

Southend-on-Sea City Council

Report of the Executive Director (Finance & Resources)

To

Cabinet

On

14 February 2023

Report prepared by:

Pete Bates, Interim Director of Financial Services

Caroline Fozzard, Senior Finance Lead (Strategy,
Sustainability & Governance)

Prioritising Resources to Deliver Better Outcomes – 2023/24 to 2027/28
Policy & Resources Scrutiny Committee
Cabinet Members: Councillor Stephen George and Councillor Paul Collins
Part 1 (Public Agenda Item)

1. Purpose of Report

- 1.1. To illustrate over the medium term how the Council's limited revenue and capital resources are prioritised to respond to increasing demand for key local services, provide targeted support to cope with the local impact of the cost-of-living crisis and deliver better value for money outcomes for residents aligned to our new corporate plan priorities and Southend 2050 ambition.
- 1.2. To highlight the Council's approach and commitment to securing long term financial sustainability and more effective medium-term business and financial planning.
- 1.3. To agree a fully funded integrated set of revenue budget initiatives and capital investment priorities following consultation and for onward submission to Council for consideration and approval.

2. Recommendations

The proposed overall net investment package contained in this integrated revenue and capital resources report was launched for consultation with relevant stakeholders on 5 January 2023. This report summarises the feedback that has been received so far and at **Section 19** highlights the changes that are now proposed to be included in the final budget package.

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

That Cabinet recommend to Council that it:

- 2.1. Approve the Medium-Term Financial Strategy for 2023/24 – 2027/28 (Appendix 1) and the resulting Medium Term Financial Forecast and estimated Earmarked Reserves Balances up to 2027/28 (Annexes 1 and 2 to Appendix 1). Delegate any final minor changes/updates of this strategy as required to the Executive Director (Finance & Resources).**
- 2.2. Consider and acknowledge the draft Section 151 Officer's statement on the robustness of the proposed budget, the adequacy of the Council's reserves and the Council's Reserves Strategy (Appendix 2).**
- 2.3. Approve the appropriation of the sums to earmarked reserves totalling £0.706M (Appendix 3).**
- 2.4. Approve the appropriation of the sums from earmarked reserves totalling £2.468M (Appendix 3).**
- 2.5. Approve the use of £1M from the General Fund balances to support the core 2023/24 revenue budget which will be replenished over the life of the Medium-Term Financial Plan (Annex 1 to Appendix 1) (Paragraph 13.18, Table 5).**
- 2.6. Approve a General Fund Budget Requirement for 2023/24 of £143.875M and Council Tax Requirement of £97.499M (Appendix 4) (Paragraph 13.18, Table 5).**
- 2.7. Note that the 2023/24 revenue budget has been prepared based on using £2M from accumulated Collection Fund surpluses to support the core budget and to allow for a smoothing of the budget gap (Paragraph 13.19).**
- 2.8. Approve a Council Tax increase of 4.99% for the Southend-on-Sea element of the Council Tax for 2023/24, being 2.99% for general use and 2.00% for Adult Social Care (Paragraph 13.20).**
- 2.9. Note the position of the Council's preceptors:**
 - Essex Police – proposed Council Tax position increase of 6.84%**
 - Essex Fire & Rescue Services – proposed Council Tax increase of 6.57%**
 - Leigh-on-Sea Town Council – confirmed Band D precept decrease of 0.71%**
- 2.10. Approve that no Special Expenses be charged other than Leigh-on-Sea Town Council precept for 2023/24.**
- 2.11. Consider and approve the proposed General Fund revenue budget investment of £23.473M (Paragraph 10.2, Table 3 and Appendix 5).**
- 2.12. Consider and approve the proposed General Fund revenue budget savings and income generation initiatives for 2023/24 of £9.215M (Paragraph 10.4, Table 4 and Appendix 6a).**

- 2.13. **Consider and approve the proposed General Fund revenue cost avoidance and overspend reduction initiatives for 2023/24 of £1.603M (Paragraph 10.5 and Appendix 6b).**
- 2.14. **Note and endorse the approach proposed for the development and implementation of a new transformation blueprint for the Council (Section 12) and to confirm the use of £1.5m from existing earmarked reserves over the next three years to support this programme of activity (Paragraph 12.15)**
- 2.15. **Approve the implementation of the new Adult Social Care Charging Policy from 1 April 2023 (Paragraph 13.9 and Appendix 7).**
- 2.16. **Consider and approve the proposed range of fees and charges for 2023/24 (Appendix 8).**
- 2.17. **Approve the Dedicated Schools Grant budget and its relevant distribution as recommended by the Education Board (Appendix 9).**
- 2.18. **Consider and approve the Capital Investment Strategy for 2023/24 to 2027/28 (Appendix 10) and the Capital Investment Policy (Annex 1 to Appendix 10).**
- 2.19. **Consider and approve the proposed:**
 - (i) **new schemes and additions to the Capital Investment Programme for the period 2023/24 to 2027/28 totalling £16.1M (£3.6M for the General Fund and £12.5M for the Housing Revenue Account) (Appendix 11)**
 - (ii) **new schemes subject to viable business cases totalling £5.6M for the General Fund (Appendix 11).**
- 2.20. **Consider and approve the proposed changes to the current Capital Investment Programme (Appendix 12).**
- 2.21. **Approve the proposed Capital Investment Programme for 2023/24 to 2027/28 of £116.0M to be delivered by the Council and £53.1M to be delivered by Subsidiary Companies, Partners and Joint Ventures (Appendix 13) of which £57.8M is supported by external funding.**
- 2.22. **Approve the Minimum Revenue Provision (MRP) Policy for 2023/24 (Appendix 14) and the prudential indicators (Appendix 15).**
- 2.23. **Approve the operational boundary and authorised limits for borrowing for 2023/24 which are set at £390M and £400M respectively (Appendix 15).**
- 2.24. **Note the summary of changes included in this proposed Final Budget Package (Section 19) in response to the feedback that has been received since the draft budget was launched on 5 January 2023.**

- 2.25. **Note the summary status of Equality Analysis supporting the budget proposals for 2023/24 to 2025/26 (Appendix 16a) and the new items proposed in response to the feedback that has been received since the draft budget was launched on 5 January 2023 (Appendix 16b).**

3. A Sector Under Pressure

- 3.1. The current cost of living crisis is the latest in a decade-long series of events, including austerity, Brexit, a global pandemic and war in Ukraine that continue to erode the financial sustainability of local public services. In the Autumn Statement, the Chancellor looked at mechanisms for dealing with the level of funding for Local Government and confirmed that the previously announced increases in the current Spending Round will be maintained for the next two years.
- 3.2. This Statement did provide some reassurance and avoided/delayed some of the huge concerns that have been highlighted across the sector throughout 2022. These warnings contributed to an independent national analysis undertaken by Grant Thornton that suggested that as many as 1 in 6 local authorities could run out of money as early as 2023/24, without substantial additional funding and/or significant budget reductions. The operating environment, unavoidable cost pressures and complexity of local service demand for local government has never been more challenging.
- 3.3. National agendas including 'Levelling Up' and a range of major policy reforms will need to be delivered within this context. In the background, local authorities will have to make some very tough choices and embrace and implement significant further changes to their local service offer including digitalisation to capitalise on the efficiencies this affords. Looked at collectively, there is an extreme amount of pressure to deliver against all these priorities whilst also managing major affordability and sustainability concerns. The sector has never witnessed so many s114 notices (effectively a declaration that a local authority is no longer a going concern) being issued or being considered. There is no longer any 'low hanging fruit' to reduce costs in local government, therefore across the country, local authorities are having to think seriously about a comprehensive programme of change to get to a financially sustainable base whilst at the same time managing increasing and ever-changing complexity of local demand for Council services.

4. Local Government Provisional Finance Settlement 2023/24

- 4.1. The local government provisional finance settlement was published on 19 December 2022 and confirmed that there would NOT be a Comprehensive Spending Review but did confirm short term funding levels and provide extra investment for social care. The local government finance settlement was published late on 6 February 2023 and coincided with the finalisation of this report. We are not expecting any major changes to the provisional finance settlement figures and a verbal update will be provided at Cabinet once we have had time to review the announcement.

- 4.2. The Council began the financial year 2022/23 in a relatively strong financial position in comparison to several other upper tier authorities. The speed of widespread inflationary pressures, energy prices and local service demand post the pandemic has had a huge financial impact for Southend-on-Sea. This situation has been replicated right across the country. Regular monitoring reports have been presented to Cabinet throughout the year, illustrating the scale of the impact and summarising what actions the Council have had to take to try and mitigate the threat to the Council's financial sustainability. The last updated forecast financial position for 2022/23 as at 30 November 2022 (Period 8) was considered by Cabinet at its meeting on 12 January 2023.
- 4.3. In simple headline terms the Government's announcement of the levels of resource increase contained within the provisional financial settlement for the local government sector for 2023/24 seems reasonable, given the economic and financial challenges facing the country. On closer analysis though and when getting access to the details behind the % increase headlines, the funding package is not as positive. For many years now all Governments have favoured the use of highlighting 'Spending Power' calculations for local authorities. This combines 'national funding with local income generating potential via council tax' so the true level of additional resource is considerably less than what is required just to keep up with current levels of inflation, ignoring any local demand service increases.
- 4.4. This will cause major financial and sustainability challenges, particularly for upper tier authorities with responsibility for social care. In simple headline terms Southend-on-Sea City Council could receive around £15 million extra income in 2023/24 but around £5 million of this is assumed to be raised by increasing local Council Tax by 4.99%. The details also highlight numerous examples where 'previous grants have been rolled in' as part of the settlement and expected funding from Government commitments around initiatives like the New Homes bonus have been reduced. Extra burdens and 'new strings, expectations and reporting requirements' have also been introduced for 'new funding' particularly for social care and for grants like the Hospital Discharges Fund. At the time of finalising this updated proposed budget package, the full details of what the potential implications for the Council could be are still to be confirmed and formal notification has not yet been received.
- 4.5. Within this context it remains vital to reassess, understand and take responsibility for our financial future. We must remain proactive in the delivery of our agreed corporate plan priorities and Southend 2050 ambition, evaluate the local economic recovery progress and to provide the best possible value for money services to our local residents, businesses and visitors. Our financial sustainability can only be enhanced by embracing the City's economic potential, growing our local tax bases and by increasing our income generating and commercial capabilities.

- 4.6. Given the unprecedented circumstances experienced this year and the late release of the provisional finance settlement, our Medium-Term Financial Strategy 2023/24 – 2027/28 still requires some further development and confirmation of some outstanding elements but a comprehensive draft is represented at **Appendix 1**, and it is proposed that any final minor changes/updates of this strategy as required is delegated to the Executive Director (Finance & Resources). This strategy provides an integrated view of the whole of the Council's finances and priority investment plans over the medium term. This updated proposed final budget package outlines how scarce revenue and capital resources are prioritised and deployed to respond to increasing demand for key local services and to deliver better outcomes for local residents aligned to our Southend 2050 ambition, phased priorities and commitments.
- 4.7. The Council's '**Getting to Know Your Business**' programme continues to be embedded. This programme helped to establish a baseline for all services in terms of their costs, income generation potential, value for money and performance. This data highlighted key lines of enquiry where benchmarking suggested that either our costs or income levels are above or below average. This assessment, together with a comprehensive 'strategic-fit' review against our Southend 2050 ambition, new corporate plan, administration priorities, economic recovery aspirations and delivering better outcomes and value for money for our local residents has influenced the development of the investments, savings and income generation proposals contained within this proposed final budget report.
- 4.8. It really has been an unprecedented period in recent history which will require some tough national and local choices and difficult decisions to be made on priorities, particularly around non-statutory service levels over the medium-term. The combination of current economic factors will directly impact all public services, local businesses, and residents, putting more pressure on local authority budgets and household incomes.

5. Southend-on-Sea City Council's Corporate Plan and 2050 Ambition

- 5.1. Building on the engagement and consultation exercise undertaken with residents and key local stakeholders during 2022, this report highlights how the Council's new corporate plan has heavily influenced the investment priorities for 2023/24 – 2027/28. Our corporate plan provides the context and narrative for our City and the role that the Council will play in that. It reflects the period of organisational change and our operating models for the future – including officer and member development. The corporate plan's four overarching themes provide a framework to support prioritisation:

- **a city that is strong and prosperous**
- **a city with a good quality of life**
- **a city rising to the climate change challenge**
- **a city delivering genuinely affordable housing**

- 5.2. These corporate priorities will be enabled by us changing as an organisation. Areas in the council where we will focus change are:

Delivering the right quality services

- increasing understanding of the overall goals of customers
- alignment of a common customer-centric vision
- designing services from the point where a customer begins to try to achieve a goal, right through to the point when the goal has been completed and the best possible outcome achieved

How we work

- developing working practices that maintain employee engagement and enable people to maximise their performance. This includes:
 - developing our hybrid working approach
 - making sure people working from home don't suffer from increased levels of loneliness and mental distress

Digital as an enabler

- making the council a more accessible and inclusive place to work
- working flexibly when needed to meet challenges and opportunities
- collaborating and co-designing with residents, communities and partners to identify behavioural drivers, and barriers, and make the best use of resources
- ensuring services are joined up and always accessible

- 5.3. The council's change programme will be driven forward through a new transformational blueprint.

- 5.4. Southend 2050 remains the overriding ambition and provides the opportunity for the Council to continue strengthening partnership working across the City and wider region. Dedicated work and engagement will continue with a focus on achieving this ambition as a new City.

- 5.5. To reflect these aspirations and to support delivery of the early phases of activities to achieve better outcomes for Southend's residents, the Council for 2023/24 is continuing to try and develop a longer-term view of the use of its resources and financial planning arrangements. Our commitment remains to focus on supporting the local economy and our most vulnerable local residents to recover from the pandemic and to help them to cope where we reasonably can with the current cost of living crisis.

- 5.6. Our approach enhances the profiling of investment and supports effective prioritisation of activities. It will also enable improved consideration of major regeneration plans that span more than one financial year from both a revenue and capital perspective. These new set of arrangements were introduced in 2020/21 and became the key driver behind integrating both revenue and capital investment plans into a single report with greater emphasis on the medium term.

- 5.7. Local Government still faces huge challenges in terms of uncertainty over future funding levels and continuing increases in demand and local expectations – Southend-on-Sea is no exception, but the Council is determined to do everything it can to plan effectively for the future and invest in priorities that make a real positive difference to Southend’s residents, businesses, and visitors. The years 2020/21 and 2021/22 were dominated by the impact of the pandemic, 2022/23 has been dominated by inflationary pressures and a cost-of-living crisis so 2023/24 is now clearly an important year in our journey towards becoming a more outcome focussed organisation where our resources are prioritised accordingly.
- 5.8. The overall proposed final budget package contained in this report has been developed in what has been unprecedented times for the Local Government Sector and indeed the UK generally. The intention has been to target scarce resources to the agreed priorities within the Council’s new corporate plan within the context of the overall Southend 2050 ambition, provide support for our most vulnerable residents, respond positively to the impact of the pandemic on our local economy, manage the impact of inflation as carefully as possible whilst coping with unprecedented levels of local demand pressures across social care. It is a very difficult combination of challenges to navigate and respond too, whilst also ensuring that the Council lives within its means and remains a financially sustainable organisation.

6. National funding situation

- 6.1. Spending reviews are critically important to local authorities because they determine how much money will be given to Government departments, many of whom may then provide separate funding allocations to local councils.
- 6.2. Spending reviews are co-ordinated and managed by HM Treasury. The dates and length of spending reviews vary. Comprehensive spending reviews (CSRs) tend to be less frequent and aim to take a longer-term view and usually involve a series of zero-based reviews of public spending.
- 6.3. On 19 December 2022, the Secretary of State for the Department for Levelling Up, Housing and Communities (DLUHC) released a written statement to Parliament on the provisional Local Government finance settlement for 2023/24. It is for one year only and is based on the Spending Review 2021 (SR21) funding levels, updated for the 2022 Autumn Statement announcements.
- 6.4. The key headlines relevant to Local Government are summarised below:
- The Council Tax referendum limit will be 2.99%, with social care authorities allowed an additional 2% social care precept.
 - The government’s plans for funding reform and a reset of the Business Rates Retention (BRR) system, both of which were originally expected to be implemented in 2019/20 will not be implemented in the next two years. Business rates retention pilots are assumed to continue until 2024/25.
 - The Government has changed the inflation measure used to increase the business rates multiplier from RPI to CPI. The under-indexing multiplier grant has increased by £930M so that local authorities do not lose what would have been the increase in the multiplier.

