

Southend-on-Sea City Council

Report of the Deputy Chief Executive and Executive Director (Finance & Resources) and the Executive Director (Strategy, Change and Governance)

to

Cabinet

on

14 June 2022

Agenda
Item No.

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Delivery of Southend 2050 Outcomes and Priorities: Annual Report and Provisional Resources Outturn 2021/22

All Scrutiny Committees

Cabinet Member: Councillor Paul Collins

A Part 1 Public Agenda Item

1 Purpose of Report

- 1.1 To present Cabinet with the Annual Report for 2021/22, highlighting the achievements, successes, and challenges towards delivery of our Southend 2050 Ambition through the Southend 2050 themes.
- 1.2 To update Cabinet with the provisional revenue outturn for 2021/22, and therefore the indicative level of revenue balances going into 2022/23.
- 1.3 To advise Cabinet of the implications of the revenue outturn for 2021/22 and the potential impact on the 2022/23 budget and future Medium Term Financial Strategy.
- 1.4 To inform Cabinet of the capital investment programme outturn for 2021/22 and to seek approval for the relevant budget carry forwards and accelerated delivery requests.
- 1.5 To seek approval for in year amendments for the current approved capital investment programme for 2022/23 to 2026/27.
- 1.6 To request Cabinet to review, and to give appropriate consideration to, the affordability and prioritisation of the current approved Capital Investment Programme and the schemes currently listed as subject to viable business cases.

- 1.7 To seek approval to carry forward Community Infrastructure Levy (CIL) Main Fund receipts from 2021/22 and previous financial years, to extend the deadline for spending the CIL Ward Neighbourhood Allocations and to delegate authority to agree how the CIL Ward Neighbourhood Allocations are to be spent.

2 Recommendations

That Cabinet:

- 2.1 **Note the achievements, successes and challenges brought to life within the Annual Report 2021/22 (Section 4 and Appendix 1).**
- 2.2 **Note the provisional 2021/22 revenue outturn position for both the General Fund (Section 5) and Housing Revenue Account (HRA) (Section 6) and delegate the agreement of any final adjustments and the transfer of the actual final General Fund outturn position to the Business Transformation Reserve (Section 5.4) following the completion and audit of the Statement of Accounts to the Deputy Chief Executive and Executive Director (Finance and Resources).**
- 2.3 **Consider and approve the appropriation of revenue funds to and (from) earmarked reserves, as set out in Section 5.19 to 5.25 (General Fund) and Section 6.6 (HRA).**
- 2.4 **Note the potential revenue impact of the 2021/22 outturn on the 2022/23 General Fund budget and Medium Term Financial Strategy (Section 5.26 – 5.39).**
- 2.5 **Note that the expenditure on the capital investment programme for 2021/22 totalled £68.969M against a revised budget of £78.632M (Sections 7.4 and 7.7).**
- 2.6 **Approve the relevant budget carry forwards and accelerated delivery requests totalling a net £11.759M moving into 2022/23 and future years, as set out in Appendix 2.**
- 2.7 **Approve the virements, reprofiles, additions, deletions and new external funding for schemes, as detailed in Appendix 2 and note that this will result in an amended Capital Investment Programme deliverable by the Council of £145.906M for the period 2022/23 to 2026/27, as detailed in Appendix 3.**
- 2.8 **Note the requested changes as detailed in Appendix 2 will result in an amended total Capital Investment Programme deliverable by South Essex Homes Limited, Porters Place Southend-on-Sea LLP and Kent County Council of £55.759M, as detailed in Appendix 3.**

- 2.9 Agree to review and give appropriate consideration to the affordability and prioritisation of the current approved Capital Investment Programme and the schemes currently listed as subject to viable business cases.**
- 2.10 Note the content of the Infrastructure Funding Statement 2021/22 (included in Appendix 4) and agree to carry forward Main Fund receipts from reported year 2021/22 and previous reported years until the CIL Governance Framework and spending plans are reviewed for the reported year 2022/23.**
- 2.11 That the five-year deadline for spending the CIL Ward Neighbourhood Allocations be agreed to be extended for another three years from date of receipt (with the intention that at the end of that period any remaining neighbourhood allocations will be transferred to the CIL Main Fund).**
- 2.12 Delegate authority to the Executive Director for Growth and Housing (in consultation with Ward Members and the Cabinet Member for Environment, Culture and Tourism) to agree how the CIL Ward Neighbourhood Allocations received up until 31 March 2022 (excluding allocation to Leigh Town Council) are to be spent.**

3 Background Information

- 3.1 Southend-on-Sea City Council, along with most Local Authorities across the country, continues to face significant challenges in providing essential services to meet the needs of local residents within the level of resources it has at its disposal. As reported throughout 2021/22 the direct operational service arrangements of the Council and its partners continued to be severely impacted by the COVID-19 pandemic.**
- 3.2 Although the direct operational impact of the pandemic on the Council began to reduce during the last quarter of 2021/22, most local authorities continue to struggle with the challenges of uncertainty, financial pressures, service demands and concerns for their residents and local areas. Effectively coping with the aftermath of the pandemic has been exacerbated and made much more complex by the implications of the horrific events in Ukraine and an unprecedented rise in energy prices. This has contributed to monthly general inflationary increases at a level not seen since the 1970s. Most professional commentators are now predicting general inflation to reach over 10% in the coming weeks. This will have a huge financial impact on the Council's financial plans for 2022/23 onwards and critically create genuine cost of living challenges for local residents.**

- 3.3 Although not quite on the same scale as 2020/21, the continuing impact of the pandemic in 2021/22 resulted in additional national policy and funding responses from Central Government. The range, volume and value of different targeted financial support packages issued throughout 2020/21, continued at a lower level into 2021/22. Regular announcements containing a varied range of funding/grant support to be either passported on to local eligible businesses and residents or to be used directly by the Council to support our local response to the pandemic also continued. The total level of financial support allocated to Southend-on-Sea from Central Government for 2020/21 totalled around **£135 million**, which included £32 million of financial support that was defrayed in 2021/22. This was supplemented by a further **£31 million** in 2021/22. This combined total of circa **£166 million** is on a scale unprecedented in the history of Government funding support for Local Authorities. The terms and conditions attached to some of these grant support mechanisms were sometimes issued late or retrospectively, which is perhaps understandable given the scale and urgency to provide additional funding at such pace.
- 3.4 The Government introduced other financial support arrangements for Local Authorities such as the Income Guarantee Scheme to help with the impact of reduced levels of collection of council tax and business rates. A compensation scheme for sales, fees and charges has been implemented to try to help to partly offset significant reductions in other local income streams. Finally, additional financial support has been issued to help local authorities cope with a range of additional administrative new burdens associated with assessing and issuing funding to eligible businesses and residents where appropriate.
- 3.5 To put the scale of the extra administrative burden into context around **72,000** extra applications for support from local businesses and residents have been processed over the last 2 years. Many more have also had to be reviewed to assess eligibility. The scale and governance of this overall level of additional financial support to the Council and the associated administration and reconciliation of various grant claims to Central Government are being finalised as part of the year-end closure programme.
- 3.6 The national deadline for publishing the 2021/22 Statement of Accounts has been extended until 31st July 2022, as it was last year. The Council remains committed to trying to finalise our year-end arrangements and formal publication of our Accounts in accordance with this statutory deadline. The Council and particularly the finance team will also have to manage the finalisation of the independent external audit for both 2020/21 and 2021/22 financial years, due to the resourcing and capacity challenges that our external auditors have experienced over the last 12 months. The status of the 2020/21 audit has been reported to the Council's Audit Committee.

- 3.7 As part of the development and approval of the 2022/23 Budget and Medium Term Financial Strategy in February 2022 a new Budget Transformation Programme for 2023/24 – 2026/27 was also agreed as part of the Council’s overall budget package. This identified specific areas and themes to be analysed and reviewed further during 2022/23. The intentions will support the Council’s future financial sustainability commitment and help to target resources and re-design plans to avoid a financial ‘cliff edge’ which would require more drastic action over a shorter time frame.
- 3.8 The unpredicted and unprecedented rapid rise in inflation, together with more recent changing professional opinions on the depth and duration of continued inflationary increases, will add significant new pressures and local challenges. This new inflation forecast data has been published since the Council’s budget was approved and will mean some very difficult choices and prioritisation of existing approved spending plans for both capital and revenue during 2022/23 will have to be undertaken.
- 3.9 Other measures to support the Council’s drive towards financial sustainability and to shape our priorities include: on-going budget reviews; implementation of outcome-based budgeting principles; better linking of business planning and budgeting to service outcomes; effective and creative management of service demand; review of major contractual arrangements; further implementation of the Commissioning Framework; exploring new commercial opportunities; evaluating a range of income generation initiatives and continuing to enhance our systems, processes and internal business transformation arrangements.
- 3.10 Our ‘Getting to Know Your Business’ programme for service managers continued to be embedded in 2021/22 and will be essential in assessing the new operating environment, financial challenges and VFM of services. The ambition is that all service managers in Southend-on-Sea City Council will have a comprehensive understanding of their business areas in terms of their benchmarked operational and financial performance, key demand and cost drivers, income levels, commercial opportunities, value for money and customer insight. This programme is designed to support managers to improve productivity and efficiency in all our business areas ensuring that we secure best value but also to support a more targeted outcomes-based approach to investment.
- 3.11 This provisional outturn report builds on the financial performance monitoring information provided for period 8, which was reported to Cabinet in January 2022. It highlights the changes in the last four months of the year and provides an insight into the major variances that have contributed to the final outturn position. It also considers the potential implications that the 2021/22 outturn will have on the 2022/23 approved budget and Medium Term Financial Strategy to 2026/27 where appropriate.

- 3.12 The operating landscape continues to be uncertain as the medium to long term implications on demand and service delivery during the transition from responding to the impact of the pandemic and towards building and enabling a successful recovery are difficult to assess. This has been compounded by the unprecedented recent increases in inflationary pressures both for the Council and for local residents.
- 3.13 The Council is already learning of major concerns from lots of residents about the impacts of cost of living rises on their day-to-day lives. Price increases for food and fuel, as well as in supply chains for other goods, are leading to many more local residents 'just about managing' or actually falling into poverty. This situation was getting worse locally even before the latest price increases started to take effect.
- 3.14 Recent national announcements from the Government have attempted to ease some of this 'cost of living' burden, particularly for the poorest in society. The additional package of support announced in May 2022 was reportedly estimated at £15 Billion, which is on top of the £22 Billion announced in March 2022. A lot of this support is targeted towards the most vulnerable households – who should receive around £1,200 this year. There are estimated to be around 8 million households nationally that fall into this category.

