future Investment Programme: a rolling programme of investment to continue the Decent Homes programme to keep the housing stock at decency levels. It includes common area improvements and environmental health and safety works. This investment is wholly funded through the HRA. £6,160,000 p.a. has been included in this section of the programme for the years 2025/26 to 2026/27.
- 15.31. HRA – Right to Buy Buybacks Refurbishment: a rolling programme of investment to support the continuation of the programme to buy back ex-council houses and other properties to increase the stock on the housing register. This investment would be used to refurbish the properties that are purchased in order to bring them up to Decent Homes standard. £325,000 p.a. has been included in this section of the programme for the years 2022/23 to 2026/27.

## **16. Proposed capital investment programme 2022/23 to 2026/27**

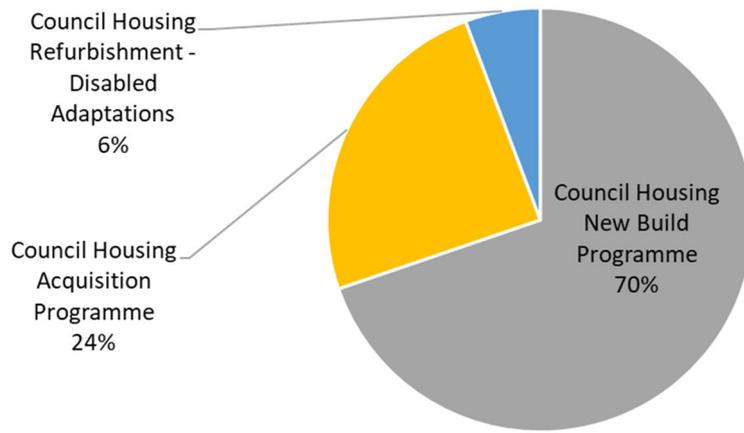
- 16.1. Given all the above, including the new investment, the proposed main capital investment programme for 2022/23 to 2026/27 represents a significant investment of over £171M on the part of the Council in the Southend area with further schemes that could be added subject to viable business cases being approved. The projected investment in 2022/23 alone amounts to over £84M.

- 16.2. 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 2022/23 to 2026/27: £12.6M for the General Fund as set out in **Appendix 12**, 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.
- 16.3. As a result of the strategy around delivery and prioritisation of schemes many new schemes and additions being proposed 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 totalling £15.5M for the General Fund and £18.4M for the Housing Revenue Account are set out in **Appendix 12**. This approach should ensure that the programme is affordable, deliverable and focussed on the Council's key priorities.
- 16.4. **Appendix 13** sets out the budget change requests included in the Resourcing Better Outcomes – Financial Performance Report - Period 8.
- 16.5. The proposed capital investment programme for 2022/23 by investment area is shown below (Figure 4).

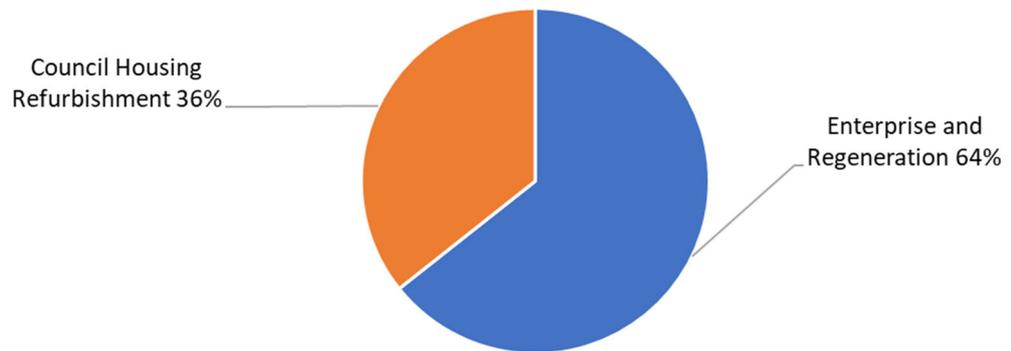
**Figure 4 Capital Investment Programme Budget 2022/23 by area**



**Capital Investment Programme  
2022/23 - Housing Revenue Account**



**Capital Investment Programme  
2022/23 - to be delivered by Subsidiary Companies, Partners or Joint Ventures**



- 16.6. The 2022/23 capital budget is part of the wider capital investment programme spanning several years. Table 11 shows the revised programme if all the requests in **Appendices 12 and 13** are approved.