- The Revenue Support Grant (RSG) has been increased by 10.1%, in line with what would have been the increase to the multiplier. There have also been existing grants worth £78M rolled into the RSG amounts.
- The Social Care Grant has increased by £1.506Bn to £3.852Bn, with £161M of that increase being due to the Independent Living Fund being rolled into this grant.
- The funding for the Improved Better Care Fund remains at £2.14Bn.
- Of the £562M for the Adult Social Care Market Sustainability and Improvement Fund, £162M is due to the Market Sustainability and Fair Cost of Care Fund being rolled into this grant. The additional £400M is intended for local authorities to make tangible improvements to adult social care.
- The Adult Social Care Discharge Fund is a new £300M grant for 2023/24, intended to form part of local Better Care Fund plans, aimed at reducing delayed transfers of care from hospitals.
- The Services Grant has been reduced from £822M to £464M, due to cancellation of the increase in National Insurance Contributions and to move funding to the Supporting Families programme.
- New Homes Bonus 2023/24 allocations have been announced at £291M, a reduction of £265M on 2022/23. The large reduction in funding from the scheme is due to all prior years' legacy payments having now been paid.
- The Lower Tier Services Grant (worth £111M in 2022/23) has been removed and replaced by the Minimum Funding Guarantee of 3% for 2023/24.
- The Government have published a summary of the grants outside of the provisional Local Government Finance Settlement for 2023/24, since the Council's proposed budget was launched for consultation on 5 January 2023:

Department for Levelling Up, Housing and Communities:

- Levelling Up Fund
- UK Shared Prosperity Fund
- Homelessness Prevention Grant
- Supporting Families Programme
- Homes for Ukraine Funding

Department of Health and Social Care:

- Public Health Grant

Department for Education:

- Designated Schools Grant
- Schools Capital grant allocations

Department for Transport:

- Highways and Buses Funding

Department for Business, Energy and Industrial Strategy

- Net Zero Funding

Department for Work and Pensions

- Household Support Fund (DWP)

7. Local funding impact

7.1. The key headline national announcements set out in paragraph 6.4 indicate the following provisional allocations for Southend-on-Sea City Council:

- Compensation for under-indexing the business rates multiplier will be £6.237M for 2023/24, an increase of £2.63M on 2022/23.
- Social Care – additional £5.0M to be delivered through grant in addition to the funding received in 2022/23, so for 2023/24 the total grant will be £13.2M.
- The current funding stream of £7.797M iBCF (including the former Winter Pressures Grant) remains unchanged in 2023/24.
- The Revenue Support Grant has increased to £7.118M for 2023/24.
- Market Sustainability and Fair Cost of Care Fund will be £1.930M, an increase of £1.373M on 2022/23.
- The Adult Social Care Discharge Fund is new grant funding of £1.093M in 2023/24, intended to form part of our local Better Care Fund plans.
- The removal of the Lower Tier Services Grant and other grants rolled in, removes funding of £0.877M in 2023/24.
- New Homes Bonus to be £0.081M in 2023/24, a decrease by £0.594M from 2022/23.
- The Services Grant will be £1.371M in 2023/24, a decrease of £1.062M from 2022/23.

Dedicated School Grant Budget and Schools Revenue funding

7.2. The Dedicated School Grant (DSG) budget consists of delegated funding to schools, early years providers and providers for pupils with special educational needs and alternative provision. It is the main source of revenue funding for these settings. There is also an element of this funding that is used to support Southend-on-Sea City Council's educational related services.

7.3. The current total DSG for 2023/24 is £189.915M (latest allocation for 2022/23 is £178.909M). In practice, although the Education Board and Local Authority remain responsible for allocating the entirety of DSG, the final actual DSG awarded to the local authority will exclude funding for Academies, High Needs place funding for both colleges and further education providers, free special schools, and national non-domestic rates for all mainstream schools. These elements are paid directly to those settings from the Education and Skills Funding Agency. The final estimated allocation expected to be awarded to the local authority for 2023/24 is confirmed at £61.093M, after considering these estimated deductions of £128.822M.

7.4. The Department for Education (DfE) announced on the 16 December 2022 the final funding details for 2023/24 which are summarised as below (**Table 1**). Note there are 4 blocks of funding allocations within the DSG.

Table 1 Dedicated Schools Grant Funding Allocations

Block	Amount £M's	Detail
Schools Block	144.948	Allowing for 14,761 primary and 12,027 secondary pupils plus growth and premises factors
Early Years Block	10.985	This funding allows for 15-hour universal entitlement and additional 15 hour extended entitlement for 3–4-year-olds and 15-hour entitlement for 2-year-olds, early years pupil premium (EYPP) and disability access fund (DAF)
High Needs Block	32.606	Includes special schools, Education and Health Care Plan (EHCP) top up funding, further education EHCP place funding up to the aged of 25. Alternative provision funding, hospital education funding, and support for wider SEND services.
Central Schools Services Block	1.376	Includes Education Support Grant and Council related education support functions
Total DSG 2023/24	189.915	

Key 2023/24 Dedicated Schools Grant DfE Headline Announcements

- 7.5. The DfE announced in July 2022, the following key headlines in relation to DSG Individual School Funding for 2023/24 (schools block). The minimum per pupil levels is set at £4,405 for primary schools (£4,265 in 2022/23) and £5,715 for secondary schools (£5,525 in 2022/23). The funding floor minimum uplift will be set at 0.5% at a per pupil led funding basis from 2022/23, and all schools attracting their core National Funding Formula (NFF) allocations will receive an increase of circa 2.4% from the 2023/23 Pupil led funding factors: basic entitlement and lump sum, with funding for two deprivation factors within the funding formulae increasing by 4.3% compared to their 2022/23 values.
- 7.6. In relation to Early Years funding announced by the DfE on the 16 December 2022 the DfE confirmed an increase of 30p per hour in 2023/24 to help fund childcare places for 3 & 4 year olds (an equivalent 6.4% uplift from 2022/23 and noting 1.5% of that uplift does relate to a previous school nursery supplementary grant paid outside of the DSG now including within that rate), and an increase of 11p per hour to help fund childcare places for eligible 2 year olds (equivalent 2.0% uplift from 2022/23). EYPP rates have also been uplifted by 3.3% from 2022/23 and DAF rates have uplifted by 3.5% from 2022/23.

- 7.7. In relation to high needs block funding allocations, the DfE announced in July 2022, the funding floor (within the NFF) is set at a 5.0% uplift with a maximum gains cap of 7%. For Southend-on-Sea, this has meant an additional uplift of 6.7% from 2022/23 and an additional allocation of £2.083M. On the 16 December 2022, the DfE also announced an additional further allocation to all national High Needs blocks in view of the Government's Autumn term 2022 budget statement for additional national funding to core schools' budgets. For Southend-on-Sea locally this added a further £1.254M from 2022/23 bringing the now total overall funding uplift to 11.6% from 2022/23 (and a total £3.337M uplift from 2022/23).
- 7.8. In relation to central block funding included within the July 2022 announcements, the DfE stated in 2023/24 that there will be a further 20% reduction to the element of funding that some authorities receive for historic commitments. This is in line with the previous DfE intentions as part of the NFF to unwind this funding element. The implication for Southend-on-Sea's allocation is a further annual loss of circa £93,000 from 2022/23.
- 7.9. Following the annual July 2022 DfE DSG announcements, it is important to note that given the significant inflationary pressures in 2022/23 and teaching staff salary uplifts, that the Government, as part of the Autumn term 2022 statement did announce further additional national funding of £2.3Bn in 2023/24 to core school budgets and in 2024/25. Whilst the local DSG high needs allocation has been updated for this announcement (as referenced in paragraph 7.7), for mainstream schools in 2023/24 there will also now be an additional supplementary grant paid outside of the DSG at a total local amount of £4.947M which will mainly be distributed through to schools based on the number of pupils in a school. This therefore means a mainstream school that is on the NFF minimum amounts per pupil can now expect an estimated total uplift per pupil in 2023/24 from 2022/23 including this additional supplementary grant of 3.7% for primary and 3.9% for secondary schools.

DSG Education Board Decisions

- 7.10. Although the total quantum of DSG is now calculated by a national formula that indicates the amount of funding that will be received, it currently remains a local decision as to how each block of funding is allocated. The Education Board (covering School Forum matters) met on both the 18 October 2022 and the 13 December 2022 to determine and agree the principal decisions for the allocation of the 2023/24 individual school block allocations. Although within Mainstream Schools the minimum amounts per pupil are now a mandatory requirement, the Board confirmed its approval for the remaining mainstream school allocations to continue with the implementation of the national funding formula locally.
- 7.11. The final 2023/24 individual School Block allocations were noted and shared with the Education Board on the 17th January 2023 (**Appendix 9**). In addition, Appendix 9 also displayed the Early Years funding rates to providers for 2023/24 based on the principle decisions of the 13th December 2022 meeting, and confirmed the conditional approach of further funding for 2023/24 to High Need special schools and Alternative Provision schools in line with the additional DfE grant funding awarded to the High Needs block for 2023/24.

Pupil Premium

- 7.12. In addition to funding from the DSG, schools will receive a Pupil Premium grant, which will provide amounts of £1,455 / £1,035 of funding per primary / secondary pupil in 2023/24 who have been registered for free school meals in any of the past 6 years. Based on initial estimates the total Pupil Premium will provide an additional indicative £9.3M for schools in Southend-on-Sea (including both Maintained and Academy schools).

8. Financial Sustainability Strategy

- 8.1. This was first introduced and approved by Council in February 2020 to frame the financial future and intentions for Southend-on-Sea. It helped to set the context for the Medium Term Financial Strategy at that time, guide our approach to maximising resources, prioritising investment and the effective targeting of resources to deliver the ambitions and outcomes contained within the Southend 2050 programme.
- 8.2. Its primary purpose remains to outline our approach, desire, and commitment to achieving financial sustainability by embracing the area's economic potential, growing our local tax base and increase sustainable income capabilities. The updated Financial Sustainability Strategy for 2022-2032 was published in 2022.
- 8.3. Given the exceptional operating environment caused by the significant inflationary increases and service demand pressures in 2022/23 and that these issues will continue into 2023/24, the Council will not review this strategy as part of the budget process for 2023/24. A refresh of the Financial Sustainability Strategy will be considered as part of the implementation of the Council's new Transformation Blueprint and budget considerations for 2024/25.

9. Medium Term Financial Strategy (MTFS) 2023/24 – 2027/28

- 9.1. Given the constantly changing events in 2022/23, together with the late publication by the Government of the provisional finance settlement on 19 December 2022, the updated MTFS to 2027/28 still requires some further development and confirmation of some outstanding elements but a comprehensive draft is represented at **Appendix 1**. This updated strategy builds on what was approved in February 2022 and looks to provide an integrated view of the whole of the Council's finances and outlook over the medium term, i.e., over the next five years. It continues to show how the Council intends to align its financial resources to deliver the priorities contained in the new corporate plan and within the context of our Southend 2050 ambition desired outcomes and financial sustainability.

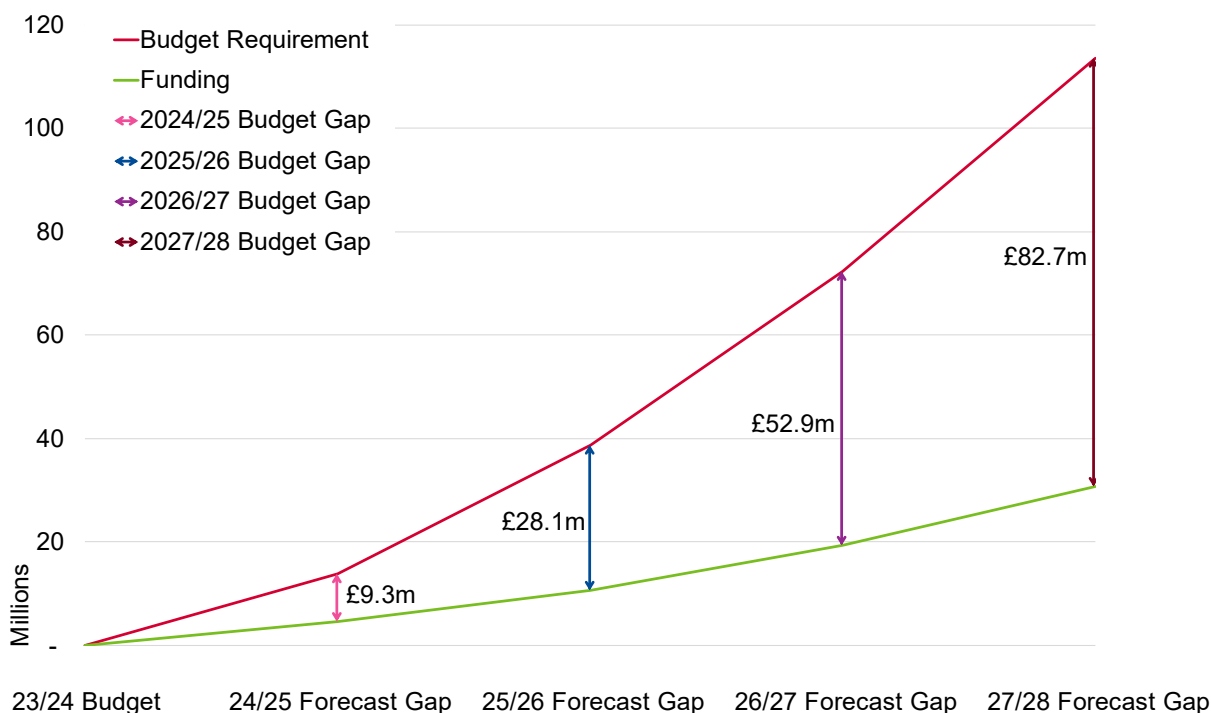
9.2. This strategy is the Council’s key financial planning document which informs business and resource planning and shows how spending needs to be balanced with the amount of available funding. It identifies budget gaps in the medium term to enable the Council sufficient time to address them in a considered, measured, and planned way. Clearly this assessment has had to be based on a range of assumptions – the most significant of these include an estimate that inflation will fall to around 7% in 2024 and then return to more ‘normal’ levels of 5% and 2% in 2025 and 2026. Another major assumption is that the level of Government funding support we are expecting to receive in 2023/24 remains at exactly that same level in future years through to 2027/28. It is also assumed that any fundamental changes to national policies delivered locally will also be fully funded by Government.

9.3. The full MTFFS requires some further development, but considerable work has been undertaken to establish a Medium-Term Financial Forecast for the years 2023/24 to 2027/28 and this is shown in **Annex 1 to Appendix 1. Table 2** is a summary showing the forecast budget gap for the next five years and **Figure 1** shows the cumulative impact over the next five years.

Table 2 Forecast Budget Gap 2023/24 to 2027/28

Year	2023/24	2024/25	2025/26	2026/27	2027/28	Total
Budget gap	£0M	£9.3M	£9.5M	£6.0M	£5.0M	£29.8M

Figure 1 Forecast Cumulative Budget Gap 2023/24 to 2027/28

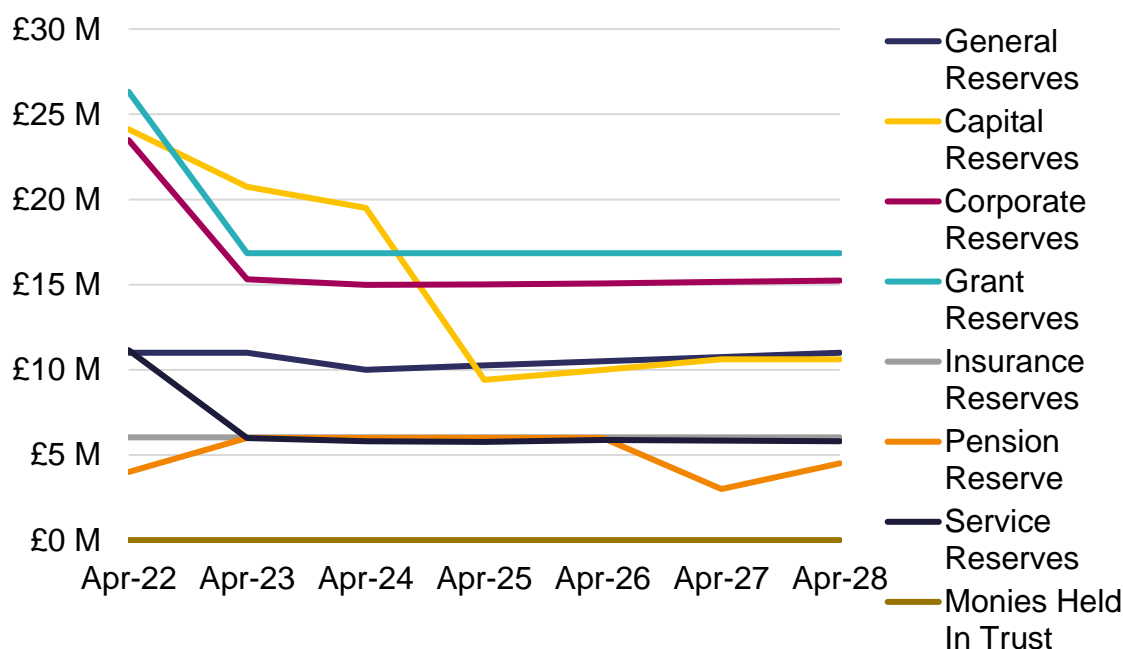


9.4. The Section 151 Officer’s Statement on the Adequacy of Balances and the Robustness of the Budget is attached as **Appendix 2**. This includes the recommended Reserves Strategy based on an approach to evidence the requisite level of reserves by internal financial risk assessment.