The total national support package headlines include:

- £150 to all Council Tax Band A to D households
- £200 original discount on energy bills to be repaid over five years
- £650 for the lowest income households on Universal Credit, Tax Credits, Pension Credit and legacy benefits
- £300 for pensioner households
- £150 for individuals receiving non-means-tested disability benefits
- New £400 energy grant for all households (increased from the previous £200 discount on energy bills and removed the requirement to repay it)
- Household Support Fund increased to £1 Billion – extra £500 million

- 3.15 Locally the Council continues to work hard to assist many local households through providing access to a range of Government grants, including the Household Support Fund (HSF; £1.4m), Council Tax Energy Rebate Scheme (£10.5m), Essential Living Scheme (£270k), Discretionary Housing Payments (£400k) and schemes such as rent and deposits for qualifying people in housing need and targeted hardship support for South Essex Homes tenants. The HSF is currently only in place until September 2022. With the additional announcement by the Government in May 2022, we are expecting an additional local allocation of a similar value to further extend support in areas such free school meals, contributions to local organisations for their work to combat poverty through the provision of advice, guidance and small grants/vouchers, along with funds targeting support to pensioners.

- 3.16 A new local Tackling Poverty Strategy for Southend is under development which will include themes and advice around debt and welfare, fuel poverty, digital exclusion, housing poverty and food poverty. Key elements of this new strategy will be co-produced with local people throughout this summer. There is already a [Just About Managing](#)¹ page on the Council's website signposting people to advice, guidance, and opportunities. The Council, where it can, will try to provide an additional package of local support/mitigation/advice for the most vulnerable but recognises that it will not be able to ease the burden completely. With targeted interventions it hopes to provide additional help for those least able to cope with the severity of the forecast price inflationary pressures.
- 3.17 The Council is acutely aware of the 'cost of living' pressures experienced by our residents and businesses. The challenge is that the Council itself is also facing significant inflationary cost pressures across all services and priority programmes. Items such as utility costs, fuel prices, cost of materials and global supply chain issues are all resulting in major additional costs against the Council's approved budgets. This is driven from a combination of global pressures/factors including inflation, COVID-19, the war in Ukraine and Brexit.

4 Annual Report 2021/22

- 4.1 The Annual Place-based report celebrates our successes and achievements from 2021/22, providing an opportunity for strategic reflection and peer accountability at a partnership level. The report gives a high-level overview of how the Council has performed against its delivery of the priority outcomes for Southend 2050 (attached at Appendix 1).
- 4.2 Annual data for the 2050 performance indicators is presented, grouped by theme, providing RAG statuses against targets where applicable, and comparing our current position against the previous year where data is available.
- 4.3 The report also presents a visual journey of the Council's achievements through the milestones outlined on the 2050 Road Map, with the status for each milestone; noting any which have been affected by the COVID-19 outbreak. This can be found at page 35 through to page 42.
- 4.4 Despite just missing our target, Southend Pier saw its highest admission figures on record for four months this year. Annual visits were 7.5% higher than pre-pandemic levels and have increased by 161.1% compared to 2020/21. Alongside these positive figures, visits to the city centre have more than doubled compared with last year. High levels of interest in visiting Southend are also reflected in high visitor numbers to the Visit Southend website.

¹ <https://www.southend.gov.uk/justaboutmanaging>

- 4.5 Several crime statistics, including domestic abuse incidents, violence against the person offences and hate crime incidents, have shown an increase compared with last year. Crime and community safety data has been affected by COVID19, with police forces nationally seeing a decrease in 2020, therefore crime data included must be viewed in this context. Essex Police have launched a Crime Prevention strategy for 2021-2025 outlining 14 thematic strands which pose threat, harm and risk to people and communities, but also present the greatest opportunity for prevention. Southend Council Community Safety Unit has hosted several events, raising the awareness of crime types, ways they can be reported and providing crime prevention advice. The Community Safety Partnership will discuss at their next board meeting adopting the following as their 2022/23 priorities, in no specific order; hate crime; violence against women and girls (including domestic abuse); safe and confident communities; and serious violence.
- 4.6 At the end of this year, Southend's combined NEET and Not Known figure was 3.2%. This sees Southend remain in the 2nd quintile for this measure and is below the national average of 4.5% and below the statistical neighbour average of 5.2%. This figure reflects sustained good work from connexions but is a deterioration on last year where the end of year figure was 2.9%.
- 4.7 With OFSTED restarting school inspections, the percentage of pupils in Southend attending a good or outstanding school has improved because of several schools moving from a judgement of "Requires Improvement" to "Good". 21% of schools in the city are now "Outstanding", higher than the rate in Essex, which is at 15%.
- 4.8 This year has seen a 17.7% increase in the number of registered MySouthend users, and a 3.3% increase in the amount of MySouthend forms completed independently. Spikes for service requests this year include a raised number of missed collection reports for recycling and waste in four months out of the year.
- 4.9 It is important to reflect on the work we have done and that the report highlights the progress we have made during 2021/22; the report showcases several of our priorities for the coming year and how our Southend 2050 Outcomes and Roadmap are the vehicle for Southend's local recovery. It is more important than ever that at the heart of our work we remain collaborative, inclusive, honest, and proud.

5 2021/22 Provisional General Fund Revenue Outturn

- 5.1 2021/22 has again been an incredibly challenging year, initially due to the continued impact of the pandemic and then during the last quarter – the events in Ukraine and the first signs of rampant inflationary pressures. Here in Southend-on-Sea, the scale of the local financial impact on both expenditure and income expectations again led to major variations from our original approved plans for 2021/22 and the actual profile of spending bears little comparison to what we would expect to see in a normal year. The Council, along with the rest of the public sector, has also continued to receive unprecedented levels of additional funding support from Central Government to try to mitigate the financial impact of the pandemic. This contributed to both the abnormal pattern of spending and huge volatility in our cashflow position throughout the year.
- 5.2 Additional technical compliance requirements and accounting arrangements introduced for the Local Government Sector in 2020/21 have continued into 2021/22. This has been necessary to reflect the additional funding received but also to account appropriately for the different types of support that Central Government has provided. The area of largest change in financial terms has been the relationship between the Council's Collection Fund (which is used to record the transactions and cashflows relating to Business Rates and Council Tax receipts) and the General Fund (which in simple terms records all income and expenditure relating to services).
- 5.3 As a continued response to the pandemic, Central Government devised a considerable number of different types of rating reliefs for businesses across different sectors. This effectively reduced the value of rates that businesses were required to pay. This clearly reduced the amount of local income available to the Collection Fund and the Council. The mechanism available to compensate local authorities for this type of business rates changes was to issue what is called a Section 31 Grant of equivalent value of the total level of rate reliefs to local authorities via the General Fund.
- 5.4 The following table summarises the 2021/22 provisional revenue outturn for the General Fund and highlights the scale of spending variations. The Council has had to cope with continued additional governance responsibilities, to ensure compliance with all the terms and conditions associated with the range, variety, and volume of different types of grant income received in 2020/21 and 2021/22. Careful consideration has also been given to ensure that the Council prepares appropriately for the ongoing impact of global events and our local economic recovery aspirations in 2022/23 and the future. The 2021/22 provisional outturn has been prepared on the assumption that all appropriations to and (from) earmarked reserves proposed in this report are approved. Cabinet are invited to consider the recommended level of appropriations at Section 5.19 – 5.25 in this report.

Provisional Outturn 2021/22

Last Reported Variance £M	Portfolio*	Revised Budget £M	Forecast Outturn £M	Variance £M
(0.1)	Leader: Economic Recovery and Regeneration	8.3	7.8	(0.5)
(0.5)	Adult Social Care and Health Integration	40.6	39.2	(1.4)
2.4	Children and Learning	27.9	29.4	1.5
0.0	Communities and Housing	3.2	2.5	(0.7)
0.6	Corporate Services and Performance Delivery	19.2	18.9	(0.3)
0.9	Environment, Culture, Tourism and Planning	8.4	9.9	1.5
1.4	Public Protection	13.9	15.1	1.2
1.3	Transport, Asset Management	0.5	3.4	2.9
6.0		122.0	126.2	4.2
(1.0)	Corporate Budgets	23.9	23.1	(0.8)
4.9		145.9	149.3	3.4
0.0	Contribution to / (from) earmarked reserves	(7.3)	(7.7)	(0.4)
0.0	Revenue Contribution to Capital	1.4	0.5	(0.9)
(1.4)	COVID-19 Income Compensation	0.0	(1.9)	(1.9)
(4.7)	Non-Service Specific Grants	(6.0)	(7.5)	(1.5)
(1.1)	TOTAL	134.0	132.7	(1.3)
0.0	Funding	(131.5)	(133.1)	(1.6)
2.5	Planned contributions from reserves	(2.5)	0.0	2.5
1.4	NET	0.0	(0.4)	(0.4)

** A new political administration was formed in May 2022 which has seen a change in some responsibilities. The new Leader will be the Cabinet Member responsible for Corporate Matters and Performance Delivery and the new Deputy Leader (May-Oct) will be the Cabinet Member responsible for Environment, Culture and Tourism. The financial performance reporting arrangements for 2022/23 will reflect these changes.*

- 5.5 This table shows that the variance for the overall General Fund budget moved from a net adverse variance of £1.4M at period 8 to a positive net variance of (£0.4M) by the end of the year. The key reasons for this improvement are that the Service Portfolios improved their financial position from a forecast of £6.0M to £4.2M. The funding line highlights primarily the variations between Collection Fund and General Fund as explained in Section 5.3. The headlines summarising the improved position for Service Portfolios are highlighted in the table at Section 5.10 and further commentary is included in Sections 5.11 to 5.18.