**Table 11 Potential revised capital investment programme**

**Programme to be delivered by the Council (GF and HRA):**

	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 and future years £000	Total £000
<b>At November Cabinet</b>	<b>70,852</b>	<b>50,322</b>	<b>18,508</b>	<b>10,108</b>	<b>6,919</b>	<b>0</b>	<b>156,709</b>
Amendments in Appendix 13	538	16,647	4,535	127	39	0	21,886
<b>Sub-total</b>	<b>71,390</b>	<b>66,969</b>	<b>23,043</b>	<b>10,235</b>	<b>6,958</b>	<b>0</b>	<b>178,595</b>
New investment in Appendix 12	0	7,405	0	0	600	4,600	12,605
<b>Revised programme</b>	<b>71,390</b>	<b>74,374</b>	<b>23,043</b>	<b>10,235</b>	<b>7,558</b>	<b>4,600</b>	<b>191,200</b>
General Fund	63,932	60,880	16,446	8,326	7,558	4,600	<b>161,742</b>
HRA	7,458	13,494	6,597	1,909	0	0	<b>29,458</b>

Total proposed budget for 2022/23 to 2026/27 = £119.8M

**Programme to be delivered by Subsidiary Companies, Partners and Joint Ventures:**

	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 and future years £000	Total £000
<b>At November Cabinet</b>	<b>14,222</b>	<b>21,549</b>	<b>15,559</b>	<b>9,598</b>	<b>3,250</b>	<b>0</b>	<b>64,178</b>
Amendments in Appendix 13	(1,362)	534	828	0	0	0	0
<b>Sub-total</b>	<b>12,860</b>	<b>22,083</b>	<b>16,387</b>	<b>9,598</b>	<b>3,250</b>	<b>0</b>	<b>64,178</b>
New investment in Appendix 12	0	0	0	0	0	0	0
<b>Revised programme</b>	<b>12,860</b>	<b>22,083</b>	<b>16,387</b>	<b>9,598</b>	<b>3,250</b>	<b>0</b>	<b>64,178</b>

Total proposed budget for 2022/23 to 2026/27 = £51.3M

2021/22 capital expenditure to 31/12/2021 in total (delivered by the Council and by Subsidiary Companies, Partners and Joint Ventures): £46.5M

- 16.7. The proposed amended Capital Investment Programme for 2021/22 to 2026/27 is detailed in **Appendix 14**.

### **Funding of the capital investment programme**

- 16.8. 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.
- 16.9. The proposed estimated funding for the programme (excluding schemes Subject to Viable Business Case) is as shown in Table 12.

**Table 12 Proposed funding for capital investment programme**

Type of funding	2022/23 £M	2023/24 £M	2024/25 £M	2025/26 £M	2026/27 & future years £M	Total £M
External funding – capital grant	34.6	10.4	0.8	2.9	0	<b>48.7</b>
External funding – third party contributions	2.2	0	0.2	0	0	<b>2.4</b>
Capital Receipts	4.8	2.0	0.1	0	0	<b>6.9</b>
Major Repairs Reserve (Housing Revenue Account)	6.8	6.8	7.1	0	0	<b>20.7</b>
Earmarked reserves / Revenue Contributions	8.7	3.9	0.2	0	0	<b>12.8</b>
Borrowing – Main Schemes <sup>(1)</sup>	36.1	12.8	7.3	4.6	4.6	<b>65.4</b>
Borrowing – Invest to Save <sup>(1)</sup>	3.3	3.5	4.1	3.3	0	<b>14.2</b>
<b>Total</b>	<b>96.5</b>	<b>39.4</b>	<b>19.8</b>	<b>10.8</b>	<b>4.6</b>	<b>171.1</b>

<sup>(1)</sup> this relates to both internal and external borrowing

The estimated amounts of internal and external borrowing are shown in Table 13.