9.5. The proposed Earmarked Reserves balances (2022/23 – 2027/28) is shown in **Annex 2 to Appendix 1** and it illustrates not only the appropriations to and from Earmarked Reserves but also the transfers between them. The significant reduction in grant reserves in April 2023 is due to the prescriptive accounting treatment of Business Rates Section 31 Grants appropriated to reserves in the previous year. These arrangements were stipulated and were designed to primarily account for the support for businesses provided by the Government during the pandemic between the Council’s Collection Fund and General Fund. This is in accordance with national guidance. The reduction in service reserves reflects the forecast use of these reserves to balance the outturn position for 2022/23, as set out in paragraph 13.4. Action is and will continually be taken to further mitigate the potential overspend throughout the rest of this financial year.

A summary of the forecast reserve balances from 2022/23 to 2027/28 is illustrated in the following graph (**Figure 2**).

Figure 2 Forecast Reserve Levels 2022/23 to 2027/28



9.6. The level of resources available for revenue and capital investment considerations were subject to extensive challenge and prioritisation to ensure that any investment proposed is designed to have a positive impact and is aligned to deliver the priorities within our new corporate plan. Balancing the demands and desire for increased investment with the financial pressures and inflationary impact experienced in 2022/23 has been incredibly challenging.

9.7. These updated reserve balances reflect the impact of some one-off additional investments that have been agreed in response to the draft budget engagement and consultation as summarised in section 19 of this report.

- 9.8. For revenue prioritisation of proposed investment, careful assessment was given to increasing service demands and cost pressures associated with delivering existing statutory requirements. Reviewing potential future demands to continue to respond positively to the needs of our most vulnerable residents whilst ensuring that the Council remains financially sustainable in the most challenging of operating environments has been of paramount importance. Analysis of the feedback from the range of extensive consultation and engagement exercises undertaken throughout 2022/23 and the feedback to the draft proposed budget that was launched on 5 January 2023 has directly shaped this overall proposed final budget package within the constraints of affordability (see paragraph 22.6).
- 9.9. For capital, prioritisation of proposed investment is achieved through application of the Capital Investment Strategy. This is a key document which forms part of the authority's integrated revenue, capital, and balance sheet planning. It provides a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the delivery of the Council's priorities. It includes an overview of the governance processes for consideration, prioritisation, and approval of capital investment. The Capital Investment Strategy for 2023/24 to 2027/28 is attached as **Appendix 10**.

10. Prioritising Resources to Deliver Better Outcomes

- 10.1. Successful and timely implementation of the proposed revenue budget package and capital investment programme are essential requirements in ensuring the future financial sustainability of the Council and to respond positively and pragmatically to achieving the priorities set within the new corporate plan.
- 10.2. A summary of the final revenue investment proposals that form part of this overall budget package is shown in **Table 3**. The detail of each proposal for 2023/24 is shown at **Appendix 5**. All proposed investments are planned to be a permanent increase in the revenue base budget of the Council.

Investment proposals which have been added in response to the feedback received to the draft budget package that was presented to Cabinet on 12 January 2023 are highlighted in Table 3 (Reference 01-HTP). A comprehensive summary of all changes can be found at section 19 of this report.

Table 3 Revenue Investment Proposals

Ref	Description	2023/24 £000s
01-COP	Staffing Establishment Costs 2022/23	1,150
02-COP	Staffing Establishment Costs 2023/24	4,425
03-COP	Contractual Inflation (Not Energy Related)	600
04-COP	Energy Inflation Costs 2022/23	2,100
05-COP	Energy Inflation Costs 2023/24	2,350
06-COP	Levies	35
07-COP	Investment, income & financing alignment	802
Cross-Organisational Pressures Total		11,462

Ref	Description	2023/24 £000s
01-L	Technology Transition and Systems Modernisation	1,000
01-DLPP	Waste Collection Contract	800
01-ASCHI	Provider Inflationary Uplift: National Living Wage	4,950
02-ASCHI	ASC Demographic Demand: Transitions, Older People & Working Age Adults	1,336
01-AMII	LHCS and Southend Travel Partnership Ltd (T/A Vecteo)	1,400
01-CLI	Children's Social Care: Independent Placements	2,500
01-HTP	Street Lighting Energy Costs	25
Investments Specific to Portfolio Services Total		12,011
Total Investments		23,473*

** A further £1.093 million of investment will be available which is aimed at reducing delayed transfers of care from hospitals. This will be funded by the new Adult Social Care Discharge Fund which will form part of our local Better Care Fund plans.*

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

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

The projects are a mixture of fully funded programmes and schemes which require match funding. This match funding primarily is in the form of staff time or previously approved capital schemes which are contributing towards our Green City ambition. More information is summarised as part of the Council's Capital Investment Programme considerations in paragraphs 15.17 – 15.30.

- 10.4. A summary of the proposed final savings and income generation proposals for 2023/24 that form part of this overall budget package is shown in **Table 4**. The detail of each proposal for 2023/24 – 2025/26 is shown at **Appendix 6a**.

Savings and income generation proposals which have been added or updated in response to the feedback received to the draft budget package that was presented to Cabinet on 12 January 2023 are highlighted in Table 4 (References ORE-11, SOC-06 and IGC-15a). A comprehensive summary of all changes can be found at section 19 of this report.

Table 4 Savings and Income Generation Proposals

Ref	Description	2023/24 £000s
COI-01	Employer Pension contribution levels – actuarial review	(1,500)
COI-02	Reduction in Corporate Contingency	(1,500)
Corporate Initiatives Total		(3,000)

Ref	Description	2023/24 £000s
EAP-01	Disabled Facilities Grant (DFG)	(250)
EAP-02	Bid Town Centre Grant underspend into base budget	(10)
EAP-03	Integration of Public Health Grant into Planning	(25)
EAP-04	End lease of office space at The Lighthouse Child Development Centre	(20)
EAP-05	Integration of Public Health Grant into Regulatory Services	(30)
EAP-06	System for management of sickness absence	(25)
Efficiency and Productivity Total		(360)
ORE-01	Staffing Reduction – Procurement	(40)
ORE-02	Staffing Reduction – Strategic Housing Project Officer	(50)
ORE-03	Staffing Reduction – Corporate Strategy	(210)
ORE-04	Staffing Reduction – Revenues Service	(145)
ORE-05	Customer Services/ Revenues and Benefits Structure Review	(125)
ORE-06	Staffing Reduction – Asset Management	(70)
ORE-07	Staffing Review – Senior Leadership Group	(165)
ORE-08	Staffing Reduction – Education, Inclusion and Early Years' Team	(46)
ORE-09	Staffing Reduction – Digital & ICT	(85)
ORE-11	NEW Staffing Operational Review – Library Services	(30)
Organisation Redesign Total		(966)
SOC-01	Review of the operation of fountains in the City's public spaces	(15)
SOC-02	Review of operation of City Beach Fountains	(5)
SOC-03	Review Travel Centre Operation / Closure	(40)
SOC-04	Review of public toilet offer with focus on securing external operator	(150)
SOC-05	Reduce Corporate Training (L&D) Budget	(100)
SOC-06	REDUCED SAVING - Printed materials and courier dispatch for Councillors	(15)
SOC-07	Culture service savings	(12)
SOC-08	Library service savings	(35)
Service Offer Changes Total		(372)
TPP-01	Essex County Council transferred debt - reduction in repayment	(100)
TPP-02	Use of free minor repair gang for ad-hoc highways maintenance	(95)
TPP-03	Recruitment Contract (Hays Commercial)	(104)
TPP-04	Employee Assistance contract for service	(10)
TPP-05	Occupational Health contract for service	(75)
TPP-06	Reduction of concessionary fares support to match usage	(100)
Third Party Payments / Contractual Arrangements Total		(484)
IGC-01	Pier Charges	(250)
IGC-02	Planning Performance Agreement Income	(5)
IGC-03	Cremation and burial costs for non-residents	(100)
IGC-04	Parking charges (pay & display)	(600)
IGC-05	Parking permit charges	(50)
IGC-06	Parking charging times and associated enforcement	(250)

Ref	Description	2023/24 £000s
IGC-07	Vehicle crossover applications – application fee & implementation costs	(20)
IGC-08	Remove free parking for elected members	(15)
IGC-09	Sales, Fees & Charges	(840)
IGC-10	CCTV Control Room commercial activity	(25)
IGC-11	Street Lighting Advertising Banners	(40)
IGC-12	Charging for car parks that are currently free	(25)
IGC-13	Council Tax: Empty Property Relief	(330)
IGC-14	Registration Service	(33)
IGC-15	Increased investment income	(1,400)
IGC-15a	NEW Updated investment income assessment	(50)
Income Generation Capability Total		(4,033)
2023/24 Budget Saving / Income Generation Total		(9,215)

- 10.5. In addition to the proposed final budget savings and income generation initiatives summarised in **Table 4** for 2023/24, there are also a range of cost avoidance and overspend reductions totalling £1.603M proposed. These are detailed in **Appendix 6b** and are listed separately as they do not directly impact on the revenue budget allocations for 2023/24. This is because there is no (or insufficient) approved budget provision for these pressures in 2022/23. Most of these issues have been caused by the unprecedented inflationary cost pressures that continue to be experienced and which are outside the direct control of the City Council.

11. Ongoing Support and Commitment to our Most Vulnerable Residents

- 11.1. The Council has committed for 2023/24 to keep all Libraries and Children Centre's operational and will be re-sizing the business footprint of the local authority to make it closer to the City Centre utilising the Victoria Centre. Opening the new Launchpad and Airport Business Park to support new and micro businesses is also a major development to help the local economy and encourage entrepreneurial activity.
- 11.2. As highlighted in **Table 3** significant additional investment is proposed for a range of critical social care services in 2023/24. Southend-on-Sea City Council will also continue to support thousands of families and vulnerable people during the cost-of-living crisis with new initiatives planned for 2023.
- 11.3. The amount of information on available support is sometimes overwhelming and to make life easier for residents and to help accessing trusted and safe information, the council have collated key information and guidance at www.southend.gov.uk/costofliving and onesouthend.com/cost-of-living/
- 11.4. These websites include videos, articles, links to local and national schemes to help people deal with rising costs, an interactive map displaying locations where you can find support with food, clothes, toiletries, health items, and spaces where you can retreat to or work from to keep warm.

- 11.5. For anyone who can't get online, the council has also produced a printed booklet – 14,000 booklets were printed with 4,000 copies going out directly to vulnerable residents. Copies will also be available from the Civic Centre and public libraries and charities will be handing out the booklets to their beneficiaries. In addition to the cost-of-living resources, the council has also been taking advantage of the various government funding and grant schemes available to ensure as many Southend residents as possible can receive support during the cost-of-living crisis.
- 11.6. The **Household Support Fund** will continue into 2023/24, as announced in the Government's Autumn Statement but the Council's allocation of monies has not yet been confirmed. Given the overall national funding of £2.5Bn, the Council's allocation is expected to be circa £2.8M. Guidance on how this can be spent is also yet to be announced but it will be used to assist people with the cost of household essentials. In previous years the Council has used the Household Support Fund to support over 40,000 homes. This included free school meals for all school holidays which helped to support approximately 4,900 families during each school holiday period.
- 11.7. The **Essential Living Fund** will continue to support vulnerable residents into 2023/24. The funding level is yet to be confirmed but is likely to be in the region of £600,000 to help vulnerable people live as independent a life as possible in the community.
- 11.8. The **Discretionary Housing Payment (DHP)** scheme is available for people who are unable to cover the top up in their rent after applying for Housing Benefit or Universal Credit Housing Costs. The fund is circa £409,000 a year. As a limited and discretionary scheme consideration will be given to the applicant's circumstances in making an award, and they will be on a short-term basis. Other than assistance with rent top up, a DHP can also be claimed for a rent deposit if they can demonstrate that a property that is being considered to move in to will be financially cheaper for them.
- 11.9. Through 2022/23, the **Southend Emergency Fund** has provided grants to local charities and support groups thanks to funding of £97,500 which has so far directly helped over 6,000 residents. Citizens Advice have been providing food and fuel vouchers with an extra £100,000 allocated for the period up to March 2023.
- 11.10. The council has also allocated £1.5m over three years to the Community Investment Fund, hosted by SAVS, to support the board's key themes which include reducing poverty and boosting the voluntary sector. Despite the huge financial challenges, the Council has remained committed to this investment in 2023/24.
- 11.11. The South East Essex Alliance is a broad partnership of organisations who are working together to tackle health inequalities and improve health and wellbeing outcomes for local people in Southend, Castle Point, and Rochford. Plans are also in development for a mobile food market van offering low-price food items to residents in Southend's most deprived areas. This scheme is also funded by the health inequalities fund to the value of £10,000 and is expected to run until Spring 2023.

- 11.12. Other examples of support include the use of £25,000 from the health inequalities fund provided by the South East Essex Alliance, with 50 slow cookers and 77 electric blankets purchased and delivered to charitable organisations and voluntary services across the City in December 2022. Slow cookers and electric blankets can help reduce costs associated with rising energy prices. More will be purchased and distributed in 2023 with the remainder of the fund.
- 11.13. The council has been awarded £331,000 for the government's **Council Tax Support Fund** to deliver additional support to the 12,500 households already receiving council tax support. This was announced alongside the provisional Local Government finance settlement and the monies will be used to reduce bills for current working age and pension age Local Council Tax Support claimants by up to £25. In real terms this means that around 3,200 of these households that are of pensionable age will continue to receive a 100% council tax reduction for 2023/24 and have no liability to pay.
- 11.14. In very extreme cases the Council also has a limited **Exceptional Hardship Fund**. A payment made via this route is allocated direct to the Council Tax account and provides residents additional financial help if they have a shortfall between the amount of Local Council Tax Support paid and the amount of Council Tax they are liable to pay. To qualify for this support residents would need to demonstrate that their financial circumstances are exceptional and would suffer severe financial hardship if the extra support was not received.

12. Medium Term Financial Sustainability Challenge

Building a City Council Fit for the Future

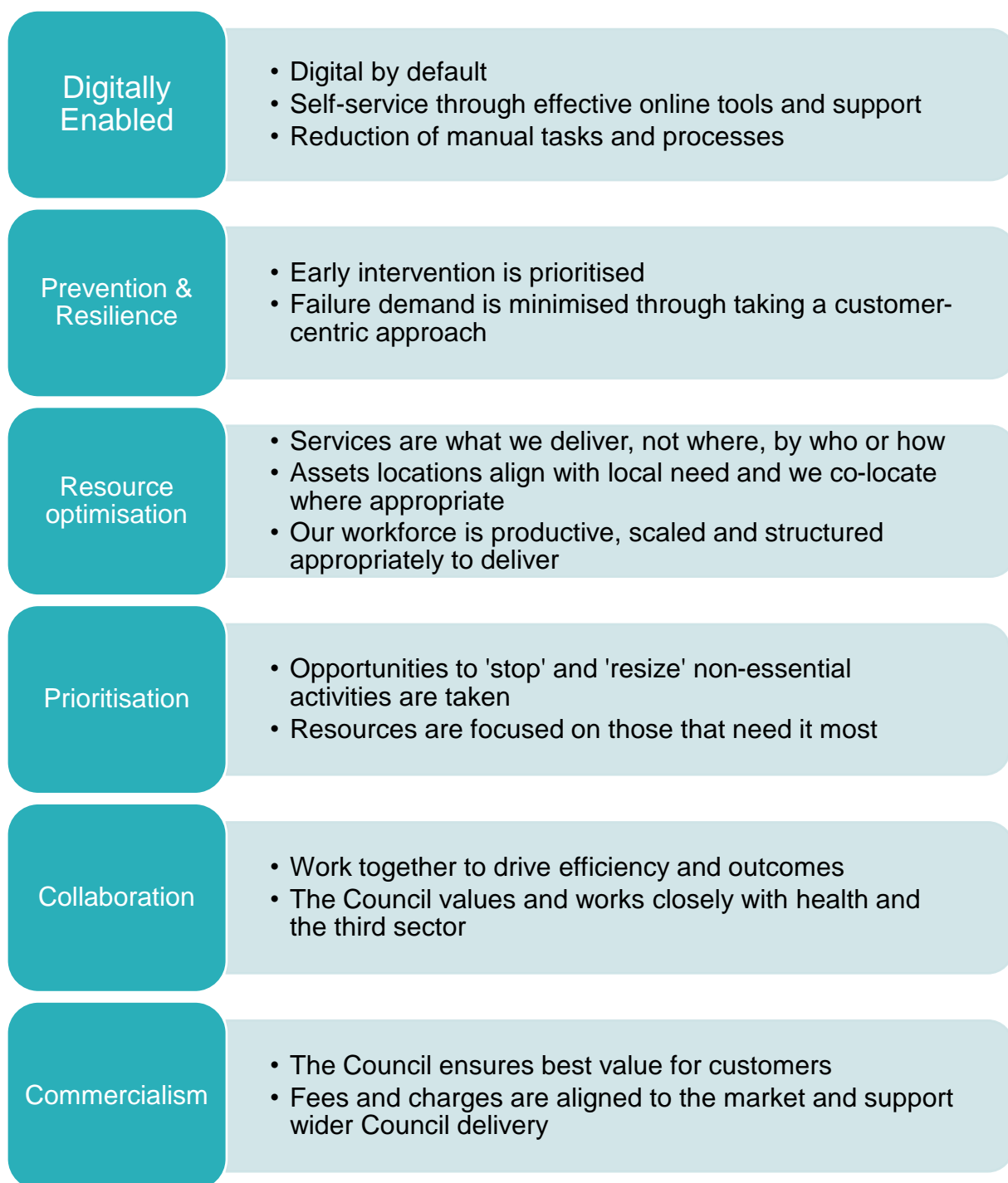
- 12.1. The overall level of net cost reduction required by Southend-on-Sea Council to bridge a medium to long term deficit by 2027/28 requires a programme of work that not only supports the development of net cost reduction and transformation opportunities at a service level, but that also considers how these opportunities can be integrated into a renewed, sustainable, operating model.
- 12.2. Grant Thornton have been working with Southend-on-Sea City Council to rapidly review the Council's operating model and identify tactical and strategic opportunities for savings and change. Through their work with us they have made key observations about the operating model of the Council:
- As a twenty-first-century Council with an ever-tightening fiscal environment, Southend has no option but to modernise its operating model and find new, more cost-effective ways of meeting the needs of its communities in the context of a changing public sector landscape.
 - Overall, the Council is relatively 'traditional' in its mode of service delivery, and there is significant opportunity to innovate, considering not just 'how' services are delivered but also 'what' services are delivered.