- 5.6 Despite the challenges caused by the COVID-19 pandemic over the last two years, the Council remains in a strong and financially resilient position. Through careful and prudent financial management, it has retained the ability to cope with any further unexpected challenges and is in a reasonably strong position to help support Southend's recovery in 2022/23. The continued increases in the rate of inflationary pressures though are a major concern right across the entire public sector.
- 5.7 Cabinet have received regular and detailed budget monitoring information throughout 2021/22, so most key variances and trends have previously been well documented and reported.
- 5.8 This report summarises the major variances between the period 8 forecast and the final outturn for 2021/22. Given the size and complexity of the Council's operations and the volatility caused primarily by the continuation of COVID-19 throughout the year, there are several variations from the original approved plans across individual service areas. As part of the year-end arrangements, consideration has also been given to the need to review the level of provisions for insurance, transformation, specific service considerations, bad and doubtful debts and other challenges that arose during the year.
- 5.9 Comprehensive year-end reviews are also undertaken across all revenue projects that are supported by specific grant streams. If a project, for justifiable reasons, has not been completed in year, the value of any unspent grant is carried forward into the next year through the mechanism of earmarked reserves. The major change this year shows the impact of the balance of Section 31 grants for business rate reliefs.
- 5.10 The headline variances that have occurred between what was reported at period 8 and the provisional final outturn are summarised and rounded to the nearest £0.1M in the following table:

	£Ms
Leader: Economic Recovery and Regeneration	(0.4)
Adult Social Care and Health Integration	(0.9)
Children and Learning	(0.9)
Communities and Housing	(0.7)
Corporate Services and Performance Delivery	(0.9)
Environment, Culture, Tourism and Planning	0.6
Public Protection	(0.2)
Transport, Asset Management and Inward Investment	1.6
Total Variance from Period 8	(1.8)

Summary of Movements from the Period 8 Performance Monitoring Report

5.11 Leader: Economic Recovery and Regeneration [-0.4M]

- 5.11.1 The European Regional Development Funded (ERDF) South East Business Boost programme continues to deliver grants to eligible businesses alongside free business support. The scheme has been operational since January 2017 and is due to end in March 2023. As a result of the multiple years this funding relates to and the requirement to make claims in arrears an overspend of £133k has arisen in 2021/22 which will be recovered in 2022/23 as part of the final grant claims and the associated overheads which will be received.
- 5.11.2 The Council is proposing to release £621k from the insurance provision which is calculated based on the level of outstanding claims as at 31st March 2022. This has improved the financial position at year-end by an equivalent amount.

5.12 Adult Social Care & Health Integration [-0.9M]

- 5.12.1 COVID-19 has continued to have a significant impact on Health and Adult Social Care. There has been an ongoing reluctance to take up the service throughout the year, which has impacted the residential placement budgets and homecare provision. Understandably some people were reluctant to allow care providers into their homes. There has also been an impact where the home care market has not been able to deliver the planned level of care hours. Across Adult Social Care Operations, there has been an improvement on staffing budgets by £232k where additional funding sources have been utilised to offset some costs incurred. The following areas have materially changed since the forecast position at period 8.
- 5.12.2 Learning Disabilities Service's financial position has improved by £721k. Whilst the number of clients supported by the service remained relatively stable in the last quarter of the year, there was a reduction in the cost of Direct Payments compared to previous forecasts. The year-end position reflects recovery of the under spend on direct payment accounts, this is mainly due to clients being unable to source care from the market. As a result, their actual care costs have been lower than the planned (and forecast) costs predicted for 2021/22.
- 5.12.3 Older People's financial position has improved by £257k. The Hospital Discharge Funding scheme was extended to 31st March 2022, when it was previously thought that this would cease before the end of the financial year, this has resulted in higher levels of income being received. Additionally, the impact of the market being unable to supply the full planned care levels, has resulted in a reduction in care placement costs.
- 5.12.4 Physical Disabilities Service's financial position has improved by £217k. The recovery of under spends from Direct Payment accounts, where the actual care purchased has been lower than the original forecast has resulted in an overall under spend on care placements.

- 5.12.5 Given the uncertainty and potential future pressures across the service range the outturn position includes an appropriation of £500k in 2021/22 to increase the Adult Social Care risk reserve to £2.5M in total.

5.13 Children and Learning [-0.9M]

- 5.13.1 Children and Learning services are reporting a final provisional overspend of £1.5M in 2021/22. This excludes the one off £2.5M that was set aside in the Children Social Care risk reserve for 2021/22 (which was approved as part of the 2021/22 budget). A £2.430M overspend was previously reported at period 8 (end of November 2021) so the final year end position represents a positive spend reduction movement of £0.9M to the previously reported overspend.
- 5.13.2 The main reason for the 2021/22 spend reduction movement is a positive and sustained reduction from 2020/21 of the number of children in care placed in external residential care placements during 2021/22. The closing position was 25 and 1 secured placement, compared to a peak of 30 residential care placements in 2020/21. In the final quarter of 2021/22 a positive reduction in the reliance of agency staff was also achieved, highlighting a more stable social care workforce. The position has also further improved by making maximum and allowable use of additional grants received in 2021/22, to offset where applicable and eligible administrative service costs applied to those grants.

5.14 Communities and Housing [-0.7M]

- 5.14.1 Earlier in the year it was anticipated that the Homelessness Prevention Grant would be transferred to reserves at the end of the financial year. After careful review of the updated grant conditions received, it became apparent that the grant needed to be applied in full within 2021/22. This approach has contributed to an improvement in the outturn for 2021/22 of £480k. Positively we've also been notified that we have been awarded a further allocation of this grant in 2022/23.
- 5.14.2 The library service reported an under spend of £235k, which is an improvement of £210k since period 8. This has been driven by a variety of factors, including the staffing restructure where recruitment to get up to full establishment has taken longer than anticipated.

5.15 Corporate Services & Performance Delivery [-0.9M]

- 5.15.1 After a commercial review of the Service Level Agreement (SLA) between the Council and South Essex Homes it was discovered that the number of licences required by SEH has increased significantly. The increase in costs experienced globally in the ICT sector has also resulted in an increase in charges to all 3rd parties that the Council supports. As a result of these various income stream improvements the total overspend in Digital and Technology has decreased by £350k.
- 5.15.2 The forecast outturn for Human Resources has improved by £600k, this is due to intentional reduced spend on commissioned training during the last quarter of the year and successful commercial negotiations for a range of services provided to other local authorities. This improved financial position is partially

offset by Legal Services, which has worsened by £100k because of costs associated with additional court hearings and Member disputes.

5.16 Public Protection [-0.2M]

- 5.16.1 After a 2-year period in which the pandemic has affected the mortality rate and therefore the number of services at the cemetery and crematorium, income within the bereavement services team started to return to pre-pandemic levels in the last quarter of 2021/22, which was sooner than anticipated. As a result of this the income projections at Period 8 were £180k higher than the actual income received at year end.
- 5.16.2 Waste disposal volumes have been significantly affected throughout the pandemic due to the range of restrictions that were imposed. The continued increase in home working had a major knock-on effect on residential waste tonnages collected and disposed of. Tonnages increased on average by 10% across 2020/21 but in the first half of 2021/22 this increased by a further 10% more for residual waste than the corresponding period in 2020/21 when the first COVID-19 restrictions were implemented. This pattern changed over the last quarter of 2021/22 where waste volumes collected and disposed of began to return to 2020/21 levels. This reduced the expected pressure highlighted at period 8 on the waste disposal budget by £480k by the end of the year.
- 5.16.3 Discussions have taken place with the collection contractor regarding any performance deductions for the contract year whilst also considering the unforeseen impacts of the pandemic on the service. An estimate has therefore been included in the outturn for these deductions pending final confirmation between both parties.

5.17 Environment, Culture, Tourism and Planning [+0.6M]

- 5.17.1 Throughout the year the Grounds Maintenance team have operated under COVID-19 protocols to limit contact and working in close proximity. A lot of the additional costs associated with these arrangements have been funded from external COVID-19 grants from the Government. It was also anticipated that vacancies in the team would not be recruited to and flexible agency working would be deployed to help to contribute to the overall additional costs. The revised working practices has not allowed this to happen and alongside other pressures such as backdated utility bills and a reduction in income generating works has resulted in a £220k increase in the pressure reported at period 8.
- 5.17.2 A range of energy efficiency schemes in the capital investment programme are funded by contributions from the revenue budget. The anticipated reduction in expenditure because of the delivery of these schemes are designed to fund future initiatives. At this time the ongoing revenue savings have not yet been delivered in full which is creating a pressure of £90k. There has also been a need to utilise extra expert consultants to support the closure and comply fully with the terms and conditions of several externally funded projects. Some of these additional costs cannot be recovered by the grants and this, together with in house staff being redeployed onto non-external funded tasks has resulted in additional pressure of £75k.

5.17.3 A number of major planning applications have been progressed in the past year and this has required a significant amount of staff resources as well as specialist support. Although additional income has come in the team due to the volume of applications, the outturn has resulted in a further pressure of £70k

5.18 Transport, Asset Management and Inward Investment [+1.6M]

5.18.1 The Council continues to support its commercial tenants in accordance with the national guidance and works with local businesses to ensure the best outcome for the City, but there is the potential that the level of rental yield from our commercial property portfolio could be significantly affected as a direct result of the impact of the pandemic and rising inflation. To prepare for this possibility we have increased our bad debt provision by £373k to reflect the possibility of some businesses not being able to fulfil their rental and service charge obligations in full for 2021/22.

5.18.2 As part of the restructure of the Highways team agreed at Cabinet in July 2020 an assumption was made that the proportion of time the team charge to the capital investment programme would remain consistent. Although 2021/22 has not been a normal year due to the various impacts of the pandemic mentioned elsewhere in this report (contractor delays, longer lead in times, scarcity of materials etc), the proportion of eligible time charged to the capital investment programme has not been at the anticipated level. This, along with a range of other minor issues, has resulted in an increase in the overspend of £500k.

5.18.3 A review has been undertaken of the provision for bad debt of decriminalised parking Penalty Charge Notices (PCN's). This review has shown that an adjustment is required to the provision following a detailed analysis over the last 4 years. This has resulted in the requirement to increase the provision by £220k in 2021/22. It was originally forecast that there would be a release of the historic provision of £590k. The total impact of this revised assessment is an increase in the level of overspend of £810k against the reported Period 8 position.

5.18.4 After a difficult start to the year due to COVID related restrictions, income from parking activity rebounded by late summer to budgeted levels. This was exceeded in March 2022, most likely due to the improved spell of dry weather which is a key factor in parking activity in our tourist areas alongside above average temperatures for this month.

Recommended Appropriations to and (from) Earmarked Reserves

5.19 The following table and supporting commentary outline the rationale and recommended appropriations to and (from) the Council's earmarked reserves for 2021/22. These proposed appropriations are subject to the approval of Cabinet, annotated as appropriate where the appropriation is materially different from what was originally planned.