**Table 13 Borrowing to fund capital schemes**

	2022/23 £M	2023/24 £M	2024/25 £M	2025/26 £M	2026/27 & future years £M	Total £M
Internal borrowing	39.4	4.3	0	0	0	<b>43.7</b>
External borrowing	0	12.0	11.4	7.9	4.6	<b>35.9</b>
<b>Total borrowing</b>	<b>39.4</b>	<b>16.3</b>	<b>11.4</b>	<b>7.9</b>	<b>4.6</b>	<b>79.6</b>

- 16.10. 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.
- 16.11. 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 0.86%. 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 2022/23 to 2026/27.
- 16.12. 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 2022/23 is attached as **Appendix 15**.
- 16.13. 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.
- 16.14. 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.
- 16.15. 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.
- 16.16. 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 proportionality, prudence, affordability, and sustainability.

- 16.17. CIPFA published their updated 2021 edition of the Prudential Code on 20<sup>th</sup> December 2021 with the guidance notes due to be released in January 2022. Although the updated Code applies with immediate effect, due to the late publication dates of the Code and the associated guidance notes, CIPFA has allowed Local Authorities to defer introducing the revised reporting requirements until the 2023/24 financial year. These include changes to the capital strategy, prudential indicators and investment reporting. Given the flexibility allowed by CIPFA, the Capital Investment Strategy (Appendix 11), Capital Investment Policy (Annex 1 to Appendix 11) and the Prudential Indicators (Appendix 16) have been updated as far as time constraints would allow. However, each of these documents will be subject to further update in order to fully comply with the 2021 Prudential Code by 31<sup>st</sup> March 2023.
- 16.18. To demonstrate compliance with the objectives of the Code each authority is required to produce a set of prudential indicators. These prudential indicators for capital and treasury management are attached as **Appendix 16**.
- 16.19. It is the Chief Finance Officer's view that this capital investment programme is proportionate, prudent, affordable, and sustainable and the risks associated with in it are manageable.

## **17. Other Options**

- 17.1. The Local Government Act requires billing authorities to complete and approve their budgets and set a council tax before 11 March immediately prior to the start of the financial year on 1 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 implementation of a revenue budget and capital investment programme in line with the recommendations in this report will contribute towards the achievement of the Southend 2050 ambition, improved outcomes for local people and key administration priorities.

### **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 11.21 – 11.24 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 and Engagement**

There is an expectation that local authorities will engage communities in the difficult choices and decisions that determine the range and level of services that can be delivered by the Council in a financially sustainable way.

The Council has continued to build on last year's success and increase the reach of the online platform - Your Say Southend while ensuring inclusion and variety of ways to provide feedback in alternative ways i.e., printed questionnaires, phone support and direct outreach to seldom heard or affected groups. The range of consultations have primarily focused on understanding the local impacts of COVID-19, assessing options for recovery, service redesign considerations, renewal of contracts for commissioned services to implement previously agreed savings whilst improving the value for money of the service offer.

There have been over 50 consultations and engagements undertaken during the last 12 months with over 6,000 residents, service users and wider stakeholders. These included consultation on: the Local Plan, Adult Social Care strategies (Living Well, Caring Well, Ageing Well), Parking Strategy, Parks and Open Spaces, Public Space Protection Orders, Health & Wellbeing Strategy, Southend on Sea City Status, Licensing Private Properties, new conservation areas, PlastiCity, pollinators strategy, MySouthend, BBQ in public areas, Local Offer Engagement Space, Information Advice and Guidance Service Review, Southend Business Survey, Electrical Vehicle Charging Infrastructure, Active Travel Fund, Net Zero Remedy Project, School Street Scheme, Southend Business survey, Air Quality Action Plan, Soaring2Success South Essex and Drug and Alcohol Treatment Service.