- The Council has a history of being all things to all people - a main objective of the Corporate Plan and Service Plans should be to define more clearly what the Council prioritises and delivers and therefore give officers the authority to stop/reduce non-essential activities. A clear understanding of the Council's statutory requirements, discretionary arrangements and levels of subsidy in terms of quality, standards and costs of services will be key considerations.
- 12.3. Working with Grant Thornton the Council has been through a period of 'idea generation' which produced a long list of opportunities across the themes of:
- Target operating model (modern, simplified and streamlined)
 - Efficiency and productivity
 - Service offer changes
 - Commercial (income generation and third party / contractual arrangements)
 - Resident & customer engagement
- 12.4. Due to the large number and scale of the value of opportunities identified, a comprehensive programme is required to focus activity, provide consistency and oversight as well as invest time and scarce resources in the right places. The transformation blueprint sets out this programme and organises these opportunities into workstreams to create order and sequence to activities.

A New Transformational Blueprint for the City Council

- 12.5. Southend on Sea City Council's transformation blueprint looks to provide a roadmap and framework for building a council that is fit for the future and is constructed of the following key elements.
- 12.6. **The principles we are guided by**
- Our transformation principles set the ambition for the Council and are the compass by which we will measure if an initiative will help the Council move towards the desired future state. They reflect the two sides of the organisation which are both important: Supporting vulnerable residents and protecting the Council. These principles are summarised in **Figure 3**.

Figure 3 Summary of Guiding Principles



12.7. The workstreams we focus on

Although each of these workstreams will be intrinsically linked, separating out the core components will allow different tranches of efficiencies and service improvements to be brought forward. Inter-dependencies between the workstreams would need to be balanced centrally.

- **Tactical savings delivery** – which are tactical as they are not transformational in nature but primarily relate to stopping or resizing activity. These opportunities will be primarily service led and delivered.

- **Strategic opportunities** – opportunities which are transformational in nature for service areas and service delivery specifically.
- **Simplified and more efficient operating model** – a workstream to build an organisation that can provide all of the products and services that its customers require, in a more efficient and effective way.

12.8. The enablers of transformation

The key levers at the hands of the Council which will result in fundamental change both for the cost base and experience of residents are:

- **Digital** – Digital is key to reducing the cost of public services, increasing productivity, rethinking service delivery, emphasising user experience and increasing commerciality of the Council.
- **Customer contact & user experience** – The Council wants its technical expert resource to focus on customer service delivery that is within their specialist area. Self-service becomes the primary channel for interaction with and across the Council.
- **Demand management** - With increased demand and reduced public spending, the need for local authorities to transition to a preventative approach has never been greater. The different types of demand that can be managed more effectively are as follows: **Avoidable Demand** (a need that can be better met by other means or channels), **Preventable Demand** (things that could have been done earlier to prevent a need from arising in the first place), **Failure Demand** (caused by the very system designed to respond to demand in the first place).

The building blocks for success

12.9. The building blocks are the foundations which are fundamental to a successful programme of change, without which a programme will struggle to get off the ground. These include:

- Governance
- Strategic Programme Management Office.
- Service redesign.
- Skills & capabilities.

Timelines and phasing

12.10. The Council needs to undergo a significant level of change to meet its ambitions and does not have the necessary building blocks in place currently to deliver it. Therefore, the change programme needs to be undertaken across several phases to build foundations before getting into high complexity change to ensure its success.

12.11. Phase 1 – Foundational

This phase will include all the necessary set up of the programme including:

- Defining roles and expectations across the organisation by grade
- Establishing key governance frameworks
- Establishing a performance management framework
- Setting up leadership development programmes
- Setting up a skills programme for project and change management
- A functional maturity assessment across all service areas, the first step in a fundamental redesign of Council services
- Course correcting and strategic interventions in areas of high risk or importance
- Tactical savings delivery

12.12. Phase 2 – Strategic and Transformational

The second phase of the programme looks to begin the strategic and transformational change for the organisation.

- Based on the functional maturity assessment undertaken in phase 1, a rolling programme of service redesign will begin starting with the high change cohort, through to medium
- Strategic opportunities will also be kicked off and go through scoping, design, plan and implement stages. The order in which these opportunities will be determined based on complexity and scale of savings potential.
- Continuation of leadership development programmes
- Continuation of skills programme for project and change management

12.13. Phase 3 – Business as Usual

By Phase 3, service redesign and transformation will be 'business as usual' for the Council and embedded in officer behaviours and skills. Therefore, although there will still be changes required, the Council will be able to deliver this with minimal support. The main focus of this phase will be:

- The rolling programme of service redesign will move onto the low change cohort (as high and medium will be complete)
- Evaluation of activities undertaken in Phases 1 and 2, and embedding the continuous improvement approach

Governance, Reporting and Delivery Arrangements

- 12.14. The level and intensity of the transformation programme required will require strong governance and support and it is proposed that a new Transformation Board is created to oversee the programme and delivery of activity. This will be chaired by the Executive Director (Strategy, Change and Governance) and supported by relevant senior officers. The Board will report the progress and performance via the regular financial monitoring reports that go to Cabinet to ensure transparency and Member oversight on the work being undertaken and to evaluate the impact of the programme.

12.15. There will be a requirement for additional one-off 'change' resources to deliver the programme with both internal and specialist external expertise to provide the capacity to implement the programme and cultural change required at pace. Without this major redesign the Council will be exposed to the increasing pressure and risk of financial unsustainability. A threat that many local authorities are already declaring. The operating landscape and financial pressures are getting even more challenging each year and the Council needs to be proactive and plan for major change now. The alternative could lead to an even greater reactive impact on our service range, quality and operational viability. It is therefore proposed that a sum of £1.5m is set aside over a three-year period from existing Council earmarked reserves to establish a new Transformation Implementation Reserve to support this key 'invest to save/change' programme.

13. General Fund Revenue Budgets 2023/24 – 2027/28

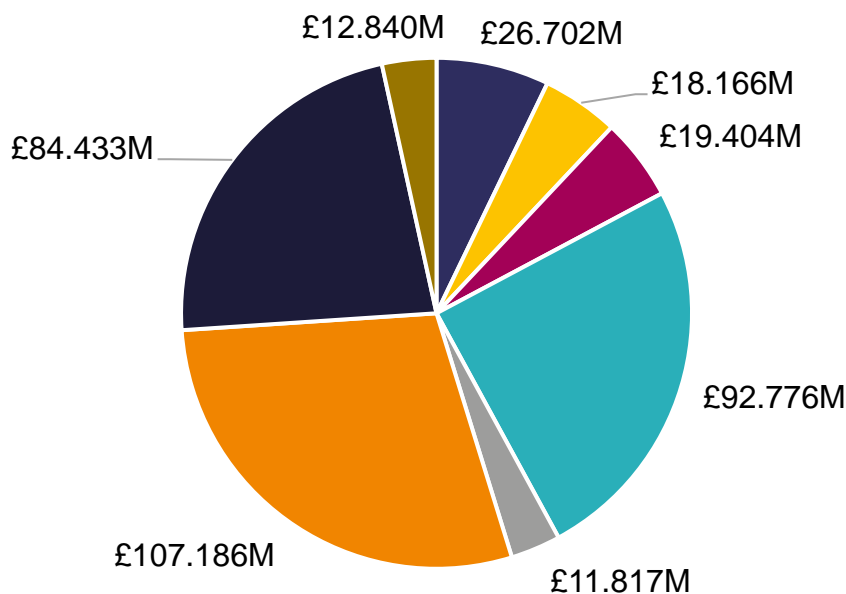
Forecast revenue outturn 2022/23

- 13.1. The original General Fund revenue budget requirement for 2022/23 totalled £140.741M and was to be met from government grants, available business rates, council tax, adult social care precept and £2.500m planned use of reserves.
- 13.2. Members have been supplied with regular financial monitoring information throughout the year. The last forecast outturn and supporting narrative for 2022/23 is summarised in the Resourcing Better Outcomes - Financial Performance Report – Period 8, which was presented to Cabinet on 12 January 2023. The year has clearly been dominated by the financial challenges caused by huge increases in service demand post the pandemic combined with unavoidable rapid inflationary increases in operating costs across almost every aspect of the organisation. Nearly all the financial pressures that the Council is now experiencing have been down to external factors where the Council has had no influence or control and they have happened at great pace, since the Council's 2022/23 budget was approved in February 2022.
- 13.3. The latest financial forecast for 2022/23 indicates a **projected £7.346M overspend** for the Council. This is a **significant improvement of around £4.7M** on what was reported at period 6.
- 13.4. A range of mitigation plans are also in place to try and improve the overall financial position further by the end of the financial year. The situation will continue to be closely monitored. Given the significant financial situation and current forecast outturn position for 2022/23, the Council will have no choice but to use its earmarked reserves, which have been prudently developed over previous years, to cover any overspend that remains at the end of this financial year. The actual year-end final position for 2022/23 will be considered as part of the outturn report, which will be presented to Cabinet in June 2023.

General Fund Revenue Budget 2023/24

- 13.5. The proposed gross revenue expenditure for 2023/24 and including all the proposed initiatives summarised in section 10 is £373.324M, the distribution between Portfolios is shown in the following pie chart (**Figure 4**).

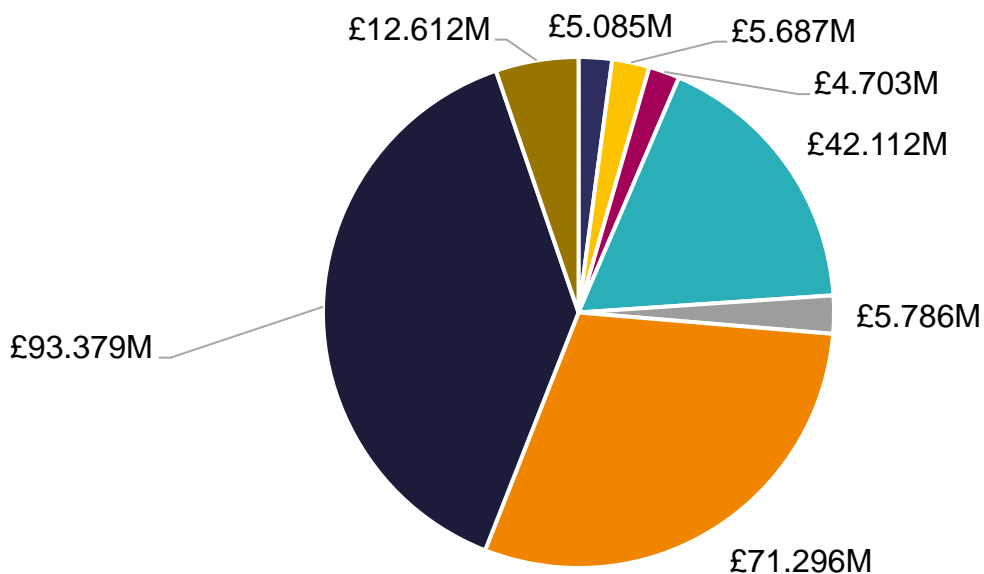
Figure 4 Revenue Gross Expenditure Budget by Portfolio



- Leader: Corporate Matters and Performance Delivery
- Deputy Leader (May-Oct): Environment, Culture and Tourism
- Deputy Leader (Nov-May): Public Protection
- Adult Social Care & Health Integration
- Asset Management and Inward Investment
- Children and Learning and Inclusion
- Economic Recovery, Regeneration and Housing
- Highways, Transport and Parking

- 13.6. The proposed gross revenue income for 2023/24 and including all the proposed initiatives summarised in section 10 is £240.660M, the distribution between Portfolios is shown in the following pie chart (**Figure 5**).

Figure 5 Revenue Gross Income Budget by Portfolio



- Leader: Corporate Matters and Performance Delivery
- Deputy Leader (May-Oct): Environment, Culture and Tourism
- Deputy Leader (Nov-May): Public Protection
- Adult Social Care & Health Integration
- Asset Management and Inward Investment
- Children and Learning and Inclusion
- Economic Recovery, Regeneration and Housing
- Highways, Transport and Parking

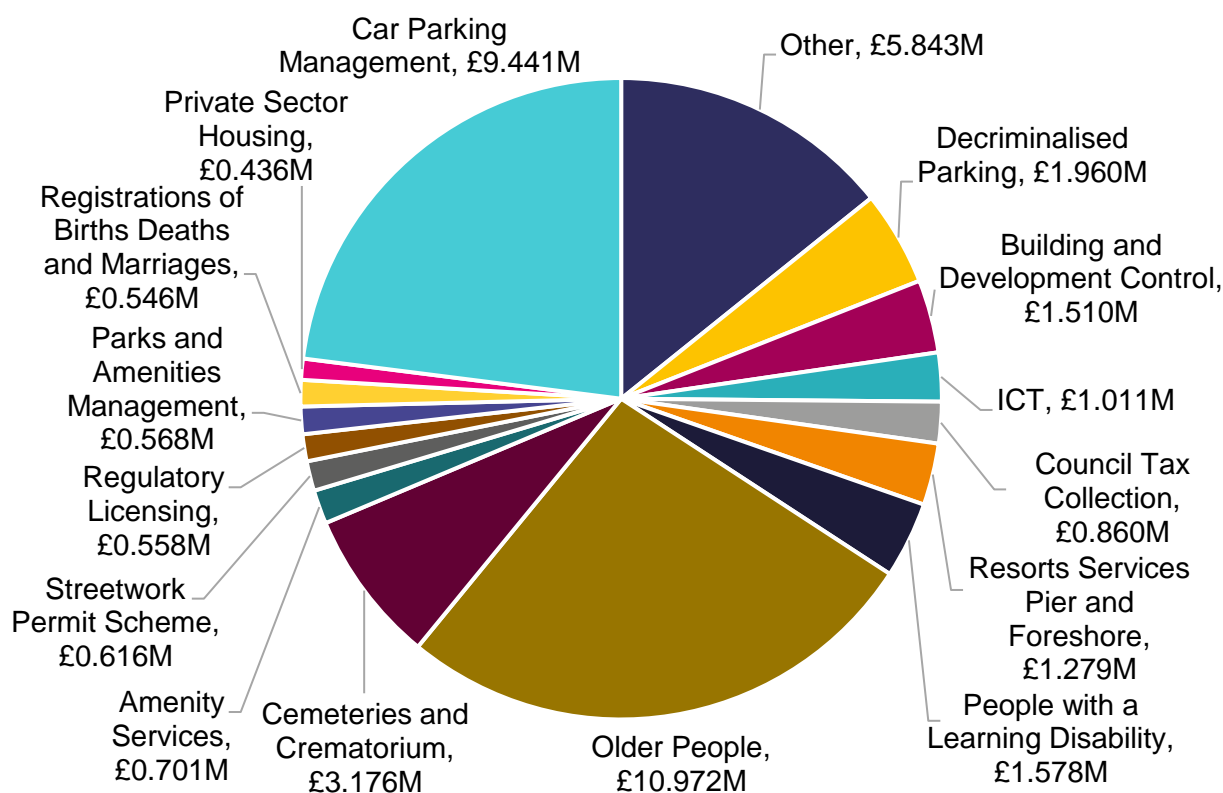
Fees and Charges Proposals

13.7. Cabinet at its meeting on 18 September 2018 approved the introduction of a fees and charges policy to cover all fees and charges reviews except car parking charges. This approved policy enabled Chief Officers to set fees and charges annually where the expected yield for a service or category is in line with the budget parameters as set out in the Medium-Term Financial Strategy. Outside of these budget parameters any changes will need to be agreed by Cabinet (e.g. car parking charges). For 2023/24 the guideline yield has been set at CPI at September 2022 (10.1%) and therefore charges for 2023/24 will be set by Chief Officers within this guideline with a few exceptions.