Reserve Type	Opening Balance	Planned 'In-Year' Movement	Approved 'In-Year'	Proposed Final Appropriation	Closing Balance
	£000's	£000's	£000's	£000's	£000's
Capital	25,785	(3,909)	2,500	(258)	24,118
Corporate	26,025	(984)	(2,495)	3,710	26,256
Insurance	6,033	0	0	0	6,033
Services	12,690	2,240	(6,425)	2,247	10,752
Grants	30,363	(150)	(1,045)	(3,060)	26,108
Total	100,896	(2,803)	(7,465)	2,639	93,267

5.20 The planned 'In-Year' movement column is a summary of what was agreed as part of setting the Revenue Budget for 2021/22. The approved 'In-Year' column is a summary of the appropriations already approved during 2021/22.

5.21 The proposed final appropriation to our Corporate Reserves of £3.7M includes the following: £1.75M for technological transformation and systems modernisation of our internal operations and customer interfaces, £1.0M to create a new Cost of Living Reserve to provide some extra flexibility for the Council to directly support our most vulnerable residents and £1.0M to create a new reserve to deal with the direct increased inflationary pressures that the Council is beginning to experience.

5.22 The proposed final appropriations for Service Reserves of £2.2M includes top-ups of £1.0M to our existing Waste Reserve, £0.5M to our risk reserve for Adult Social Care and £0.16M to support the transition and re-organisation of the Southend Adult and Community College.

5.23 The proposed final appropriation for Grant Reserves (£3.1M) includes the following:

- Use of (£11.9M) of Section 31 Grant for Business Rates appropriated in 2020/21 and the appropriation of £7.2M to the reserve in 2021/22 to be used in 2022/23, as highlighted in Section 5.3 of this report.
- Use of (£7.8M) of COVID-19 grants appropriated in 2020/21 and the appropriation of £3.2M COVID-19 grants received in 2021/22 to be used in 2022/23.

- Plus, appropriations of £3.9M Dedicated Schools Grant (DSG), £0.7M Public Health Grant and several other smaller value specific grants for a range of initiatives totalling £1.6M.
- 5.24 The net overall impact of these proposed appropriations is to decrease the total reserves held by Southend City Council to £93.267M. To establish a 'like for like' comparison with our starting reserves position for 2021/22 – we need to exclude the requirements for grant reserves due to the impact of COVID-19. This effectively means that our overall reserves position has improved by circa £2.0M. To end yet another turbulent year with a higher level of reserves than the Council started the year is a testament to both the financial resilience and strong effective management of the Council's overall level of resources.
- 5.25 This position demonstrates the financial strength and resilience of the Council and places it in a robust position to continue to navigate the ongoing challenges of recovery from the pandemic and to help to cope with increases in demand and complexity for critical services in the future.

Implications for the 2022/23 budget and Medium Term Financial Strategy

- 5.26 A considerable amount of additional analysis and financial planning was undertaken during the second year of the pandemic. This provided a useful platform to build from but the impact and uncertainty that the pandemic has caused is very difficult to evaluate and assess across the medium to longer term. Prior to COVID-19 Southend-on-Sea was already having to respond to some high value social care demand trends. This scenario was replicated in many upper tier authorities right across the country. These pressures had been recognised locally and attempts were made to address some of these issues by increasing the revenue base of these services for both 2021/22 and 2022/23 as part of the Medium Term Financial Strategy.
- 5.27 Obvious concerns remain on the potential for currently hidden demand to surface post the pandemic and further challenges will come to light as we collectively get to grips with what 'post COVID-19' looks like and the return to normality and recovery. We are determined to try to support our communities and local economy to come back stronger and more resilient. This challenge has undoubtedly been exacerbated significantly by the current range of inflationary cost and price pressures that were not even under consideration or forecast just 6 months ago.

- 5.28 Even in these unprecedented circumstances Directors and all services are aware that it is vital to adhere to the approved level of all budgets. The operating climate, particularly in social care is incredibly challenging though and that is why it is so important to have a clear understanding of all the cost drivers within the Council's budget. Financial management and monitoring are also key to highlighting any issues as early as possible and the embedding of the 'Getting to Know your Business' programme will provide enhanced support and advice to service managers. Our approach encourages consideration over the medium term, so not only trying to achieve a balanced outturn in the current year but also to avoid putting further pressure on budget plans for future years.
- 5.29 Critical to achieving financial planning success is to understand pressures inherited from the previous year. These could manifest themselves by way of continued increases in demand and inflationary pressures, reduced income activity, undelivered planned savings, or new issues emerging from COVID-19. Detailed analysis has therefore been undertaken to provide more insight into the key messages contained in the 2021/22 outturn and to estimate the potential ongoing impact into 2022/23 and our Medium Term Financial Strategy.
- 5.30 In keeping with many councils across the country there are several areas of immediate spending pressure that will require proactive management. The areas that clearly will have a major impact in 2022/23 and beyond for Southend-on-Sea are Children's Social Care, Adult's Social Care and Waste, Highways & Transport. All Services though will be subject to close examination and monitoring due to the organisation wide impact on all costs due to the rapid increase in inflation across all areas.

5.31 Public Protection

- 5.31.1 It is widely anticipated that one permanent legacy of the pandemic will be a continued increase in the number of days people work from home. This should bring environmental benefits to the city due to reduced commuting, however increased time working from home will almost certainly result in increased household waste. It is anticipated that this increased tonnage level will continue into 2022/23 and the future, which as a disposal authority will bring additional financial pressure to the Council. It is vital that every effort is made to raise awareness and increase local recycling rates.

5.32 Adult Social Care and Health Integration

- 5.32.1 The national and local challenges in Adult Social Care have been well documented and reported throughout 2021/22.

- 5.32.2 It is anticipated that demand will start to increase in 2022/23 as the reluctance to receive care reduces and clients return to use the full range of local Adult Social Care services. This is likely to have the largest impact on the Learning Disabilities and Older People's budget. Whilst there has been significant investment in provider fees for 2022/23, the market is still highlighting pressures from the increased cost of living experienced nationally, the position is being closely monitored. Work is being undertaken to model the activity levels and range of costs for 2022/23. Careful consideration and modelling of the Government's planned social care reform is also underway.
- 5.32.3 There is a concern over potentially additional hidden demand particularly in areas such as Mental Health which has consistently been forecast as overspending throughout the year. This is likely to continue going forward and early engagement and assessment of interventions will be required.
- 5.32.4 There has been very good close working with the Health Service and extra funding has been provided for those clients who have needed care upon discharge from hospital. This funding ceased on 31st March 2022, and although there is an interim arrangement for the provision of a bridging service for the first quarter of 2022/23, there is likely to be pressure on the Adult Social Care budgets as the responsibility for the ongoing care transfers to the Council for the rest of the year.
- 5.32.5 The service has several approved savings proposals in the Medium Term Financial Strategy and work is in an advanced stage to ensure that these are implemented and delivered as planned.

5.33 Children & Learning

- 5.33.1 Despite a positive reduction in the Children & Learning spend position in 2021/22, there remains significant concerns that a large spend pressure remains within 2022/23. The main contributing factor to that spend pressure is during the last quarter of 2021/22, children in care numbers have started to rise again and there has been a continued and further reliance placed on external foster care placements. Closing 2021/22 with 90 external foster care placements is the highest proportion this has ever been out of a total of 318 children in care as at 31st March 2022. This is of course combined with an external care market where costs are continually increasing due to the overall national demand for extra placements and wider inflationary pressures, particularly where residential care is still required. This situation is being experienced in most other upper tier local authorities across the country and remains a significant risk for the Council.
- 5.33.2 The opening financial spend pressures for 2022/23 are expected to remain and potentially increase for our children in care, although given the additional staffing investments for 2022/23, we hope to see a reduction in previous spend pressures on staffing with less reliance on agency staff. A further £2.5M one off specific Children Social Care risk reserve has also been created and approved as part of the 2022/23 Budget to call on as a last resort. Children Services continue to explore areas for mitigation and target ongoing spending reductions and efficiencies.

5.34 Corporate Services and Performance Delivery

- 5.34.1 As our transition to a cloud-based ICT infrastructure continues, there will be a shift from on-site capital expenditure to a more revenue consumed ICT service solution. This will result in a physical reduction in our ICT estate but ensure enhanced security, better customer experience and up to date functionality. Working in conjunction with ICT, discussions continue to develop the requirements for this transition and assess both the financial implications as well as the longer-term operational benefits that will be secured. This transformation transition will be supported and funded by a combination of capital, revenue, and specifically earmarked technology reserves.
- 5.34.2 There is a risk that the savings approved across the ICT portfolio as part of the 2022/23 budget will come under pressure this year whilst work continues to assess the current ICT estate, systems capability and demands for changing future ways of working. There will also be a continued review of the value for money derived from the ICT contracts that are currently in place with our suppliers.

5.35 Transport, Assets Management and Inward Investment

- 5.35.1 The financial impact of COVID-19 on the income collected from the parking service has been significant. As restrictions ease and our car parks return to more consistent usage so too will the income received from 'pay & display' and via parking enforcement. The return to pre-COVID-19 activity levels and beyond has started to take shape and the impact of increased staycation breaks and events planned in Southend throughout the year should bring additional revenue for parking services in 2022/23. The Southend Pass initiative continues to have a positive impact for users and will be kept under review throughout 2022/23 with an assessment made later in the year after 12 months of non-lockdown affected activity.
- 5.35.2 The new Civil Engineering and Highways structure is partly funded by the capital investment programme. With significant investment planned in the highway's infrastructure, it is imperative that staff costs are also capitalised where appropriate. Close attention will be required to both eligibility and value of recharge between revenue and capital throughout the year. This will also provide a useful barometer on the successful delivery of the capital investment programme ambitions.
- 5.35.3 The impact of increasing utility prices will be felt significantly in this portfolio throughout the year, both across the Civic estate and street lighting. Although there is another price cap increase for domestic customers due in October 2022, prices for the Council are fixed under a 12-month contract to the end of March 2023. It will be important to continue to find ways to reduce our consumption to reduce some of the financial impact of these significant tariff increases.

5.35.4 During the pandemic the Council followed the recommendations from the Department for Transport (DfT) in relation to the level of support to bus companies which were maintained at 90% of pre-COVID level for concessionary fares payments, irrespective of the actual number of passenger journeys. The new Concessionary Travel Recovery Guidance recommends a sliding scale of a 5% reduction per month until financial support matches usage numbers and the Council have budgeted appropriately for this. Public transport companies will be faced with several cost pressures this year primarily in relation to inflation increases, cost of living pressures on their workforce and the increased price of fuel. This could increase the risk for bus routes that are currently deemed to be less commercially viable across the city.