Efforts have also been made to increase resident and stakeholder participation by increasing co-production opportunities as seen in the work in relation to the adult social care strategies, SEND Local Offer, the Health and Wellbeing panel and the establishment of the Learning Disabilities Provider Forum.

The 2021 Resident's Perception Survey showed that the majority (69%) of residents agree that people from different backgrounds get on well together in their local areas. The survey identified several increased priorities for residents following the COVID-19 pandemic. They included parks and open spaces; addressing crime and antisocial behaviour; and clean, safe streets. Coming together with neighbours and getting involved with community events have also become more important to some residents. Concerns about personal safety, the state of roads and pavements and support for rough sleepers remain issues with high visibility (these concerns were also raised in the 2019 Residents' Perception Survey). New areas of concern identified in the 2021 survey include service accessibility and digital exclusion.

Local data and feedback from the community continued to highlight inequality in how COVID-19 has been affecting local communities. Additional focus was given to work with and get feedback from different faith and belief groups, engaging with diverse communities, particularly in areas of lower vaccine uptake through the Community Connectors project. Regular conversations around COVID-19 and its impact via direct outreach arrangements was encouraged.

Consultation has 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 in the planned draft 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) and through media briefings.

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

The overall results, comments and feedback from the range of consultations that have been undertaken in 2021/22 have helped to inform the preparation of the 2022/23 budget and Medium Term Financial Strategy to 2026/27.

#### 19.7. **Equalities and Diversity Implications**

Assessments have been carried out for all proposed revenue investment and reprioritisation proposals in the 2022/23 budget and for all capital investment proposals where appropriate. This is summarised in **Appendix 17**.

## 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 3**.

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 and managing contracts with suppliers.

## 19.10. **Community Safety Implications**

Assessments have been carried out for all revenue and capital investment proposals where appropriate and the revenue budget itself includes additional permanent investment into the Community Safety Service from 2022/23 onwards.

## 19.11. **Environmental Impact**

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

## 20. **Background Papers**

Provisional Local Government Finance Settlement 2022/23, DLUHC  
Budget working papers held by the Finance and Resources section  
Southend 2050 Ambition / Five Year Roadmap

## 21. Appendices

- Appendix 1 Financial Sustainability Strategy
- Appendix 2 Medium Term Financial Strategy 2022/23 – 2026/27
  - Annex 1 to Appendix 2 – Medium Term Financial Forecast to 2026/27
  - Annex 2 to Appendix 2 – Earmarked Reserves to 2026/27
- Appendix 3 Section 151 Officer’s Statement on the Adequacy of Balances and the Robustness of the Budget
- Appendix 4 Appropriations to and from General Fund Earmarked Reserves
- Appendix 5 General Fund Revenue Budget for 2022/23 (one page summary)
- Appendix 6 Proposed Revenue Investment 2022/23
- Appendix 7 Proposed Savings and Income Generation Initiatives
- Appendix 8 Budget and Transformation Programme 2023/24 to 2026/27
- Appendix 9 Proposed increases or new Fees and Charges
- Appendix 10 Dedicated Schools Grant Budget 2022/23 Budget planning
- Appendix 11 Capital Investment Strategy – 2022/23 to 2026/27
  - Annex 1 to Appendix 11 – Capital Investment Policy
- Appendix 12 Capital Investment Proposals – 2022/23 to 2026/27
- Appendix 13 Other Requested Changes to Approved Capital Investment Programme
- Appendix 14 Amended Capital Investment Programme 2022/23 to 2026/27 (2021/22 shown for information)
- Appendix 15 Minimum Revenue Provision Policy 2022/23
- Appendix 16 Prudential Indicators 2022/23 to 2026/27
- Appendix 17 Equality Analyses supporting budget proposals