- 13.8. The Care Act allows local authorities to charge people a fair contribution towards the cost of care. In all financial assessments, individual circumstances will continue to be fully considered and evaluated. People are only charged when they can afford to pay all or part of the actual cost of their care. No one will pay more than the actual cost of care that the Council delivers. Each year the cost of care rises because of increased payments to providers, and the amount people contribute to pay for their care also increases. These two factors, together with assumptions about the increase in the aging population mean we are assuming increased levels of income generated in future years.
- 13.9. On 22 February 2022, Cabinet agreed to implement the Adult Social Care Charging Policy subject to formal public consultation. This consultation was undertaken from 16 May to 22 August 2022 and the findings of the consultation are summarised at **Appendix 7**. Taking into account the responses received, the increase in income generated and the positive impact that the new policy will have on the long-term sustainability of Adult Social Care, it is recommended that the proposed Charging Policy is now implemented with effect from 1 April 2023. Some concerns have been expressed about the combined 'cost of living' impact on local carers and the Cabinet have responded positively to the request to consider some mechanism for providing additional support where possible and appropriate. The response is summarised in Section 19 of this report.
- 13.10. The proposed final overall balanced revenue budget package assumes several new fees and increased charging options for parking, pier and foreshore attractions, bereavement services, highways and registration services. The detailed proposals (per tariff change) are summarised at **Appendix 8**.
- 13.11. Since car parking zones were introduced in 2021/22 most hourly charges have remained the same. With CPI in November 2021 standing at 5.1% and then a further 10.7% in November 2022, it is clear that each year charges are frozen this represents a real terms reduction in the value of income received for the Council. The proposed average increases of around 10% to pay and display charges remain significantly below the accumulated rate of inflation over these last 2 years.
- 13.12. To alleviate parking pressure for the night-time economy in Southend-on-Sea the applicable charging times in Zone 1a will be extended from 6pm to 9pm. This extension will ensure that existing parking provision is not abused, and safe standards are maintained. Enforcement hours of operation will be increased for the same period to support these changes which are in line with the Highways Act 1980 and will aim to avoid danger to persons and damage that has been caused by poor driving and historical inappropriate parking behaviours during these times. Southend Pass Holders will be able to use their pass during these extended hours. It is proposed that the Cliffs Pavilion and Shorefield Road car park will remain chargeable to 6pm only.

- 13.13. The price of admission to walk the Pier has not been increased for several years, therefore it is proposed that the current £1 charge for a child/concession be uplifted to £1.50 and the adult charge be uplifted from £2 to £2.50 for summer season admissions. Entry to the Pier including train travel is proposed to be uplifted between 6.9% and 18.3% to help support the maintenance of the Pier attraction, whilst still remaining an affordable and value for money visitor attraction for the City.
- 13.14. The charges for our cemetery and crematorium services have been benchmarked for the last few years against nearest neighbours and similar facilities. The outcome of this comparison highlights that our charges are not in line and are considerably cheaper than many other authorities who particularly charge a premium price for non-residents. Considering the substantial current increases in utility costs to operate our cremators and the ongoing reduction in the availability of local burial plots it seems sensible and prudent to correct this anomaly and review the charges associated with these services. The proposed charges included at **Appendix 8** have been calculated based on available benchmarking data from competitors, other areas as well as the unique demographics of Southend-on-Sea whilst ensuring that the needs of service users are met during the difficult time of a bereavement. These revised proposed charges also ensure that the cost of a basic cremation service remains one of the lowest in South Essex for local residents.
- 13.15. In order to achieve the full cost recovery for processing vehicle crossover applications and their implementation it is proposed to increase the charge to an appropriate level and ensure that appropriate inspections take place to fulfil our obligations in this service area.
- 13.16. In line with market forces, it is proposed to increase the rates for wedding and partnership ceremonies to reflect the demand on various days of the week. It is proposed to expand the Saturday charge to a Friday and Saturday charge and apply a reduced charge on Monday to Thursday. This practice is replicated across the weddings sector and is standard practice across the region.
- 13.17. The following pie chart (**Figure 6**) summarises the estimated level of income that could be generated from fees and charges for 2023/24.

Figure 6 Fees and Charges income budget for 2023/24



Overall General Fund Budget

13.18. The overall proposed final balanced General Fund Revenue Budget package for 2023/24 is summarised in the following table (Table 5).

Table 5 Summary of General Fund Revenue Budget

	2022/23 £M	2023/24 £M
Net Base Budget	135.960	139.649
Net Investment and Reprioritisation	4.328	4.226
Revenue Budget	140.288	143.875
<i>Less Available Funding</i>		
Revenue Support Grant	(6.244)	(7.118)
Business Rates Income	(38.200)	(36.258)
Collection Fund Surplus	(1.500)	(2.000)
To be funded from Council and ASC Precept	94.344	98.499
General Council Tax	80.945	84.624
ASC Precept Income	10.899	12.875
Remaining Budget Gap	2.500	1.000
Use of General Reserves	0	(1.000)
Use of Earmarked Reserves	(2.500)	0
Use of Reserves to Balance Budget	(2.500)	(1.000)
Balanced Budget	0	0

Council Tax 2023/24 and estimated collection fund balance 2022/23

- 13.19. The Council must formally determine the Council Tax Base (the number of Band D equivalent properties) for 2023/24 and any estimated Collection Fund balance at the end of 2022/23. The Council Tax base for 2023/24 was approved by Cabinet on 12th January 2023 and set at **59,746.14** (equivalent Band D properties) including Leigh-on-Sea Town Council.

The tax base for Leigh-on-Sea Town Council has been calculated for 2023/24 as **9,135.15** Band D equivalents.

The estimated balance on the Collection Fund as at the end of 2022/23 is £8.5M (Including Preceptors). It is proposed that £2M of the projected accumulated historical surplus will be used to support the Council's budget for 2023/24.

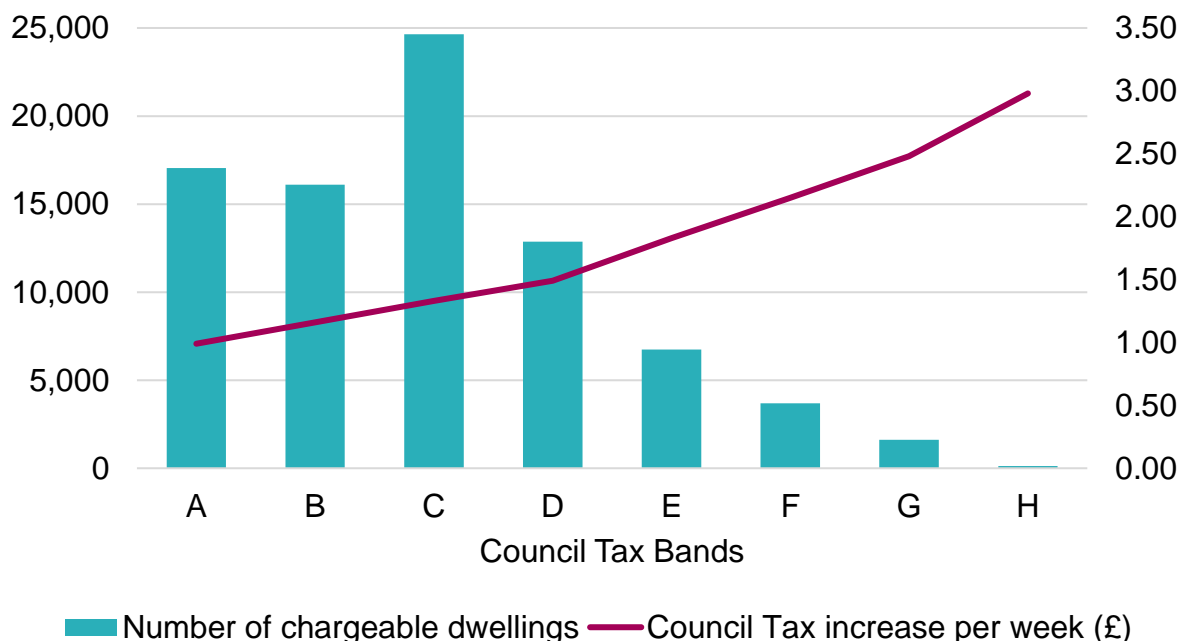
Council Tax

- 13.20. Overall, the proposed budget assumes a total increase in the Council Tax of 4.99% (that being 2.99% for general use and 2% for the Adult Social Care precept). This would result in a Band D value of £1,631.88 per annum (the Band D level for 2022/23 is £1,554.39). This equates to an annual increase of £77.49 and a weekly increase of £1.49.
- 13.21. **Table 6** and **Figure 7** provide an indicative illustration of the impact of the proposed council tax increase for 2023/24 across the range of properties in Southend-on-Sea. 70% of properties in the City are in council tax bands A to C.

Table 6 Council Tax Bands

Council Tax Band	A	B	C	D	E	F	G	H
Number of chargeable dwellings	17,046	16,094	24,650	12,873	6,743	3,688	1,611	129
22/23 Council Tax per week (£)	19.93	23.25	26.57	29.89	36.53	43.18	49.82	59.78
Increase per week (£)	0.99	1.16	1.33	1.49	1.83	2.15	2.48	2.98
23/24 Council Tax per week (£)	20.92	24.41	27.90	31.38	38.36	45.33	52.30	62.76

Figure 7 Number of Council Tax Dwellings and the associated proposed increase



- 13.22. This proposed budget for 2023/24 assumes a Council Tax increase of 2.99% for general use on the Southend-on-Sea element of the total Council Tax. It also assumes an Adult Social Care precept increase at a level of 2.0% of the main Council Tax. This has been determined based on trying to limit the local Council Tax increase to as low a level as realistically possible in these very financially challenging circumstances.
- 13.23. The ability to apply this precept was introduced by the Government as part of the 2016/17 Local Government finance settlement. It was introduced to assist with the increasing demand and demographic expenditure pressures from Adult Social Care that Local Government has been experiencing and are continuing to face.
- 13.24. The total Council Tax payable by taxpayers consists of Southend-on-Sea City Council element, the Adult Social Care element and the precepts for Essex Fire & Rescue Services Authority and Essex Police Authority. Where applicable it also includes Leigh-on-Sea Town Council precept.

Precepts

- 13.25. Leigh-on-Sea Town Council has confirmed its precept for 2023/24 of £462,056 (2022/23 = £452,880). Based on their council tax base of 9,135.15 the Town Council element of the total Council Tax bill will decrease from £50.94 to £50.58 at Band D, equivalent to a decrease of 0.71% from 2022/23.
- 13.26. Essex Fire & Rescue Services and Essex Police through the Police, Fire and Crime Commissioner for Essex has by law to set both precepts no later than 1 March 2023 (after consideration by the Essex Police, Fire and Crime Panel on 7 February 2023.)
- 13.27. The Essex Police, Fire and Crime Panel is due to consider the following proposed precept position at its meeting on 7 February 2023:

- Essex Police: Band D Council Tax £233.46 (2022/23 = £218.52), which is an increase of 6.84%.
- Essex Fire and Rescue Services: Band D Council Tax £80.28 (2022/23 = £75.33), which is an increase of 6.57%.

A verbal update will be given at the meeting to confirm whether this was agreed or if there were any agreed changes.

Levies

- 13.28. The Council is required to pay relevant levying bodies, who have all now indicated their levy position for 2023/24. The final levies will be reported on in the Council Tax report for Council on 23rd February 2023. The current position for 2023/24 is identified in **Table 7**.

Table 7 Levying bodies and their charges

	2022/23 Probable Actual £000	2023/24 Estimate £000	Percentage increase %
Kent and Essex Inshore Fisheries and Conservation Authority (Provisional)	23.1	23.8	3.0
Flood Defence – Environment Agency (Provisional)	213.2	215.0	0.8
Coroners Court (Provisional)	472.0	476.5	1.0
Total	708.3	715.3	

The Kent and Essex Inshore Fisheries and Conservation Authority levy has been confirmed at their quarterly meeting of 26th January 2023 to be an increase of £695 from 2022/23 to 2023/24. The overall Flood defence levy was agreed at the board meeting of the Anglian Eastern Regional Flood and Coastal Committee on 21st October 2022. Southend's share of the levy has then been subject to further adjustment as the Environment Agency have calculated it using the final tax base for each relevant Local Authority. The Coroners Court levy is provisional.

Reserves Strategy and Section 151 Officer's Statement

- 13.29. The Reserves Strategy is set out in the Section 151 Officer's Statement on the Adequacy of Balances attached at **Appendix 2**. Within the boundaries of this strategy the presentation of the budget reflects proposed net appropriations from earmarked reserves totalling £1.762M for which separate approval is sought. Full details are shown in **Appendix 3**.

Staffing Implications

- 13.30. There are 26.66 FTE posts proposed to be deleted as part of the budget savings package detailed at **Appendix 6a** across 2023/24 and 2024/25. An initial assessment has confirmed that 19.66 FTE are currently vacant posts and a further 4 posts will only be affected from 2024/25. The proposed changes will be designed to target these vacant posts first, fixed term contracts where applicable, interim arrangements and agency cover. Every effort will be made to avoid any compulsory redundancies as part of implementing these budget proposals.
- 13.31. There is an extra 1 FTE post proposed to be created as part of the cost avoidance and overspend reductions package detailed at **Appendix 6b** for 2023/24 with the post proposed to help to contribute significant savings by enhancing the inhouse foster care offer and reducing the reliance on more expensive independent placements for children in care.
- 13.32. The Council's workforce planning process will continue to provide oversight on all proposed staffing changes and ensure that the approach will manage vacant posts (permanent and temporary), agency and interim arrangements to ensure that any staff identified at risk from the proposed staffing restructures can be redeployed where appropriate.
- 13.33. The Council's policies on managing organisational change, redeployment and redundancy will be followed accordingly. Consultations with staff and Trade Unions will continue throughout the budget development and implementation process. Comprehensive engagement and consultation will also be a key feature of each stage/phase of the implementation of the Council's future service transformation blueprint commencing later in 2023.

14. Capital Investment Programme

- 14.1. Each year the Council agrees a Capital Investment Strategy that sets out the framework for controlling and monitoring the Capital Investment Programme. The Capital Investment Strategy is a key document for the Council. It sets out the processes and policies relating to capital expenditure and investment.
- 14.2. The capital investment programme is prepared and developed in accordance with the Council's Capital Investment Strategy, which is attached as **Appendix 10** to this report. In turn, the Capital Investment Strategy has been written in the context of Southend 2050 and the Corporate Plan and all capital investment is therefore driven by the aim of contributing to the delivery of the ambition, the desired outcomes and the agreed priorities.

Deliverability

- 14.3. There is inevitably a gap between the capital investment programme ambition and the finite available resources to afford and deliver the programme. This limits the number and value of schemes that are affordable and deliverable.

- 14.4. We need to ensure that investment is focussed on priorities and that priority projects have viable delivery plans. An on-going review has been undertaken to re-assess and re-prioritise the capital investment programme. As the review has progressed the results have been included in the Period 4, Period 6 and Period 8 financial performance reports to September, November and January Cabinet respectively.
- 14.5. Three rounds of capital challenge sessions have also been held with the Cabinet Member for Asset Management and Inward Investment: In August sessions relating to the strategic schemes, in early October sessions relating to all schemes and in early December sessions targeted on the key areas where further progress needed to be made. The requested changes to the capital investment programme resulting from the August sessions were included in the Period 4 performance report to Cabinet in September. The requested changes resulting from the October sessions were included in the Period 6 performance report to Cabinet in November. The requested changes resulting from the December sessions were included in the Period 8 financial performance report to Cabinet in January.
- 14.6. The reviews of the capital investment programme have considered the following:
- re-assess schemes considering the effects of the prevailing inflationary pressures and supply chain issues
 - ascertain more realistic budget profiles based on expected delivery timescales and to ensure resources are in place to deliver them
 - review the overall programme to achieve a more even investment profile across the years, to ensure it is realistic and affordable as a whole
 - consider whether any schemes can be stopped or paused
 - consider whether any schemes should be subject to a viable business case assessment.
- 14.7. This has led to some schemes being deleted from the capital investment programme whilst others have been moved to the 'subject to viable business cases' section below the main programme. These schemes can be brought up into the main programme at the appropriate time in line with the approach where schemes can enter the programme during the financial year and not just annually at budget setting. This approach should ensure that the programme is affordable, deliverable and focussed on the Council's key priorities.

15. Capital Investment Programme – results of the review

- 15.1. At November Cabinet a 2022/23 budget of £57.0M was approved for schemes to be delivered by the Council and £18.7M for schemes to be delivered by subsidiary companies, partners and joint ventures. At November Cabinet a total budget for financial years 2023/24 to 2026/27 of £105.0M was approved for schemes to be delivered by the Council and £37.0M for schemes to be delivered by subsidiary companies, partners and joint ventures.

- 15.2. Since November Cabinet the capital investment programme review has continued as set out in paragraphs 14.4 to 14.6. As a result, this report includes any virements between schemes, re-profiles across years, new external funding, proposed scheme deletions and movements between the main programme and the 'subject to' section. These are set out in **Appendix 12**.
- 15.3. The resulting revised capital investment programme for 2022/23 to 2026/27 is shown in **Table 8** and **Table 9**.