Overall Future Mitigation Strategy

- 5.36 ALL services will need to consider the impact on their cost base and where appropriate their pricing strategies of the continuing increases in inflation. The range of specifically highlighted issues provide an indication of the potential financial pressures and uncertainty facing services at the start of the new financial year. It is too early to evaluate all these potential challenges with a lot of confidence at this stage. Directors are aware that they have a duty to work within the budget envelope provided, and therefore must make every effort to contain these pressures through in-year management action, and to try to continue to deliver better outcomes and better value for money from within their approved budget allocations.
- 5.37 In setting the 2022/23 budget, £2M was set aside within the corporate contingency budget, in recognition of the range of pressures, together with a further £1M for inflation – this clearly will come under significant pressure given the current inflation trajectory. There is no suggestion that these sums should be used immediately to meet any estimated in-year budget pressures, but they remain a useful mitigating provision.
- 5.38 The Council also holds a range of earmarked reserves specifically against some of the risks associated with the identified spending pressures. Careful consideration will be given to reviewing our complete portfolio of earmarked reserves to see if a further review and re-allocation is required to better reflect the potential risks highlighted by the 2021/22 outturn. Use of any reserves are by their very nature only a one-off mitigation and approval will be requested if required from Cabinet.
- 5.39 The challenge of designing and implementing potential mitigating strategies for 2022/23 and the future has been made far more complex due to the impact and uncertainty caused by the aftermath of COVID-19 and then the rapid rise in inflation. A better picture on potential options and an update on the financial performance against the approved budget for 2022/23 will be available as a comprehensive period 4 monitoring report at Cabinet in September 2022. We may then also have a better indication from Central Government about future funding arrangements and the planned 'levelling-up' reform intentions. The Council remains in a relatively strong financial position for 2022/23 but the challenges for the future could be very significant.

6 2021/22 Housing Revenue Account Outturn

6.1 The following table summarises the outturn for the Housing Revenue Account and the consequential use of balances for 2021/22.

	Original Budget £000	Revised Budget £000	Forecast Period 8 £000	Actual £000
Employees	206	206	206	206
Premises (excluding repairs)	798	798	798	799
Repairs	5,664	5,664	6,033	6,370
Supplies and Services	141	141	141	68
Management Fee	6,336	6,336	6,336	6,486
Internal Recharges and Overheads	1,475	1,475	1,475	1,475
Provision for Bad Debts	455	455	455	199
Depreciation, Impairment etc	6,729	6,763	6,763	6,817
Interest Charges	3,212	3,212	3,212	3,156
Debt Management	24	24	24	25
Total Expenditure	25,040	25,074	25,443	25,600
Fees and Charges	(349)	(349)	(349)	(381)
Dwelling Rents	(26,436)	(25,436)	(26,925)	(26,423)
Other Rents	(1,507)	(1,507)	(1,507)	(1,526)
Contribution from Leaseholders	0	0	0	(89)
Interest	(82)	(82)	(82)	(88)
Recharged to Capital	(727)	(761)	(761)	(495)
Total Income	(29,101)	(29,135)	(29,623)	(29,001)
Net Operating Income	(4,061)	(4,061)	(4,181)	(3,401)
Statutory Mitigations on Capital Financing	0	0	0	89
Revenue Contribution to Capital	8,334	8,334	8,334	3,126
Appropriation to Earmarked Reserves	(4,273)	(4,273)	(4,153)	(3,126)
Surplus	0	0	0	(3,312)

6.2 The previous table shows that the HRA has been subjected to a familiar pressure area that has been replicated in most areas right across the country in that repairs and maintenance costs have increased significantly during 2021/22. This has been driven by the challenges of COVID-19 and the associated increase in the cost of materials and global supply chain issues. An in-year surplus of £3.312M is being declared, principally generated through a major reduction in the planned level of revenue contribution to the Capital Investment Programme.

- 6.3 At the beginning of 2021/22 there was a major concern around the certainty of the impact of COVID-19 on collection levels and potential difficulties for tenants paying their rent and service charges due to changing circumstances, directly caused by the pandemic. Good management of void properties and early intervention of advice and support for tenants has helped to mitigate major concern. At the end of the year the actual level of rental income was very close to the budget for the year.
- 6.4 The budget report to Cabinet in February 2021 included an ambitious affordable housing acquisitions programme, with a planned revenue contribution of £8.334M. This required £4.062M of the planned surplus, as well as £4.272M to be drawn down from the capital investment reserve to fund this level of acquisitions. Due to the direct impact of COVID-19, it has not been possible to deliver that size of capital investment programme. The final funding requirement for 2021/22 was £3.126M. These ambitious plans will look to be accelerated again in 2022/23.
- 6.5 The general reserve for the HRA is considered to be at an appropriate level so an appropriation of the surplus to HRA earmarked reserves is proposed to enable further investment to be made in the Council's housing stock, creating better conditions and environments for local tenants.
- 6.6 The following table summarises all the appropriations for the HRA in 2021/22 and Cabinet is requested to approve the final appropriation to the Capital Investment Reserve of £3.312M.

HRA Reserve	Original Plan £000	Approved Period 8 £000	Proposed Final Appropriation £000	Total £000
Repairs Contract Pensions Reserve	60	0	0	60
Capital Investment Reserve	(4,332)	0	8,519	4,187
Major Repairs Reserve (Revenue)	0	0	0	0
Sub-Total	(4,272)	0	8,519	4,247
Revenue contributions to capital	8,334	0	(5,208)	3,126
Grand Total	4,062	0	3,312	7,374

7 2021/22 Capital Outturn

Overview

- 7.1 Throughout the 2021/22 financial year the capital investment programme has been subject to robust monitoring and challenge to ensure delivery and alignment with the Southend 2050 ambition and desired outcomes. As a result of this monitoring, revisions were made during the year to the capital investment programme budgets with the agreement of Cabinet. The last revision approved by Council on 21 February 2022.
- 7.2 The changes are summarised in the table below.

	£000
Original Budget 25 February 2021 Council	79,882
15 June 2021 Cabinet carry forwards from 20/21 schemes	3,878
Accelerated Delivery of 20/21 schemes	(3,747)
Re-profiles, New External funding and other adjustments agreed at 15 June 2021 Cabinet	14,669
Re-profiles, New External funding and other adjustments agreed at 14 September 2021 Cabinet	(4,646)
Re-profiles, New External funding and other adjustments agreed at 2 November 2021 Cabinet	(4,962)
Re-profiles, New External funding and amendments agreed at 15 February 2022 Cabinet	(6,442)
Revised Capital Investment Programme 24 February 2022 Council	78,632

Brackets indicate a reduction in budget.

- 7.3 It has been a difficult year for the delivery of the capital investment programme with supply chain issues causing labour shortages, cost increases in materials, labour and fuel and difficulties in sourcing plant and vehicles. The programme comprises a wide variety of projects and not all projects have been affected to the same extent.

7.4 The summary below shows the 2021/22 actual spend against budget for the different types of investment.

Scheme by area of investment	Revised Budget £000	Actual £000	Variance £000	% Spent	Notes on delivery (see paragraphs 7.9 to 7.18 for the outcomes achieved)
General Fund Housing	834	668	(166)	80.1	Less disabled facility grants delivered than anticipated due to restricted access to properties – requesting carry forward of 2021/22 budget.
Social Care	6,400	9,704	3,304	151.6	Overspend on Brook Meadows House – see paragraph 7.9.
Schools	1,520	1,213	(307)	79.8	Condition works that could not be completed in 2021/22 school holidays, now scheduled for summer 2022, school improvement project completed under budget – see paragraph 7.10.
Enterprise & Regeneration	15,264	10,464	(4,800)	68.6	Multi-year projects including Airport Business Park, Better Queensway and No Use Empty– see paragraph 7.11.
Southend Pier	4,735	4,319	(416)	91.2	Works delayed by storms in February – see paragraph 7.12.
Culture & Tourism	1,452	930	(522)	64.0	Multi-year schemes including parks and open spaces – see paragraph 7.13
Community Safety	3,177	2,958	(219)	93.1	Multi-year schemes including the CCTV equipment renewal – see paragraph 7.14
Highways and Infrastructure	22,565	20,159	(2,406)	89.3	Multi-year schemes at various stages of completion – see paragraph 7.15. £2.4M included as a net of carry forward, accelerated delivery requests and other budget adjustments.
Works to Property	1,958	1,941	(17)	99.1	Mainly Property Refurbishment and Fire Improvement Programme works – see paragraph 7.16.
Energy Saving Projects	232	85	(147)	36.6	Schemes being reviewed and will continue in 2022/23 and future years.
ICT Schemes	4,417	3,494	(923)	79.1	Multi-year schemes at various stages of completion – £922k included as carry forward requests. See paragraph 7.17
Section 106 / Section 38 / CIL	708	313	(395)	44.2	Multi-year planning and highways agreements at various stages of completion – £393k included as carry forward requests.
Council House Refurbishment	8,500	7,451	(1,049)	87.7	The Decent Homes programme and disabled adaptations are multi-year schemes which underspent against budget due to pandemic related access issues. See paragraph 7.18.
Council Housing New Build Programme	1,346	1,251	(95)	92.9	Delivery stages of several build phases, with budgets to be carried forward – see paragraph 7.18.
Council Housing Acquisitions Programme	5,524	4,019	(1,505)	72.8	The volume of acquisitions has been slowed by the prevailing housing market and properties becoming more expensive - see paragraph 7.18.
Total	78,632	68,969	(9,663)	87.7	

Brackets indicate an underspend against budget.

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

	Revised Budget £000	Actual £000	Variance £000	% Spent
Strategic schemes				
Airport Business Park	9,183	7,218	(1,965)	78.6
Better Queensway	4,453	2,440	(2,013)	54.8
Victoria Centre	722	457	(265)	63.3
Brook Meadows House	6,250	9,632	3,382	154.1
School Improvement and Provision of School Places	160	1	(159)	0.6
Southend Pier schemes	4,735	4,319	(416)	91.2
ICT Schemes	4,417	3,494	(923)	79.1
Footways and Carriageways	11,280	11,366	86	100.8
Parking Schemes	454	425	(29)	93.6
Highways and Infrastructure – Local Growth Fund and Local Transport Plan Schemes	7,678	6,841	(837)	89.1
Levelling Up Fund Schemes	499	443	(56)	88.8
HRA – Decent Homes Programme	7,785	6,845	(940)	87.9
HRA – Construction of New Housing	1,346	1,251	(95)	92.9
HRA – Housing Acquisitions Programme	5,123	3,785	(1,338)	73.9
Total Strategic Schemes	64,085	58,517	(5,568)	91.3
Other schemes	14,547	10,452	(4,095)	71.8
Total	78,632	68,969	(9,663)	87.7

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

7.7 The outturn for 2021/22 shows a final spend position of £68.969m against a revised budget of £78.632m, which is an 87.7% outturn position.