Table 8 Programme to be delivered by the Council (GF and HRA)

	2022/23 (£000)	2023/24 (£000)	2024/25 (£000)	2025/26 (£000)	2026/27 (£000)	Total (£000)
At November Cabinet	56,999	61,593	31,631	5,818	5,960	162,001
Amendments	(10,346)	6,260	966	109	0	(3,011)
Revised programme	46,653	67,853	32,597	5,927	5,960	158,990

Total proposed budget for 2023/24 to 2026/27 = £112.3M

Table 9 Programme to be delivered by Subsidiary Companies, Partners and Joint Ventures

	2022/23 (£000)	2023/24 (£000)	2024/25 (£000)	2025/26 (£000)	2026/27 (£000)	Total (£000)
At November Cabinet	18,749	23,162	9,598	3,250	1,000	55,759
Amendments	(3,582)	1,481	(74)	0	2,175	0
Revised programme	15,167	24,643	9,524	3,250	3,175	55,759

Total proposed budget for 2023/24 to 2026/27 = £40.6M

- 15.4. Key areas of investment within this programme across the five-year period 2022/23 to 2026/27 are as follows:

A city that is strong and prosperous

Enterprise and Regeneration

- 15.5. Capital investment in this area contributes to the desired outcome that major regeneration projects are underway and bringing prosperity and job opportunities to the city.

- 15.6. A major investment of £7.3M included in this capital investment programme is for the completion of the Airport Business Park, a major strategic employment site near London Southend Airport. It is envisaged that the new Business Park will become renowned as a leading regional centre for the science, medical and technology sectors and deliver benefits for both local businesses and local communities. The development will create thousands of job opportunities for local people, attract inward investment and it is hoped it will bring lasting prosperity to the region. Practical completion has been achieved for the Launchpad building with the building is expected to open soon.
- 15.7. £11.7M is included in this capital investment programme for the Council's remaining share of the initial funding of the Porter's Place Southend-on-Sea LLP to deliver the Better Queensway regeneration project.
- 15.8. Capital investment of £1.3M included in this programme is to resource the Council's ability to support, directly deliver, hold accountable and work in partnership with Porter's Place Southend-on-Sea LLP and Swan Housing Association to deliver the Better Queensway regeneration project.

Schools

- 15.9. Capital investment in this area contributes to the desired outcome that our children are school-ready and young people are ready for further education, employment or training.
- 15.10. The schools capital investment programme for 2022/23 onwards totals £9.0M. The programme will continue to include the schools condition works but from 2023/24 it will mainly be dominated by the high needs and special provision funds. These funds are to enhance the facilities and number of places available for children with special educational needs and disabilities or requiring alternative provision.

A city with a good quality of life

Southend Pier

- 15.11. Capital investment in this area contributes to the desired outcome that the variety and quality of our outstanding cultural and leisure offer has increased for our residents and visitors, and we have become the region's first choice coastal tourism destination.
- 15.12. Major capital investment in the pier of £10.4M is included in the current programme. This includes monies to deliver a continuing planned approach to addressing the condition works and bearing refurbishment identified within the condition survey. This will reduce the requirement for urgent and/or reactive condition works. To ensure the pier continues to be an outstanding visitor attraction other investment has been included for phase 2 of the Prince George Extension and for refurbishment works to the timber outer pier head.

Highways and Infrastructure

- 15.13. Capital investment in this area contributes to the desired outcome to facilitate a wide choice of transport that improves accessibility, connectivity and mobility to all residents.
- 15.14. Significant capital investment of £29.1M in the town's footways and carriageways is included in this programme. This includes £16.4M for footways improvements and £9.5M for carriageways improvements to reduce long term structural maintenance and improve public safety. It also includes £2.3M for the repair of potholes.
- 15.15. Capital investment of £3.2M included in this programme is for works to the cliff slip at Belton Way East, funded by grant received from the Department for Transport.
- 15.16. Capital investment of £10.0M is included in this programme for the completion of schemes funded from Local Transport Plan and the Local Growth Fund monies from Government. These include essential maintenance works, bridge strengthening, transport network and management schemes and city centre interventions.

A city rising to the climate change challenge

- 15.17. Capital investment in this area contributes to the desired outcome that we act as a sustainable and green city embracing the challenges of the Climate Emergency Declaration made in 2019.
- 15.18. As part of the Corporate Plan 2022-2026 the Council set out that it wants to:
- Become a net Zero Carbon Southend by 2030.
 - Prevent waste, promote re-use and increase recycling.
 - Develop an active and sustainable travel network.
 - Enhance, promote and protect our natural environment.
 - Undertake flood and coastal erosion risk management.
- 15.19. The Green City Action Plan sets out the five focus areas for activity across the climate change programme:
- Climate Leadership and Strategic Approach
 - a focus on reducing emissions in council operations, prioritising and demonstrating transparency.
 - council assets, supply chain and business as usual across all services will be reviewed with a carbon lens.
 - Establishing a Pathway to Net Zero Carbon
 - the majority of emissions city wide are from heating and powering buildings.
 - significant funding is needed to support and facilitate emissions reduction in existing (through retrofit) and new buildings.
 - Building Climate Resilience across Southend
 - increasing resilience through coastal improvements and enhancing greening over and above statutory minimums is required.

- maintenance and management of existing infrastructure is required to minimise heat and water stress and air pollution.
 - Future Generations
 - building on existing schools engagement programmes and supporting the delivery of low and zero carbon and green infrastructure.
 - Building Partnerships
 - continuing to establish and develop relationships across academia, third sector, resident groups and community stakeholders to support and facilitate climate actions across the city.
- 15.20. Across each focus area there are a range of projects and activities which require funding to support the net zero carbon and climate resilient ambition. Paragraph 17.24 sets out that investment of £1.5M has been included in the 'subject to viable business case' section of the capital investment programme, to deliver suitable projects aimed at reducing the impact of climate change and support the Council's aspirations to achieve net-zero emissions by 2030.
- 15.21. The following are examples of the types of revenue and capital projects that would be considered based on the appropriate level of prioritisation and viable business cases being agreed:
- Development of SCC Carbon Budget methodology
 - Climate Change Partnership and Commission
 - Climate Assembly
 - Further two Climate Hubs
 - Energy Performance Certificate Campaign
 - Retrofit support for residents
 - Electric Vehicle Charging Infrastructure roll out
 - Energy Audit for schools and community buildings
 - Grant funding top up (Low Carbon Across the South and East, Home Upgrade Grants, ECO4 Government funding etc)
- 15.22. Southend pier's diesel trains have been replaced with new ultra-modern electric trains as part of a £3.25M capital investment which concluded during early 2022. Electric trains mean significant cuts in carbon emissions compared to diesel and lower energy and maintenance costs.
- 15.23. The Council is monitoring air pollution and uses this information to help inform road transport improvements and major infrastructure projects such as the A127 Kent Elms scheme and the Bell Junction works which help reduce congestion and improve air quality.
- 15.24. A £13.5M project to replace all of Southend's 15,000 streetlights with LEDs was completed in August 2017 which continues to reduce carbon emissions.
- 15.25. As part of the tree planting policy an additional 1,000 trees were planted between the 2019/20 and 2021/22 planting seasons. As they grow they will have the benefit of absorbing CO₂, filtering urban pollution and fine particulates, cooling the air, and increasing biodiversity by providing habitat, food and protection for plants and animals.

- 15.26. As part of the Airport Business Park, practical completion of the new Launchpad Innovation Centre has been achieved and the opening of the building is expected soon. Environmental sustainability is core to the design of this building. The design and construction has supported the Council's Green City Action Plan and environmental commitments by achieving the highest standards of environmental performance, making it the first council-owned building to achieve Building Research Establishment Environmental Assessment Method (BREEAM) Outstanding Certification.
- 15.27. The other construction works at the Airport Business Park have been delivered by contractors appointed through an Official Journal of the European Union (OJEU) compliant procurement process. As part of this, the Council and Henry Boot Developments Limited have defined the standards they expect contractors to achieve. Building Research Establishment Environmental Assessment Method (BREEAM) Very Good has been adopted as the minimum standard for buildings and BREEAM Excellent will initially be targeted for all developments (albeit this will need to be considered in the context of overall development viability).
- 15.28. Across the Airport Business Park there has been considerable investment in walking and cycling infrastructure ensuring connectivity with the wider network and through to Rochford station. An S106 contribution will ensure that the park is served by public transport. The site also benefits from sustainable drainage solutions and there has been considerable investment in planting.
- 15.29. Where building refurbishments are undertaken, and particularly through projects delivered through the Property Refurbishment Programme, the Council is taking measures to upgrade the energy efficiency of its operational buildings with a specific focus on measures that reduce energy consumption and reduce energy loss.
- 15.30. Investment in the refurbishment of the borough's Council Housing, mainly via the Decent Homes programme includes the installation of replacement central heating systems, roofs, windows, and doors. These all conform to the latest standards for energy efficiency.

A city delivering genuinely affordable housing

Housing

- 15.31. Capital investment in this area contributes to the desired outcome everyone has a good quality, sustainable home that meets their needs.

- 15.32. Several sites within the housing development pipeline are currently underway and a major capital investment of £12.0M is included in this programme is to deliver the agreed phases of the affordable housing development programme to provide much needed housing for those on the Homeseeker's Register. Phase 3 is to deliver circa 29 units of Council housing across six underutilised garage sites and surrounding land in Shoeburyness. Phase 4 is to deliver circa 9-12 units of Council housing at the North site within the Council owned Lundy Close housing estate. There are also Modern Methods of Construction pilots for off-site delivery methods at Archer Avenue and Saxon Gardens.
- 15.33. Capital investment of £5.0M is included until 2023/24 to continue the affordable housing acquisitions programme. Capital investment of £23.2M has also been included over the three years to 2024/25 to continue the programme of works to maintain the housing stock to decency levels, to invest in environmental health and safety and common area improvement works and for improvements and structural works at the Balmoral Estate. The decency levels of the 5,940 houses, flats and bungalows needs to be maintained to sustain an environment that keeps residents safe and well.
- 15.34. Capital investment of £4.6M is included for Disabled Facilities Grants to provide grants to disabled people make changes to their homes. Adaptations include widening doors, installing ramps, improving access to rooms and facilities and adapting heating and lighting controls to make them easier to use.
- 15.35. Capital investment of £2.0M has been included in the main programme to buy residential and commercial properties as they become available to facilitate the delivery of the Better Queensway regeneration project. All purchases will be fully reimbursed by the LLP.

Change Programme

Transformation

- 15.36. Capital investment of £4.1M included in this programme is to continue the property refurbishment and fire improvement works programmes. The property refurbishment programme enables a proactive approach to ensure investment is made in the fabric and services within buildings before they get to a stage that capital works become urgent or have a detrimental impact on service users' use of the building or leads to urgent repairs and maintenance works which are usually more costly long term. The fire improvement programme enables the Council to proactively manage and address active and passive fire protection measures across its operational property stock. This ensures buildings remain safe whilst also progressively delivering bringing buildings up to current standards. If the project is not delivered the Council may be forced to close operational buildings following fire risk assessments or other fire inspections.

- 15.37. Capital investment of £2.6M is included in this programme for refurbishment of the crematorium to ensure the Council can continue to provide high quality crematorium services. The works include replacement of the three existing cremators, replacement of plant associated with the cremators, reconfiguring the back of house to accommodate new equipment and to facilitate better working, and reconfiguring the front of house areas including the installation viewing area to accommodate different faiths and beliefs.

ICT

- 15.38. Capital investment of £4.2M included in this programme for ICT includes the ongoing projects for digital enablement and security and resilience, the Council's enterprise agreement licences and the technology modernisation programme of works for 2022/23.

16. New capital investment proposed

- 16.1. Although the capital investment programme for 2023/24 to 2026/27, updated as a result of the changes set out in **Appendix 12**, represents a significant investment of nearly £153M on the part of the Council in the Southend area, the Council's ambition to improve the lives of residents is undiminished.

Sea Wall Access Refurbishment

- 16.2. Investment of £0.5M for 2023/24 as part of the Coastal Defence Refurbishment Programme is to be brought up into the main programme from the Subject to Viable Business Case section, for sea wall access refurbishment works.
- 16.3. This investment is to replace four sea wall access steps in Thorpe Bay and Shoebury Common with heavy duty, non-corrosive glass reinforced polymer steps. These steps will have a greater level of durability, have a longer design life and require minimal maintenance. This investment is also to significantly refurbish four of the concrete steps and ramps at Chalkwell Esplanade.

East Beach Sea Wall Refurbishment

- 16.4. Investment of £0.5M for 2023/24 as part of the Coastal Defence Refurbishment Programme is to be brought up into the main programme from the Subject to Viable Business Case section, for sea wall refurbishment works at East Beach.
- 16.5. This investment is for the replacement of failing gabion baskets with new ones with an additional facing layer at the front, which that can be replaced easily in the future without needing to replace the rest of the structure.

My Southend Replacement

- 16.6. New capital investment of £1.7M is proposed, to replace the existing digital solution for residents to transact online, working with services to transform their processes and enable them with technology. The investment will deliver a range of initiatives to enable productivity gains, streamlining of processes and improving end to end customer experience.

Technology Modernisation Programme

- 16.7. New capital investment of £0.94M is proposed for the 2023/24 programme of works for the ICT – Smart Council project. This capital investment is to continue to provide the ICT core services to the Council (software and hardware). This project also includes a fast-track migration to the cloud which enables the Council's transformation, mitigates the disaster recovery risk, negates the need for a cyclical investment and realises the cost savings that can be achieved from such a strategy. By utilising the cloud for the Council's infrastructure there is no longer a need to replace ICT Infrastructure, resulting in significant cost savings. The additional work has been broken down into projects, which, when delivered together, will achieve quantitative and qualitative benefits and mitigates risk.
- 16.8. Part of the project is to provide regular device refreshes, to ensure the estate does not go beyond the end of its supported life and result in security risks and to enable officers and members to carry on working remotely.
- 16.9. The ICT Technology Modernisation Programme has a total estimated cost of £14,873,000 over the years from 2021/22 to 2025/26. The forecast costs over the remaining years from 2023/24 to 2025/26 of £10,400,000 is estimated to be £3,990,000 of capital investment and £6,410,000 of revenue investment.
- 16.10. Inclusion of the rest of the Smart Council project in the main programme is subject to approval of appropriate viable business cases.

HRA Future Investment Programme

- 16.11. Investment of £12.5M as part of the HRA Future Investment Programme is to be brought up into the main programme from the Subject to Viable Business Case section, £6.3M for 2025/26 and £6.2M for £2026/27.
- 16.12. This investment relates to continuing of the Decent Homes programme to keep the housing stock at decency levels, common area improvements, environmental health and safety works and improvements and structural works to the Balmoral Estate.
- 16.13. These works are wholly funded through the HRA, from the Major Repairs Reserve. This investment is being moved up from the 'subject to viable business case' section and is in addition to the budget of £23.2M already in the approved capital investment programme for 2022/23 to 2024/25.

17. Capital investment subject to viable business cases

- 17.1. To ensure that the programme is affordable, deliverable and focussed on the Council's key priorities several schemes have been included in the Subject to Viable Business Case section of the programme. These schemes can be brought up into the main programme at the appropriate time in line with the approach where schemes can enter the programme during the financial year and not just annually at budget setting.
- 17.2. The following schemes (**Table 10**) are listed as being subject to viable business cases:

Table 10 Capital schemes subject to a viable business case

Scheme	Existing as at November Cabinet or New
Footways Improvements	Existing
Carriageways Improvements	Existing
Southend Pier - Condition Works	Existing
Coastal Defence Refurbishment Programme	Existing
Schools – Condition Works (externally funded)	Existing
Property Refurbishment Programme	Existing
Fire Improvement Works	Existing
HRA Affordable Housing Acquisitions Programme	Existing
HRA Right to Buy - Buybacks Refurbishment	Existing
Better Queensway - Additional Affordable Housing	Existing
Better Queensway Housing and Commercial Property acquisitions	Existing
Regeneration Pipeline Schemes	Existing
Strategic and Regeneration Acquisitions	Existing
Private Sector Housing Strategy	Existing
Cliffs Stabilisation	Existing
Shoebury Health Centre	Existing
City Centre and Seafront Security Works	Existing
Civic Centre Campus Masterplan	Existing
Seafront Illuminations	Existing
Re-imagination of the City Centre	Existing
Museums and Galleries	Existing
Climate Change Provision	New
Playground Refurbishment	New
Cycle Paths	New
Greening of the High Street	New
Technology Modernisation Programme	New
Improved Car Park Signage and Guidance Systems	New
Traffic Signs Upgrade	New
Local Growth Plan – A127 Growth Corridor	New
Southend Pier – Pier Head development Phase 1	New

- 17.3. Footways Improvements: this investment is to create better conditions for walking and improve public safety by reducing instances of trips and falls. £4M p.a. is included in this section of the programme for the years 2024/25 to 2027/28.
- 17.4. Carriageways Improvements: this investment is to improve the highways infrastructure, reduce long term structural maintenance and improve public safety. £2M p.a. is included in this section of the programme for the years 2024/25 to 2027/28.
- 17.5. Southend Pier – Condition Works: a rolling programme of investment to deliver the ongoing planned approach to addressing the condition works and bearing refurbishment identified within the condition survey. This proactive approach reduces the requirement for urgent and/or reactive condition works and ensures the integrity of this landmark structure that helps drive millions of visitors to Southend-on-Sea each year. £1.25M p.a. is included in this section of the programme for the years 2025/26 to 2026/27.
- 17.6. Coastal Defence Refurbishment Programme: a rolling programme of investment is to deliver a planned approach for the essential refurbishment works to the city's coastal defences. This proactive approach reduces the requirement for urgent and/or reactive condition works. £0.5M p.a. is included in this section of the programme for the years 2024/25 to 2026/27.
- 17.7. Schools – Condition Works: a rolling programme at Children Centres and emergency works at schools. These are mainly larger, urgent projects to be agreed between the Council's property team and head teachers. £0.5M p.a. is included in this section of the programme for the years 2024/25 to 2026/27.
- 17.8. Property Refurbishment Programme: a rolling programme of investment to enable the Council's Property and Estate Management service to take a proactive approach to maintaining the buildings for which it is responsible. This will ensure investment is made in the fabric and services within building before they get to a stage that capital works become urgent or have a detrimental impact on service users' use of the building or leads to urgent repairs and maintenance works which are usually more costs long term. £0.75M p.a. is included in this section of the programme for the years 2025/26 to 2026/27.
- 17.9. Fire Improvement Works: a rolling programme for the implementation of fire safety and associated compliance works across the Council's corporate property estate arising as a result of any changes to building regulations and/or other standards or updated fire risk assessments. £0.75M p.a. is included in this section of the programme for the years 2025/26 to 2026/27.
- 17.10. HRA Affordable Housing Acquisitions Programme: through the rolling programme of purchasing suitable private homes for council use, the acquisitions programme helps to ensure that everyone has a good quality, sustainable home that meets their needs, including those with complex needs. £1.5M p.a. is included in this section of the programme for the years 2024/25 to 2026/27.

- 17.11. HRA – Right to Buy Buybacks Refurbishment: a rolling programme of investment to support the continuation of the programme to buy back ex-council houses and other properties to increase the stock on the housing register. This investment would be used to refurbish the properties that are purchased in order to bring them up to Decent Homes standard. £0.325M p.a. is included in this section of the programme for the years 2023/24 to 2026/27.
- 17.12. Better Queensway - Additional Affordable Housing – an agreement has been negotiated by the Council, Swan Housing Association and Porters Place Southend-on-Sea LLP to secure an additional 100 affordable homes for social rent. £10M is included in this section of the programme and is subject to approval of any offer made under the agreement to acquire or gap fund with nomination rights any of the 100 additional affordable homes.
- 17.13. Better Queensway Housing and Commercial Property acquisitions: £19.9M is included in this section for the acquisition of properties to facilitate delivery of the Better Queensway regeneration project. The purchases will be subject to negotiations and sufficient budget can be brought up into the main programme at the appropriate time.
- 17.14. Regeneration Pipeline Schemes: it is recognised that consideration needs to be given to extending this pipeline beyond the current commitments in the capital investment programme.
- 17.15. Strategic and Regeneration Acquisitions: £10.4M is included to enable individual properties to be purchased as part of the wider strategic, regeneration, transformation or recovery aims of the Council. Decisions will need to be made commercially and often quickly and efficiently but will be subject to undertaking due diligence of the appropriate extent and depth.
- 17.16. Private Sector Housing Strategy: this capital budget is for grants for works to improve properties within the private sector in line with the strategy. £0.8M had been transferred from the main programme to this section and can be brought back up into the main programme subject to a policy being approved and the staffing resources being in place to deliver it.
- 17.17. Cliffs Stabilisation: it is recognised that consideration needs to be given to schemes to remedy ground movement and reduce the risk of cliff slips. Schemes will be prioritised and slopes where there is evidence of ongoing, persistent ground movement, affecting a wide area with the potential to affect adjacent buildings or infrastructure would be considered first.
- 17.18. Shoebury Health Centre: further discussions are needed with the Mid and South Essex Integrated Care System and further work is to take place to consider viability assessments, to short list options and to agree a preferred option. Therefore, a business case needs to be submitted and assessed for viability.
- 17.19. City Centre and Seafront Security Works: it is recognised that a business case for further security measures needs to be submitted and assessed for viability.

- 17.20. Civic Centre Campus Masterplan: a project looking at the long-term plans for the Council workplaces of the future, including the potential repurposing and/or redevelopment of the Civic Campus, potential relocation of services to the Victoria Centre and other satellite locations.
- 17.21. Seafront Illuminations: investment to deliver new seafront illuminations to support the local economy, tourism strategy and long-term recovery of the hospitality sector. The project would help extend the season by giving a greater footprint for visitors to see the destination lit up stretching from the Cliff Lift and gardens through to the Kursaal.
- 17.22. Re-imagination of the City Centre: this is to support the delivery of the desired outcome that we have a vibrant, thriving city centre, with an inviting mix of retail, homes, arts, culture, and leisure opportunities. It is recognised that a business case(s) will need to be submitted and assessed for viability.
- 17.23. Museums and Galleries: The Central Museum and Beecroft Gallery require a capital refurbishment programme following condition surveys and accessibility constraints. The service also has insufficient storage space for its growing collection. Items currently stored are blocking valuable display space in prime locations preventing key elements of Southend's history and art collection being shown. Items stored offsite are also over capacity and a flood at the venue in 2020 caused damage to part of the collection. Appropriate works and revised storage space need to be resolved. This could include a new collections centre feature in future years (subject to external project funding) where storage and presentation for groups could be developed. Phased works to undertake building refurbishment and storage improvements would be delivered over the coming few years to enable more of the collection to be presented to the public.
- 17.24. Climate Change Provision: investment of £1.5M has been included in this section of the programme, to deliver suitable projects aimed at reducing the impact of climate change and support the Council's aspirations to achieve net-zero emissions by 2030 in line with the Climate Emergency Declaration.
- 17.25. Playground Refurbishment: investment of £1M has been included in this section of the programme to deliver refurbishment works to the city's playground infrastructure. This is needed to support the development of the area to enable more access to safe open spaces for children.
- 17.26. Cycle Paths: investment to deliver refurbishment works to the city's cycle path infrastructure. This is needed to support the development of the area to provide more people with the opportunity to live an active lifestyle and support the Council's aspirations to achieve net-zero emissions by 2030.
- 17.27. Greening of the High Street: investment to deliver a range of options around aspirations for the greening of the High Street. These initiatives will help to absorb CO₂, filter urban pollution and fine particulates, cool the air, and increase biodiversity by providing habitat, food and protection for plants and animals.

- 17.28. Technology Modernisation Programme: investment of £1.49M for 2024/25 and £1.56M for 2025/26 has been included in this section of the programme to enable the project to continue into future years so that the relevant risks can be mitigated and the quantitative and qualitative benefits can be realised. The proposed investment is set out in paragraphs 16.7 to 16.10.
- 17.29. Improved Car Park Signage and Guidance Systems: £0.044M of the budget is not yet assigned to schemes and has been moved from the main programme into this section of the programme until a viable business case is submitted to set out which improvements are the priority.
- 17.30. Traffic Signs Upgrade: This scheme is to upgrade the Council's traffic signs in accordance with regulation. £0.389M of the budget is not yet assigned to schemes and has been moved from the main programme into this section of the programme until a viable business case is submitted to set out which upgrades are the priority.
- 17.31. Local Growth Fund – A127 Growth Corridor: The grant funded works are essentially complete. £0.529M of the budget is the match funding agreed as part of the grant bid when the funds were awarded and therefore must be spent. This amount has been moved from the main programme into this section of the programme until a viable business case is submitted to set out how these funds will be spent.
- 17.32. Southend Pier – Pier Head development Phase 1: the details of this scheme are not currently in place. £1.130M of the budget has been moved from the main programme into this section of the programme until a viable business case is submitted.

18. Proposed capital investment programme 2023/24 to 2027/28

- 18.1. Given all the above, including the new investment, the proposed main capital investment programme for 2023/24 to 2027/28 represents a significant investment of over £169M on the part of the Council in the Southend area with further schemes that could be added subject to viable business cases being approved. The projected investment in 2023/24 alone amounts to over £95M.
- 18.2. To ensure that schemes are given proper consideration before they are added to the Capital Investment Programme, very few schemes are included in this report as proposed additions for 2023/24 to 2027/28: £16.1M (£3.6M for the General Fund and £12.5M for the Housing Revenue Account) as set out in **Appendix 11**, with the details of each scheme and its funding explained. These proposals have been prepared in line with the prioritisation process set out in the capital investment strategy and consideration has been given to proportionality, prudence, affordability, and sustainability.

- 18.3. As a result of the strategy around delivery and prioritisation of schemes some new schemes and additions being proposed are subject to viable business cases being produced and approved under current governance processes before they can be brought into the capital investment programme. These schemes totalling £5.6M for the General Fund are set out in **Appendix 11**. This approach should ensure that the programme is affordable, deliverable and focussed on the Council's key priorities.
- 18.4. **Appendix 12** sets out the proposed changes to the current Capital Investment Programme.
- 18.5. The proposed capital investment programme for 2023/24 by investment area is shown below in Figure 8, Figure 9 and Figure 10.

Figure 8 Capital Investment Programme Budget 2023/24 - General Fund

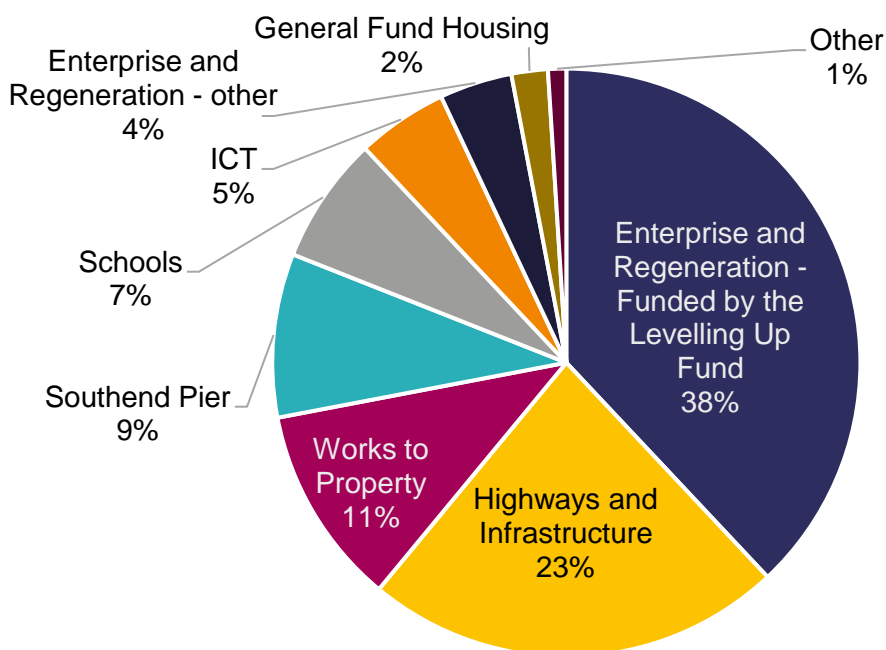


Figure 9 Capital Investment Programme 2023/24 - Housing Revenue Account

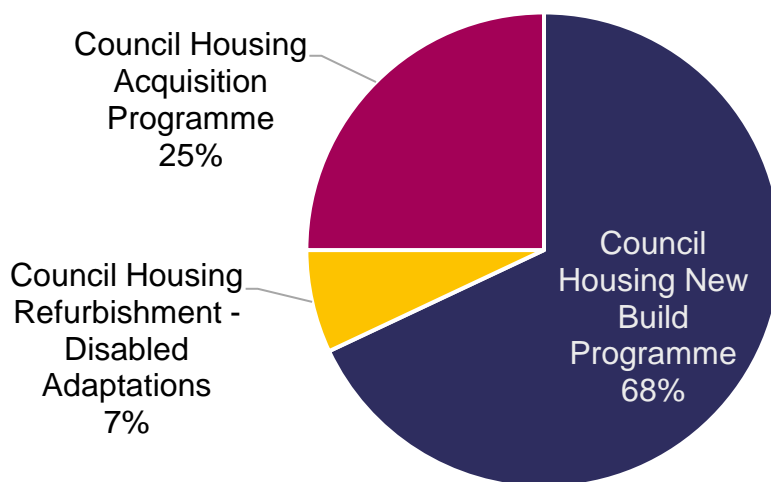
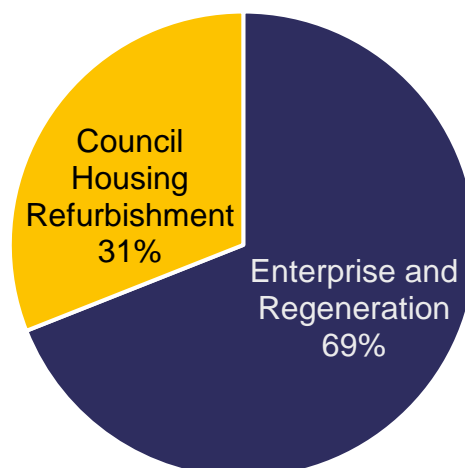


Figure 10 Capital Investment Programme 2023/24 - to be delivered by Subsidiary Companies, Partners or Joint Ventures



18.6. The 2023/24 capital budget is part of the wider capital investment programme spanning several years. **Table 11** shows the revised programme if all the requests in **Appendices 11 and 12** are approved.

Table 11 Proposed revised capital investment programme

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

	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 and future years £000	Total £000
At November Cabinet	56,999	61,593	31,631	5,818	5,960	0	162,001
Amendments in Appendix 12	(10,346)	6,260	966	109	(560)	560	(3,011)
Sub-total	46,653	67,853	32,597	5,927	5,400	560	158,990
New investment in Appendix 11	0	2,940	700	0	0	0	3,640
Revised programme	46,653	70,793	33,297	5,927	5,400	560	162,630
General Fund	41,739	59,302	28,467	5,439	5,400	560	140,907
HRA	4,914	11,491	4,830	488	0	0	21,723

Total proposed budget for 2023/24 to 2027/28 = £116.0M

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

	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 and future years £000	Total £000
At November Cabinet	18,749	23,162	9,598	3,250	1,000	0	55,759
Amendments in Appendix 12	(3,582)	1,481	(74)	0	2,175	0	0
Sub-total	15,167	24,643	9,524	3,250	3,175	0	55,759
New investment in Appendix 11	0	0	0	6,329	6,146	0	12,475
Revised programme	15,167	24,643	9,524	9,579	9,321	0	68,234

Total proposed budget for 2023/24 to 2027/28 = £53.1M

- 18.7. The proposed amended Capital Investment Programme for 2022/23 to 2027/28 is detailed in **Appendix 13**. The revised budget for 2023/24 of £95.4M is higher than the level of programme normally delivered due to inclusion of priority projects which are subject to key grant funding conditions. £22.4M relates to the three Levelling Up Fund projects and £14.5M relates to the Housing Infrastructure Funding monies to be passported to Porters Place Southend-on-Sea LLP for key aspects of the Better Queensway project. Without these two schemes the revised budget for 2023/24 would be £58.5M.

Funding of the capital investment programme

- 18.8. The proposed capital investment programme presented in this report is currently fully funded and has been prepared based on the level of borrowing the Council can support, notified capital grants, prudent assumptions over the level of other grants and the timing and valuation of capital receipts (from the sale of existing surplus Council assets) that will be realised.
- 18.9. The proposed estimated funding for the programme (excluding schemes Subject to Viable Business Case) is as shown in **Table 12**.

Table 12 Proposed funding for capital investment programme

Type of funding	2023/24 £M	2024/25 £M	2025/26 £M	2026/27 £M	2027/28 & future years £M	Total £M
External funding – capital grant	46.7	7.4	0.8	0.8	0.6	56.3
External funding – third party contributions	1.3	0.2	0	0	0	1.5
Capital Receipts	5.9	1.9	0.2	0	0	8.0
Major Repairs Reserve (Housing Revenue Account)	6.9	7.1	6.4	6.1	0	26.5
Earmarked reserves / Revenue Contributions	7.8	11.9	0.3	0	0	20.0
Borrowing – Main Schemes ⁽¹⁾	21.8	9.9	4.6	4.6	0	40.9
Borrowing – Invest to Save ⁽¹⁾	5.0	4.4	3.2	3.2	0	15.8
Total	95.4	42.8	15.5	14.7	0.6	169.0

⁽¹⁾ this relates to both internal and external borrowing

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

Table 13 Borrowing to fund capital schemes

	2023/24 £M	2024/25 £M	2025/26 £M	2026/27 £M	2027/28 & future years £M	Total £M
Internal borrowing	26.8	4.3	0	0	0	31.1
External borrowing	0	10.0	7.8	7.8	0	25.6
Total borrowing	26.8	14.3	7.8	7.8	0	56.7

Highways and Transportation Capital Grant

18.10. The expenditure will be delivered by fully un-ring-fenced capital grants.

18.11. The Department for Transport announced the allocations for the Highways Capital Maintenance and the Integrated Transport Block (ITB) for 2022/23, with indicative figures for 2023/24 and 2024/25, in late February 2022. The indicative amounts are shown in **Table 14**.