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

Investment Areas

7.9 Social Care

Under the theme Safe and Well investment in this area contributes to the desired outcome that we protect and improve the quality of life for everyone in our community, including the vulnerable.

A major investment is for the re-development of the Delaware and Priors Residential Care homes and the Viking Day Centre. Brook Meadows House is a 60 bedded unit which has been designed to be agile and adaptive by initially creating an environment of 45 beds where people can undergo an intense period of assessment and reablement with a view to them returning home, not remaining in long term care. A modern and adaptive space which will be used to support people with profound learning disabilities to lead fulfilling lives. In the first instance, a proportion of the unit (15 beds) will continue to support some of the most complex and challenging older people suffering with dementia. An environment aligned to the Southend 2050 vision and locality approach. The Locality Approach focuses on supporting people to remain in their own home surrounded by their family, friends, and other assets for as long as possible.

Construction of the new care home is complete with the first residents having moved into the building in early 2022. The existing Priors Care Home will then be demolished prior to final landscaping works being completed.

For the 2021/22 financial year the project has overspent by £3.4M, with circa £0.6m of costs likely to be incurred in the 2022/23 financial year with no budget provision. The overspend has been incurred due to a number of issues including the performance of the design team. The Council is currently taking forward actions with a view to recovering significant costs incurred where these have been caused by the performance of third parties.

7.10 Schools

Under the theme Opportunity and Prosperity 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.

Expenditure on the education capital programme for 2021/22 was £1.2m. £1.0M of this investment was in schools condition works within the maintained primary schools. These covered larger high cost repairs and replacements projects on roofs, curtain walling, lighting, kitchens, new classroom demountables and boilers that are beyond the budget of the individual settings. In addition, £0.1M was devolved as formula capital to the maintained schools to manage their own smaller capital works. A further £0.1M was spent to complete the extension of Prince Avenue Nursery.

The programme to expand secondary schools was a multi-year programme that started in 2016/17 and is now complete. There was a spend of £5.8m in 2017/18, £13.5m in 2018/19, £9.3m in 2019/20, £3.7m in 2020/21, with a few hundred pounds being spent in 2021/22. Over those years an additional 1,100 permanent places for year seven to year eleven pupils have been provided across the non-selective sector. The project has completed with £0.2M of budget unused.

Much of the schools capital investment programme involves multi-year projects. Request for budget carry forwards of £0.1M and budget deletions of £0.2M have been put forward as part of this report.

7.11 Enterprise and Regeneration

Under the theme Opportunity and Prosperity investment in this area contributes to the desired outcome that major regeneration projects are underway and bringing prosperity and job opportunities to the city.

A major investment is for the Airport Business Park, which is a major strategic employment site in close proximity to London Southend Airport. It is envisaged that the new Business Park will become renowned as a leading regional centre for the science, medical and technology sectors and deliver benefits for both local businesses and local communities. The development will create thousands of job opportunities for local people, attract inward investment and it is hoped it will bring lasting prosperity to the region. £6.2m of investment has been made in construction works on the Launchpad during 2021/22 towards this outcome. There has been a two month delay due to supply chain issues and construction is expected to be complete in July 2022. A budget carry forward request has been included for £2.0M. Investment of £1.0M has also been made into the Costa Coffee building which opened for business during 2021/22.

Capital investment of £0.8m was also made 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.

Funding of £1.6M was also passed to Porter's Place Southend-on-Sea LLP to facilitate the delivery of the Better Queensway project, £0.5M of this was Housing Infrastructure Funding from Homes England, with the remainder being drawdowns of the junior loan facility, with an equal amount being invested by Swan Housing Association. Carry forward requests totalling £1.7M relating to these schemes have been included as part of this report.

The Council also invested £0.5m in redevelopment of units to enable lettings at the Victoria shopping centre. These refurbishment and redevelopment works will continue into 2022/23, see paragraph 7.43.

7.12 Southend Pier

Every year major investment is made in Southend's historic pleasure pier, the longest in the world. In 2021/22 capital investment of £4.3m had been made in the pier, including £2.0m on bearing refurbishment and condition works. The pier had 358,000 visitors in 2021/22 which is higher than the average of 350,000 over the three years before the pandemic when the pier had to close for various periods due to Government advice regarding the COVID-19 outbreak. The pandemic has reinforced the importance of open spaces and outside visitor attractions and residents and visitors have returned to the pier in greater numbers.

£1.2m was invested in the purchase of new electric pier trains with delivery initially scheduled for a summer 2021 launch. This was delayed due to an issue with the paint which meant the contractor had to repaint the panels, a lengthy process which required disassembly of the carriages, repainting, drying, curing and reassembly. Delivery was undertaken later in 2021/22 and the trains are now fully operational.

Investment of £0.4M was made to complete the work on the Pier Pavilion bar conversion to enhance and improve the visitor offer. Further investment of £0.7M was made in the Timber Outer Pier Head.

Much of the pier investment programme involves multi-year projects. Net carry forward and accelerated delivery requests of £0.4M have been included in this report.

7.13 Culture and Tourism

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

Under the theme Active and Involved investment in this area contributes to the desired outcome that residents help to shape services which will provide more people with the opportunity to live an active lifestyle, including safe access to open spaces and local facilities.

Under the theme Opportunity and Prosperity investment in this area contributes to the desired outcome that Southend has a national profile for its thriving Cultural and Creative Industries sector, where culture plays a central role in the social and economic success of our diverse communities.

In the 2021 Residents' Survey, parks and open spaces were an important aspect for residents. In the future half of residents expect to continue to use Southend's parks and open spaces more than they did before the pandemic. The town has many parks, gardens and nature reserves offering a range of facilities including sports pitches/courts, children's playgrounds, skateboarding, cafés, boating lakes, fishing lakes and wildlife areas. In recognition of this, capital investment of £0.3m has been made in the town's parks and open spaces during 2021/22.

Investment of £0.4m has also been made in the Cliffs Pavilion theatre for power supply equipment, the auditorium air handling unit and for design and specification of the refurbishment and remodelling works.

Much of the culture and tourism investment programme involves multi-year projects. Carry forward requests of £0.5M have been included in this report, along with requests to delete budgets totally £0.1M.

7.14 Community Safety

The findings of the 2021 Residents' Perception Survey were that 4 in 5 respondents felt safe during the day, but only 2 in 5 felt safe after dark. In response to this, capital investment of £3.0m has been made during 2021/22 for community safety, including the installation of CCTV equipment and other security measures such as bollards in the High Street and at Marine Parade. Net carry forward and accelerated delivery requests of £0.2M have been included in this report.

7.15 Highways and Infrastructure

Capital investment of £11.4m in improvements to the town's highway and footpath network has been made during 2021/22, including repairing potholes, junction protection works and resurfacing of Zebra Crossings. 130,351m² of carriageway were resurfaced during the financial year.

Investment of £2.9m was made in improvements to the A127 Growth Corridor, to the Bell Junction and on A127 essential maintenance works. A further £2.0m was invested in public realm improvement to the City Centre.

Investment of £1.8m was made via Local Transport Plan grant funded schemes including road maintenance, street lighting, bridge strengthening, installation of traffic signal equipment and signage and upgrade of the remote traffic monitoring system.

Capital investment of £0.8m has been made during 2021/22 for flood prevention and resilience schemes. These included remedial works to the sea wall, refurbishment of the groyne field, bastion stonework refurbishments at Westcliff, and improving resilience to flooding at Eastwood Brook.

Net carry forward, accelerated delivery and other budget requests of £2.4M have been included in this report so that schemes can continue into 2022/23.

7.16 Works to Property

Major investment of £1.0m on property refurbishment and £0.7m on fire improvement works were made to ensure the Councils operational buildings remain safe, in good condition and meet current standards.

7.17 ICT

Investment of £3.5m has been made in the Council's ICT infrastructure to continue to provide the core services and to progress the Smart Council project.

This investment includes:

- Technology Device Refresh – to provide the ability for staff to work remotely with new laptops and the ability to support them remotely.
- Application Transformation – migration of applications to a stable environment to permit access for the new laptops and to mitigate technical risks.
- Digital Enablement – setting up the foundations for transformation into a Smart City.
- Security and Resiliency – implementing the fundamental security capabilities to protect remote working.
- Stabilise the Estate – remediation work to ensure the technology foundations are robust to support the new ways of working.
- Operational Requirements – the Council's infrastructure licences

This investment will continue into 2022/23 with future years Smart Council requirements currently being assessed and considered.

7.18 Council Housing and New Build Programme

Under the theme Safe and Well investment in this area contributes to the desired outcome that everyone has a good quality, sustainable home that meets their needs.

Investment of £6.8m was made during 2021/22 in the refurbishment of the borough's Council Housing, mainly via the Decent Homes programme. There were some elements delivered ahead of schedule but overall, due to access issues caused by the pandemic, a 96% decency rate was achieved. The programme will be continued into 2022/23 to achieve 100% and to continue this into future years.

Investment of £3.8m was made during 2021/22 for the acquisition of 23 dwellings, 9 for Council housing and 14 under the Next Steps Accommodation Programme which aims to provide both permanent and supported accommodation for rough sleepers. Performance for both programmes was good despite the housing market being particularly buoyant and also increased property prices. Valuations were also completed on 13 properties for the Council housing acquisitions programme and these will complete during 2022/23. The programme will continue in 2022/23 and 2023/24 with more suitable properties being purchased as they become available. The Next Steps Accommodation Programme is coming an end with £0.15M of budget being carried forward into 2022/23 for the ongoing refurbishment of the properties throughout the life of the project. A request to delete the remaining budget of £0.887M has been included in this report.

Investment of £1.3M in the construction of new Council Housing was made during 2021/22, with the different phases progressing through design, planning or construction. More significant investment is planned for 2022/23 and 2023/24 as more of the projects move into the construction phase. Four Council homes were developed as part of the Modern Methods of Construction pilot at Saxon Gardens (with two homes meeting Net Carbon Zero standards) and these homes were completed in May 2022. Phase 3 of the HRA Land Review project is to deliver circa 29 Council homes across five underutilised garage sites and surrounding land in Shoeburyness and is estimated to start on site in 2022/23. Phase 4 of the project is to deliver circa 9 units of Council housing at the North site within the Council owned Lundy Close housing estate and start on site is estimated for 2022/23. There is also Phase 2 of the Modern Methods of Construction pilots for off-site delivery methods at Archer Avenue and Saxon Gardens which are due for completion and handover in 2022/23.