Table 14 Indicative allocations for 2023/24 and 2024/25

Expected Indicative amount	2023/24 £'000	2024/25 £'000
Integrated Transport Block	1,412	1,412
Highways Maintenance Block needs element	773	773
Highways Maintenance Block incentive element	193	193
Potholes Fund	773	773

- 18.12. To allow the full delivery of the 2023/24 Local Transport Plan (LTP) programme, the full spend is proposed to be met 100% by capital grant.
- 18.13. Typical schemes are presented in the context of four 'Actions' as set out in the revised Local Transport Plan (LTP3) Implementation Plan. This plan will be in place until the adoption of a new one which will coincide with a new Local Transport Plan (known as LTP4), as required by central government to be in place by the end of the current parliament (March 2024).
- 18.14. The prioritisation process is set out in diagram 1 of the Implementation Plan. In addition, maintenance schemes will be progressed using the latest information from the Gaist Asset Management work.
- 18.15. As in previous years, there is flexibility to allocate funding between the two blocks and the LTP actions.
- 18.16. Where already announced capital grant allocations are included in the funding table (**Table 12**). The breakdown of Highways and Infrastructure schemes and their funding for 2023/24 are shown in **Appendix 13**.
- 18.17. If any updates to the capital grant allocations for highways and transportation are announced prior to the Council meeting of 23rd February, a verbal update will be provided. Otherwise, the capital investment programme will be updated for these as part of the outturn reporting to June 2023 Cabinet.

Other financing considerations

- 18.18. The schools capital funding is still being finalised, allocations for capital grants are awaited and are unlikely to be confirmed until the Spring. The capital investment programme will be updated for these as part of the outturn reporting to June 2023 Cabinet.
- 18.19. The Corporate Asset Management Strategy records a clear preference for the retention of freeholds but does recognise that in some circumstances, a disposal is the most appropriate course of action. Capital receipts will reduce the need for borrowing to support the Capital Investment Programme if they can be generated.
- 18.20. Individual authorities are responsible for deciding the level of their affordable borrowing. The Government does have powers to limit the aggregate for authorities for national economic reasons, or for an individual authority. Funding schemes by borrowing has a revenue consequence of approximately £70k p.a. for every £1M borrowed or if £10M is borrowed this would equate to an increase in Council Tax of approximately 0.72%. The full impact of borrowing costs associated with the funding of the proposed programme has been included in the Council's current financial planning for 2023/24 to 2027/28.
- 18.21. The Minimum Revenue Provision (MRP) is an amount to be set aside for the repayment of debt. Each Local Authority has a general duty to charge an amount of MRP to revenue which it considers to be prudent, with responsibility being placed upon the full Council to approve an annual MRP policy statement. The MRP policy statement for 2023/24 is attached as **Appendix 14**.

- 18.22. The Treasury Management Strategy covers the management of the council's cash flows, its borrowings and its investments, the management of the associated risks, and the pursuit of the optimum performance or return consistent with those risks.
- 18.23. The budget includes provision for the financing costs of the Council's Capital Investment Programme, including interest on external borrowings. Offsetting this, the Council will earn interest by temporarily investing its surplus cash, which includes unapplied and set-aside capital receipts. These budgets depend on many factors, not least the Council's level of revenue and capital budgets, use of reserves, methods of funding the budget requirement, interest rates, cash flow and the Council's view of risk.
- 18.24. Audit Committee have responsibility for the scrutiny of the Treasury Management Strategy, and it is the subject of a separate report elsewhere on this agenda, proceeding to Council for approval in advance of the forthcoming year.
- 18.25. The CIPFA Prudential Code for Capital Finance in Local Authorities has been developed to support Local Authorities in taking capital investment decisions and to ensure that these decisions are supported by a framework which ensures proportionality, prudence, affordability, and sustainability.
- 18.26. CIPFA published their updated 2021 edition of the Prudential Code on 20th December 2021 with the guidance notes released in January 2022. Although the updated Code applied with immediate effect, due to the late publication dates of the Code and the associated guidance notes, CIPFA allowed Local Authorities to defer introducing the revised reporting requirements until the 2023/24 financial year. These included changes to the capital strategy, prudential indicators and investment reporting. Given the flexibility allowed by CIPFA, the Capital Investment Strategy (**Appendix 10**), Capital Investment Policy (**Annex 1 to Appendix 10**) and the Prudential Indicators (**Appendix 15**) were updated as far as time constraints would allow. Each of these documents has been subject to further update for 2023/24, in order to fully comply with the 2021 Prudential Code by 31st March 2023.
- 18.27. To demonstrate compliance with the objectives of the Code each authority is required to produce a set of prudential indicators. These prudential indicators for capital and treasury management are attached as **Appendix 15**. The Chief Finance Officer has established procedures to monitor and report performance against all forward-looking indicators at least quarterly.
- 18.28. It is the Chief Finance Officer's view that this capital investment programme is proportionate, prudent, affordable, and sustainable and the risks associated with in it are manageable.

19. Summary of changes included in this proposed Final Budget Package

19.1. Since the draft budget proposals were launched on 5 January 2023 various consultations and discussions have taken place and number of responses and suggestions have been received. The Cabinet have had to balance the essential requirement for the Council to remain financially sustainable but have listened to the feedback from Members, businesses and residents and have made the following changes to the revenue budget which are now included in the final budget proposals and are recommended to Council for approval:

Changes to the Revenue Budget:

- Appendix 16a has been updated to reflect where Equality Analyses have now been completed for budget proposals where applicable and where they can only be done when the extent of the change is known in the future. Appendix 16b sets out the Equality Analysis intentions for new budget proposals.
- IGC-15. The original level of investment income proposed was based on assumptions around the estimated direction of travel of a range of economic data that was available at the time of the preparation of the draft budget. Further analysis of updated information and revised forecasts have indicated that additional investment income of £50k could be generated in 2023/24. This has been included in Appendix 6a as a new saving IGC-15a.
- SOC-06. Printed materials and courier dispatch for councillors. This original saving proposal has been reduced by £5k to £15k to ensure that arrangements to support access and equalities requirements for councillors are provided and training to help with new ways of digital working are established.
- IGC-08. Remove general free parking for elected members will continue as proposed but councillors will retain free access to the underground carpark at Civic Centre for meetings attendance and to support other responsibilities.
- IGC-12. Charging for car parks that are currently free will continue as proposed but an exemption will be made so that the first hour will be designated as free parking.
- IGC-17. The proposed introduction of new parking charges for stays beyond two hours at four main parks is now amended to three hours before charging will commence.
- IGC-05. The proposal to introduce a £300 car parking permit charge for Honorary Alderman or Persons Permit will be withdrawn.
- SOC-17. Street Light dimming - £25k. Proposal deleted.
- ORE-11. New saving of £30k following a staffing operational review of library services has now been included. This saving will be delivered by removing currently vacant or underutilised budgeted posts/hours. Current operating hours and staffing levels across all libraries will be unaffected.

- 19.2. **Table 15** summarises additional one-off investments which have been included in response to the feedback received from the budget consultation.

Table 15 2023/24 One-year Investment Changes

Ref	Detail of Investment	2023/24 £000s
01-OYA	NetPark Wellbeing Project (NPWB) This is based in the Metal Art School in Chalkwell Park and offers a free mental wellbeing specialist intervention to support mental health waiting lists in Southend. The NPWB project provides 2-hour mental health wellbeing and art therapy groups for over 40 people a week, 48 weeks a year, for those living with mental health conditions culminating in over 220 participants a year. This scheme has used temporary funding in the past and this one-year funding agreement will allow the project to continue for 2023/24 while more permanent funding is sought for 2024/25 onwards.	50
02-OYA	Initiative to support Carers During the current cost of living crisis and high inflation levels additional costs are being incurred by carers. This one-off funding will be used to support those carers in need of financial support during this difficult period. A full policy with eligibility criteria to determine the basis of award and value will be taken through Cabinet in the new Municipal Year. Consideration for a permanent budget investment as part of the 2024/25 budget setting will be undertaken based upon the prevailing economic position and use of the scheme.	125
03-OYA	Economic Development This one-off funding will be used to deliver projects and initiatives supporting residents into work and advising/supporting local businesses following the Covid pandemic and current economic challenges. The funding will also enable some council match funding to attract and support wider external investment.	100
04-OYA	School Improvement To provide investment for key advisers and other external support to bring schools up to outstanding status and generally for school improvement and pupil attainment.	150
05-OYA	Tourism 2023/24 Events Programme One-off funding to support three major events in the City in 2023/24 (Luminocity, Halloween and Street Jam) and the continuation of one more year of sponsorship for the Herd programme, which will be Elephants in 2023.	140
Total One-Year Investment Agreements		565

The £50,000 investment in the NetPark Wellbeing Project for 2023/24 is to be funded by IGC-15a further investment income of £50k.

The remaining one-year investments will be funded from earmarked reserves at a cost of £515,000 in 2023/24. 02-OYA & 03-OYA from the established Cost of Living Reserve (£225,000). 04-OYA (£150,000) from the Schools Improvement Reserve. 05-OYA (£140,000) from the Business Transformation Reserve.

- 19.3. The supporting description of some of the draft proposals have also been updated in **Appendices 5, 6a and 6b** to reflect the comments received during the engagement and consultation process of the draft budget and to provide further clarity where appropriate.
- 19.4. The two recommendations agreed at Policy & Resources Scrutiny Committee on 2 February 2023 have been considered by Cabinet. The Cabinet have decided not to accept the requests from the Scrutiny Committee and therefore there are no changes being made for these two proposals in the final budget package.
- 19.5. Since the draft budget proposals were presented at the Cabinet meeting of 12 January the capital investment programme review has continued as set out in paragraph 12.6. The following changes are now included in the final budget proposals set out in this report and are recommended to Council:

Capital – Main Investment Programme Changes:

- Accelerated delivery of £57k of budget from 2023/24 to 2022/23 for Seaways – Homes England Condition Funding.
 - Virement in 2022/23 of £35k from Priority Works to Shoebury Library/Youth Centre Lift.
 - Virement in 2023/24 of £50k from LTP – Integrated Transport block – Better Sustainable Transport to LTP – Integrated Transport block – Better Networks to increase the amount available for cycleway upgrades.
 - Deletion in 2022/23 of £4k from across three CIL Ward schemes where the budget is no longer needed (Westborough – Signposting and Belfairs Memorial Bench) or the project has been completed (Eastwood Park – Tree Planting).
- 19.6. All of the above changes to the final revenue and capital proposals summarised in this section are assumed to be cost neutral on the revenue budget.

20. Other Options

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

21. Reasons for Recommendations

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

22. Corporate Implications

22.1. Contribution to the Southend City Council Corporate Plan (2022-2026) and the Southend 2050 Ambition

The implementation of a revenue budget and capital investment programme in line with the recommendations in this report will contribute towards the achievement of the Southend 2050 ambition, corporate plan priorities and improved outcomes for local people, without undermining the Council's financial sustainability obligation.

22.2. Financial Implications

As set out in this report.

22.3. Legal Implications

As set out in this report.

22.4. People Implications

As set out in paragraphs 13.30 – 13.33 of this report.

22.5. Property Implications

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

22.6. Further Consultation and Engagement Feedback

There is an expectation that local authorities will engage communities in the difficult choices and decisions that determine the range and level of services that can be delivered by the Council in a financially sustainable way. The comprehensive consultation and engagement arrangements undertaken during 2022/23 were summarised in the draft budget report presented to the Cabinet meeting on 12 January 2023. The overall results, comments and feedback from these arrangements helped to inform the preparation of the 2023/24 revenue budget.

Consultation has continued to take place with the Chief Executive, Executive Directors, and their Directors as part of the budget preparation process who are fully committed to working within the final budget package proposed. Members have been consulted through Cabinet, Scrutiny and Council.

Consultation with staff and unions has continued throughout the process. Briefings for local businesses and the voluntary sector have been undertaken to give them an opportunity to find out more about what was proposed in the draft budget launched on 5 January from the Leader, Deputy Leader and Executive Director (Finance & Resources).

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

The draft budget considered at Cabinet on 12 January 2023 has been presented to the Policy and Resources Scrutiny Committee and the Business and Voluntary Sector Consultation meeting. The feedback from each of these sessions is as follows:

Policy and Resources Scrutiny Committee on 2nd February 2023 asked a vast number of questions and also sought clarification on a range of areas contained within the draft revenue budget proposals. These included:

- The various members savings on printing, parking, support and courier arrangements of agendas
- Grassland management
- Charging in free car parks and parks
- General increase in car parking charges
- Enforcement times in Zone 1A
- Charging for use of MOBON app
- Levels of borrowing, financing costs and investment income
- Levels of reserves
- Travel centre closure implications
- Investment into the waste management contract
- Streetlight dimming arrangements
- Council Tax – Empty property relief and its impact on South Essex Homes
- Bowling greens review
- Pier charges
- Car park charging for Aldermen
- Capital Investment Programme budget for 2023/24
- Netpark project
- Equality impact assessments

In addition, the committee also agreed the following two recommendations for the Cabinet to formally consider as part of their finalisation of the 2023/24 budget package on 14 February 2023.

- That in relation to proposed Cost Avoidance and Overspend Reduction Initiative SOC-17 (Street Light Dimming), all street lights in non-essential areas be returned to full light output operation where they are currently already being dimmed between the hours of 10.00pm and 5:00am, and that appropriate budget provision be made to facilitate the return of such street lights to full operation.
- That in relation to proposed Budget Savings and Income Generation Initiative IGC-13 (Council Tax Empty Property Relief), properties managed by South Essex Homes (SEH) be exempted from the provision of a 100% discount for newly empty properties for two weeks to cover the period in-between tenants and that the discount period for SEH properties remain at one month.

As summarised in section 19 (paragraph 19.4) the Cabinet considered these recommendations from Policy & Resources Scrutiny Committee and are NOT proposing to amend their final budget package for them. Increasing Street Lights to maximum full light output was considered too prohibitive at an estimated increased cost of £500,000 in 2023/24 and the environmental impact of increasing our energy consumption was also an important factor. With regards to the Council Tax Empty Property Relief changes, it was considered that it is essential for the Council to be fair and consistent across all properties throughout the City. It will be kept under review with South Essex Homes and the implications will remain part of the void turnover times and financial performance statistics at our regular Strategic Board meetings that are held with them.

The Business and Voluntary Sector consultation generated several questions and some general comments on the draft revenue budget proposals. These included:

- Level of fees and charges increases and how this may impact on businesses.
- Car parking zones and the need for some realignment.
- How the council supports vulnerable people in the cost of living crisis.
- Levels of investment into tourism.

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

22.7. **Equalities and Diversity Implications**

Assessments have been carried out for all proposed revenue investment and reprioritisation proposals in the 2023/24 budget and for all capital investment proposals where appropriate. This is summarised in **Appendix 16**.

22.8. **Risk Assessment**

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

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

22.9. **Value for Money**

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

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

22.10. **Community Safety Implications**

Assessments have been carried out for all revenue and capital investment proposals where appropriate and the revenue budget itself has maintained the additional permanent investment into the Community Safety Service that was introduced in 2022/23.

22.11. **Environmental Impact**

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

23. **Background Papers**

- Draft Prioritising Resources to Deliver Better Outcomes 2023/24 – 2027/28 – Cabinet Report 12 January 2023
- The Final Local Government Finance Settlement 2023/24, DLUHC
- Budget working papers held by the Finance and Resources section
- Southend 2050 Ambition / Five Year Roadmap
- Corporate Plan 2022 – 2026

24. **Appendices**

Appendix 1 Medium Term Financial Strategy 2022/23 – 2026/27

Annex 1 to Appendix 1 – Medium Term Financial Forecast to 2027/28

Annex 2 to Appendix 1 – Earmarked Reserves to 2027/28

Appendix 2 Section 151 Officer's Statement on the Adequacy of Balances and the Robustness of the Budget

Appendix 3 Appropriations to and from General Fund Earmarked Reserves

Appendix 4 General Fund Revenue Budget for 2023/24 (one page summary)

Appendix 5 Proposed Revenue Investment 2023/24

Appendix 6a Proposed Budget Savings and Income Generation Initiatives

Appendix 6b Cost Avoidance and Overspend Reductions

Appendix 7 Adult Social Care Charging Policy Summary

Appendix 8 Proposed increases or new Fees and Charges

Appendix 9 Dedicated Schools Grant Budget 2023/24 Budget planning

Appendix 10 Capital Investment Strategy – 2023/24 to 2027/28

Annex 1 to Appendix 10 – Capital Investment Policy

Appendix 11 Capital Investment Proposals – 2023/24 to 2027/28

Appendix 12 Requested Changes to Approved Capital Investment Programme

Appendix 13 Amended Capital Investment Programme 2023/24 to 2027/28
(2022/23 shown for information)

Appendix 14 Minimum Revenue Provision Policy 2023/24

Appendix 15 Prudential Indicators 2023/24 to 2027/28

Appendix 16a Equality Analyses supporting budget proposals

Appendix 16b Equality Analyses supporting new budget proposals