Revised capital investment programme

- 7.19 A range of schemes have been identified that are funded from external contributions and grants. These have been included in the capital investment programme but there is flexibility in when these schemes are delivered either by the funder determining when it is appropriate or the Council matching delivery to available resources.
- 7.20 In total there are a number of schemes with unspent budgets in 2021/22 where the budget is needed in 2022/23 in order to complete the schemes. These schemes have started and/or are fully committed to but due to various factors have not completed or reached the anticipated stage by the 31 March 2022. These budget commitments total £12.955m and are summarised in Appendix 2.
- 7.21 In addition, some schemes have exceeded their 2021/22 budget allocation. The two causes of this are unforeseen costs being incurred or schemes spending ahead of profile in order to accelerate delivery, i.e. multi-year schemes being delivered earlier or preliminary works starting on 2022/23 schemes to ensure their prompt completion. The sum of this accelerated delivery totals £1.196m and is analysed in Appendix 2.
- 7.22 Where possible schemes that have exceeded their 2021/22 budget allocation will be financed by compensatory under spending on other schemes. The exception to this is the overspend for Brook Meadows House, where the approach is set out in paragraph 7.9. The amended budget for 2021/22 after carry-forward, accelerated delivery requests and budget adjustments have been taken into account is £65.582m.

7.23 An amended Capital Investment Programme reflecting all the changes above is attached at Appendix 3 and is summarised below:

Amended Capital Investment Programme to be delivered by the Council:

	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	Total £000
Strategic Schemes	64.3	24.6	8.0	4.4	4.0	105.3
Other Schemes	25.4	7.6	4.2	1.4	2.0	40.6
Total	89.7	32.2	12.2	5.8	6.0	145.9

Amended Capital Investment Programme to be delivered by Subsidiary Companies, Partners or Joint Ventures:

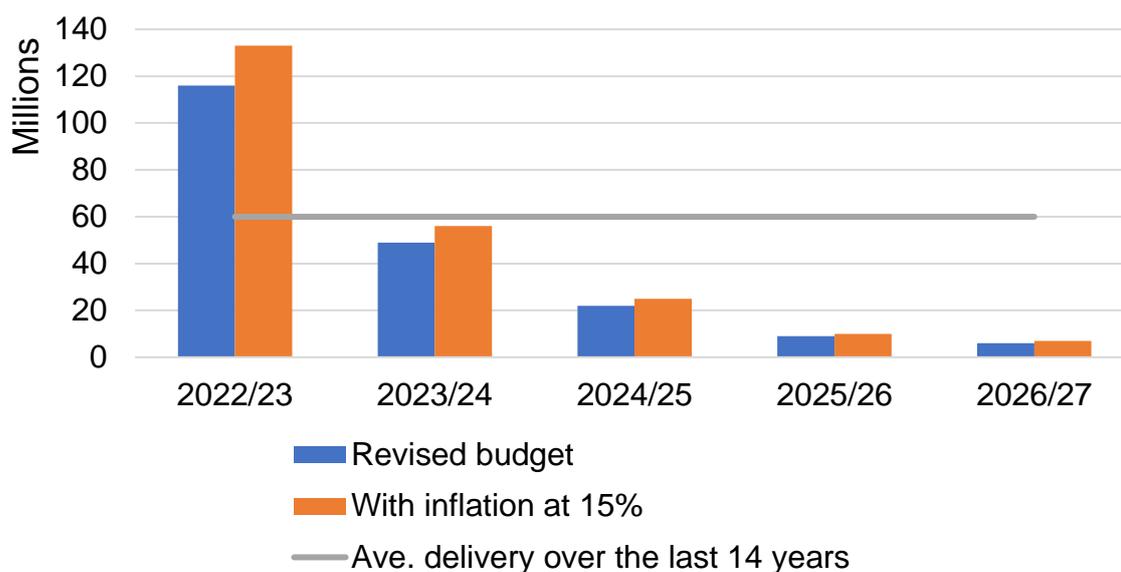
	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	Total £000
South Essex Homes Limited	10.0	6.9	6.3	0	0	23.2
Porters Place Southend-on-Sea LLP	13.7	10.2	3.3	3.2	0	30.4
Kent County Council	2.2	0	0	0	0	2.2
Total	25.9	17.1	9.6	3.2	0	55.8

7.24 All Councils are being affected by inflationary pressures which will affect deliverability and affordability. There are multiple causes:

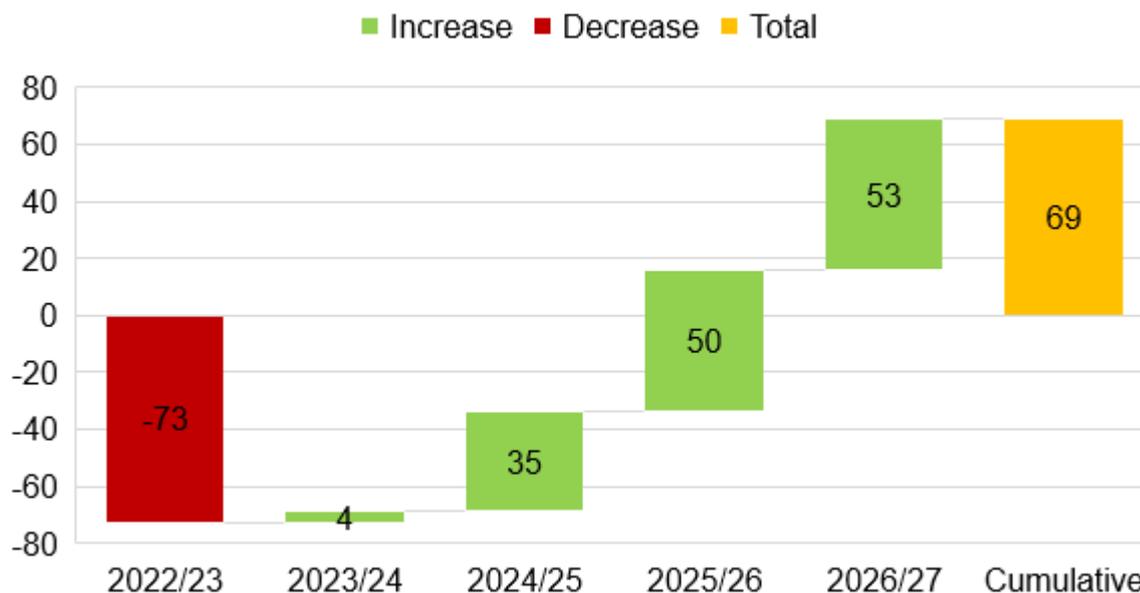
- wage inflation due to scarcity of labour.
- base material price inflation due to global demand exacerbated by supply impacts in key areas due to the pandemic and the war in Ukraine.
- energy cost inflation impacting on all areas from production to logistics to on site energy costs.
- contractor risk pricing.

7.25 Forecasts suggest that Construction Price Inflation is currently in double figures with major spikes for certain materials and products sometimes in excess of 20%. This not only has an impact on the current capital investment programme but also on future projects for which the Council may bid for funding.

7.26 The chart below shows the revised budgets over the next five years and the impact of 15% inflation on them.



7.27 The chart below shows the headroom (negative in 2022/23) for each year compared to the average spend over the last 14 years. Over the five-year period there is only cumulative headroom of £69M (£14M each year if profiled equally).



7.28 This chart should be considered in the context that there is a further list of schemes that are not in the approved programme but are subject to viable business cases. This includes schemes where the costs have been estimated, totalling £107M and schemes that are yet to be costed. There may also be urgent health and safety works that might occur that are as yet unforeseen.

- 7.29 Given the above and the Council’s finite capacity to deliver capital schemes, the Capital Programme Delivery Board has been considering four options for assessing the ongoing delivery of projects:

No.	Option Description	Considerations
1	Increase the available budget to support the project to take into account inflationary pressures	The negative impact on the affordability of the programme as a whole and the resulting budget pressure that would need to be met from savings or income generation
2	Do less – understand and accept how much less the Council can deliver with existing budgets	The negative impact on the delivery of the Southend 2050 and recovery priorities
3	Stop project delivery	Requires effective prioritisation
4	Defer or slow down delivery	This could put pressure on the programme in later years and impact on the delivery of key priorities

- 7.30 A generic approach to the programme as a whole would not be appropriate, as each project is different in the way the impact of the inflationary pressures and supply chain issues will be felt. The way that projects are funded also needs to be considered as grant and third-party funding would have to be returned if not spent or if delayed beyond the agreed expenditure timeframe. It is also recognised that these options need to be considered alongside the MoSCoW review (categorising capital projects as ‘must have’, ‘should have’, ‘could have’ or ‘will not have’ (at this time)) and the forthcoming capital challenge sessions.
- 7.31 The capital investment programme should continue to be subject to continuous review and re-prioritisation to ensure resources are aligned to the Council’s Southend 2050, recovery priorities and joint administration priorities. This will inevitably lead to some difficult decisions having to be made regarding the programme with the delivery of some schemes being scaled back, delivered over a longer timescale, paused or removed.
- 7.32 Progress of schemes will be re-assessed and some schemes may be removed from the main programme entirely and others held as ‘subject to viable delivery plans’ until it can be demonstrated that there is the capacity and resources to deliver them in the timescales indicated. Schemes can then be brought back into the main programme as and when it is appropriate to do so. This approach follows the current approach introduced two years ago when schemes can enter the programme during the financial year and not just annually at budget setting.
- 7.33 As this review progresses via challenge meetings, the Capital Programme Delivery Board and the Investment Board, re-profiles and other adjustments to the programme for 2022/23 and future years will be put forward for approval.

Financing of the Capital Investment Programme

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

7.35 The capital expenditure in 2021/22 is financed as follows:

	2021/22 Actual (£m)
Total Capital Expenditure	68.969
Financed by:	
Borrowing	29.378
Invest to Save Financing	9.301
Capital Receipts	1.156
Capital Grants Utilised	17.565
Major Repairs Reserve	6.489
Other Revenue/ Capital Reserve Contributions	3.610
Third Party Contributions	1.470
Total Financing	68.969

Other changes to the budget for 2021/22 onwards

7.36 Since the approved capital investment programme was set at Council on 24 February 2022, there have been some changes to the capital budget. They are not significant in number but are required to provide a continually updated programme to enhance the delivery of schemes and are therefore detailed in Appendix 2. These changes are reflected in the amended Capital Investment Programme attached at Appendix 3.

7.37 Removal of budgets no longer required is requested for schemes such as the Next Steps Accommodation Programme (where the scheme has come to an end and only some of the budget is required for the refurbishment of the properties), the School Improvement and Provision for School Places budget (where the multi-year scheme has been completed within budget) and the remaining unused Priority Works budget (there is budget of £0.6M in each of the next five years). The overall effect for all schemes identified as needing to be deleted is a decrease of £1.75M in the level of capital budget required.

7.38 All of these changes have been reflected in the revised capital investment programme at Appendix 3.

Capital Scheme Additions

- 7.39 Despite the challenges to the delivery of the capital investment programme caused by the supply chain issues and inflation, the Council's ambition to deliver better outcomes is not diminished. In line with the approach where schemes can enter the programme during the financial year and not just annually at budget setting, there are a number of priority projects that are being recommended for inclusion into the capital investment programme. As part of the considerations leading to these schemes being put forward, a proportionate level of due diligence has been undertaken to ensure they achieve the best possible value, with independent assessments of scheme details sought where appropriate. The following schemes are the first of these:

High Street Bollards

- 7.40 The project was to provide enhanced security measures to Southend High Street by installing an automatic bollards system to replace the existing system. A requirement was identified to extend the scope of the works from the High Street to include the protection of Marine Parade. There has also been a change to imprint surfacing rather than traditional flag paving to prevent ongoing maintenance costs and additional construction amendments following correspondence with stakeholders. Therefore, an increase in the budget is required for this scheme of £315,000 in 2022/23. The project will also require a maintenance contract to be in place which will have an annual revenue cost of £16,200. This will be met within existing budgets this year and incorporated into the 2023/24 budget.

East Beach Car Park – Phase 2

- 7.41 New capital investment of £355,000 for 2022/23 was approved at 15 February 2022 Cabinet for the Phase 1 works to widen the existing vehicular entrance/exit and install a height barrier and vehicle flow plates. This new investment of £485,000 is to progress with the construction of the car park, for which planning permission has been approved. Providing a surfaced car park which will replace the current unmade ground will create a safe and usable environment for all users of the car park which include local residents, visitors and commuters.

East Beach Café

- 7.42 Planning permission has been granted for three café units which would make a significant contribution to the attraction and amenity at East Beach by enhancing the destination and providing facilities for locals and visitors to enjoy, year-round. This new investment of £1,568,000 is for the construction of the three café units but at this stage there are many variables including tender costs, build cost inflation, rental levels, tenant demand, future business rates and parking levels all of which will impact on the final financial assessment and viability. The risk associated with the level of demand can be mitigated by building only two cafés initially, then a further unit could be built at a later date. The tender and marketing will be undertaken for two and three units so that the level of demand and market

appetite can be gauged. Following the outcome of the above, the scheme will return to the Investment Board with a clear recommendation to progress with either two or three units. If the recommendation is for two units, the proportion of the budget not required would be deleted.

Victoria Centre

- 7.43 There is already £457,000 in 2021/22 and £805,000 in 2022/23 in the approve capital investment programme for some of the development costs of the units in the shopping centre. A new budget of £2,050,000 for 2022/23 is being requested for refurbishment works to the atrium roof and the Queensway roof, refurbishment of the building façade and reconfiguration and subdivision works relating to new lettings. This budget will be partly for landlord works and partly for investment that is recoverable from tenants via the service charges. These works will make a significant contribution to the attraction and amenity of the Victoria Centre and improve and enhance that end of the City Centre.

8 Infrastructure Funding Statement 2021/22

8.1 Attached as Appendix 4 is the Infrastructure Funding Statement (IFS) for the reported year 1 April 2021 to 31 March 2022. The Summary Tables from the IFS are set out below:

Summary Table 1: Community Infrastructure Levy (CIL) Funds 2021 to 2022

Reported Year 2021 to 2022	Total value of CIL set out in all Demand Notices issued in the reported year	£1,127,607.67
	Total amount of CIL receipts carried over from previously reported years	£1,979,577.69
	Total amount of CIL receipts in reported year	£1,296,881.50
	Total amount of CIL expenditure (including admin expenses) in reported year	£74,797.63
	Total overpayments returned ^[1] in reported year	£31,408.68
	Total amount transferred to other organisations in reported year	£37,678.73
	Total amount of CIL allocated but unspent in reported year	£94,878.39
	Total amount of CIL collected in any year yet to be allocated and remaining to be spent at the end of the reported year	£3,037,695.76

Summary Table 2: Section 106 (S.106) Planning Obligation Funds 2021 to 2022^[2]

Reported Year 2021 to 2022	Total amount of money to be provided under any planning obligations which were entered into during reported year ^[3]	tbc
	Total amount of money under any planning obligations carried over from previously reported years which had not been allocated and was available to spend at the start of reported year	£1,726,797.35
	Total amount of money under any planning obligations carried over from previously reported years which was allocated but not spent at the start of the reported year	£2,325,106.42
	Total amount of money under any planning obligations which was received in reported year	£141,825.94
	Total amount of money under any planning obligations which was spent in reported year	£1,207,751.34
	Total amount of money under any planning obligations transferred to other organisations in reported year	£0.00
	Total amount of money under any planning obligations which was allocated but not spent at the end of the reported year	£1,304,351.44
	Total amount of money under any planning obligations yet to be allocated and remaining to be spent at the end of reported year	£1,681,626.93

^[1] Payments are returned under CIL Regulation 75 (Overpayments) if the amount paid proves to be greater than the amount due.

^[2] Figures correct at time of preparation of this report but may be subject to adjustments.

^[3] This figure relates to either development that has yet to commence or implemented schemes for which the due date for contributions has not yet been reached i.e. the contributions have not been received and cannot be guaranteed to be received. The figure cannot be confirmed as the developments concerned included an outline planning permission, details of which have yet to be agreed.

- 8.2 The £3,037,695.76 in CIL funds retained by the Council (yet to be allocated and remaining available to spend) at the end of the reported year (as at 31 March 2022) includes:
- £2,766,558.85 in the CIL Main Fund; and
 - £271,136.91 (15% of total receipts less surcharges) as Ward Neighbourhood Allocations.
- 8.3 The Council commenced CIL charging in July 2015 and as at 31 March 2022 there was £2,766,558.85 in the CIL Main Fund. These funds, which are to be spent on strategic infrastructure to support growth, have been carried forward to date. The amount currently in the CIL Main Fund is relatively small in the context of the funding likely to be required for strategic infrastructure projects that support new development within Southend, particularly housing. Therefore, it is considered appropriate to continue to carry forward the CIL Main Fund at this time with the CIL Governance Framework and spending plans to be reviewed this year as part of the new Local Plan review.
- 8.4 Ward councillors have been reminded in the reported year that CIL neighbourhood funds received and allocated to each ward should only be carried forward for a maximum of 5 years in accordance with the [CIL Governance Framework \(2015\)](#). If funds have not been spent within 5 years of receipt, the current governance arrangements state that the neighbourhood allocations will be transferred to the CIL Main Fund for spending on strategic infrastructure projects. The first date from which there are potentially funds to be returned to the CIL Main Fund would be summer 2022, which would include any neighbourhood funds allocated to the wards during 2017/18. However, it is recommended to Cabinet that the period for ward allocation expenditure be extended for another 3 years in the interests of proportionality and reasonableness (with the intention that at the end of that period any remaining neighbourhood allocations will be transferred to the CIL Main Fund). This will take into account the fact that the pandemic has presented a variety of challenges in relation to spending of funds; and whilst members will be able to continue to spend in the manner set out in the current CIL Governance Framework, it will also enable the Council to explore alternative options for more effective utilisation of the neighbourhood funds in the future. Any funds allocated to projects that do not go ahead continue to be returned to the ward 'pots' for reallocation.
- 8.5 Section 106 spending has significantly increased in the reported year with over £1million being spent on affordable housing within Southend.

9 Other Options

- 9.1 This is a factual report setting out the 2021/22 outturn and is a reporting requirement of good financial governance. As such there are no other options. Cabinet are of course able to suggest changes to the amounts appropriated to and from earmarked reserves, which would result in a compensating adjustment to the amount taken to or from general reserves. The report also follows and complies with the good practice identified with CIPFA's Financial Management Code which became mandatory from 2021/22.

10 Reasons for Recommendations

- 10.1 To provide Cabinet with the provisional revenue and capital outturn position for 2021/22.
- 10.2 As part of the year end processes, Cabinet is required to approve any appropriations to or from earmarked reserves. This report fulfils that purpose.
- 10.3 Cabinet is required to approve capital budget carry forwards, accelerated delivery requests and in year amendments to the current approved programme.

11 Corporate Implications

11.1 Contribution to the Southend 2050 Road Map

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

11.2 Financial Implications

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

11.3 Legal Implications

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

11.4 People Implications

None arising from this report.

11.5 Property Implications

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

11.6 Consultation

Consideration is given to consultation when the Medium Term Financial Strategy and Capital Investment Programme is determined.

11.7 Equalities Impact Assessment

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

11.8 Risk Assessment

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

With the likely impact on both service costs and service demand pressures, caused by the rapid rise in inflation and uncertainty over the level of available future resources, it is important that the Council holds a robust position on reserves and maintains the ability to deal positively with any issues that arise during this and future financial years.

11.9 Value for Money

The approved budget reflects the Council's drive to improve value for money and to deliver significant efficiencies in the way it operates. Monitoring the delivery and reporting the financial variances of services helps to highlight areas of concern and to assist in the achievement of improved value for money. The Council's approach to evidencing value for money will be strengthened by the Getting to Know Your Business Programme and demonstrating compliance with CIPFA's new Financial Management Code.

11.10 Community Safety Implications

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

11.11 Environmental Impact

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

12 Background Papers

Financial Sustainability Strategy 2022 – 2032

Medium Term Financial Strategy 2022/23 – 2026/27

Resourcing Better Outcomes - Financial Performance Report 2021/22 – Period
8

13 Appendices

Appendix 1 Annual Report 2021/22

Appendix 2 Requested Changes to the Capital Investment
Programme

Appendix 3 Amended Capital Investment Programme

Appendix 4 Infrastructure Funding Statement for 1 April 2021 to
31 March 2022