Southend-on-Sea City Council

Agenda Item No.

Title:	**Finance and Corporate Performance Report 2023/24 to end of September 2023 (Period 6)**
Meeting:	Cabinet
Date:	20 November 2023
Classification:	Part 1
Policy Context:	
Key Decision:	No
Report Authors:	Pete Bates, Director of Financial Services, Caroline Fozzard, Senior Finance Lead (Strategy, Sustainability and Governance), Suzanne Newman, Head of Corporate Strategy Gareth Nicholas, Insights Manager
Executive Councillor:	Councillor Cox, Leader and Cabinet Member for Special Educational Needs & Disability

1 Executive Summary

The finance and corporate performance report is a key tool in scrutinising the Council's overall performance. It is designed to provide an overview to all relevant stakeholders at regular stages throughout the financial year. It is essential that the Council monitors its budgets and assesses its performance regularly to ensure that it is meeting its strategic objectives and providing value for money. This approach highlights where corrective action is necessary and reasonable mitigation is required to try to deliver a balanced financial position by the end of the year.

Given the current operating environment and the significant increases experienced in both service demand and the ongoing unavoidable inflationary cost pressures, this will be an incredibly difficult ambition to achieve in 2023/24. This report summarises the current forecast position at this halfway point of the financial year and reinforces the need to make some difficult choices and take decisive action.

2 Recommendations

2.1 **Cabinet notes the continued unprecedented levels of reported financial pressure and challenges right across the local government sector (appendix 1).**

That, in respect of the 2023/24 Revenue Budget Performance as set out in appendix 2 to this report, Cabinet:

2.2 **Note the forecast outturn for 2023/24 for the General Fund and the Housing Revenue Account as at 30 September 2023.**

2.3 **Note the plans and intentions to try to reduce the forecast overspend of the Council's revenue budget for 2023/24 and agree that the Chief Executive and Executive Director (Finance & Resources) continue to explore all opportunities within their delegated powers and authority to improve the financial position by the year-end (section 5).**

2.4 **Approve the planned budget transfers (virements) of £2,710,000 from earmarked reserves, as set out in section 5.58.**

That, in respect of the 2023/24 Capital Budget Performance as set out in appendix 3 of this report, Cabinet:

2.5 **Note the expenditure to date and the forecast outturn as at 30 September 2023 and its financing.**

2.6 **Approve the requested changes to the capital investment programme for 2023/24 and future years, as set out in section 4 of appendix 3.**

2.7 **Note the Corporate Performance Report as at 30 September 2023 set out in appendix 4.**

3 Southend-on-Sea City Council's financial situation

3.1 As reported in July 2023, the Council ended the 2022/23 financial year with the largest level of overspending since it became a Unitary Authority on 1st April 1998. Following years of strong financial management, the Council had sufficient reserves to cope with the impact of this outcome for that year as a 'one-off' critical event. Despite the improved financial performance and positive direction of travel summarised in this report for 2023/24, the reduced level of forecast overspending at September 2023 (period 6) is too high and still places the Council at serious risk and remains a threat to its future viability.

3.2 The Council's financial situation remains challenging, and continued urgent action needs to be taken. It is in the best interests of the Council for all Officers and Elected Members to work closely and collaboratively together at pace to control all areas of identified overspending and to ensure that any adverse variances are brought back as close as possible to the approved budget for 2023/24. Without this collaborative action, this 'in-year' pressure could continue to increase the forecast budget gap for 2024/25 and the future. The Council has a statutory requirement to approve a balanced budget and set the Council Tax level for 2024/25 by 11 March 2024.

3.3 Despite the difficult circumstances the Council still has its financial destiny and control in its own hands if it can manage to continue to reduce the revised forecast level of overspending significantly throughout the rest of the 2023/24 financial year and develop robust plans to deliver a balanced budget for 2024/25. To support this ambition, it is intended to arrange Elected Member briefings to enhance understanding of the current situation, the severity of the challenge, assess the risks and seek their views and co-operation in determining and then implementing budget savings solutions at pace. The Council is now working with Ernst & Young (EY) to provide additional independent challenge and sector insight to help develop options to mitigate the range of financial pressures that are being faced.

3.4 Urgent action is needed to try to reduce all non-essential expenditure and/or generate extra local income. This priority must be achieved whilst ensuring that our most vulnerable residents are looked after appropriately, and our statutory responsibilities are effectively discharged. Like other Local Authorities we also need to consider how we deliver our statutory responsibilities and if changes can be made. The same principles are being applied to the early development of ideas and proposals to deliver a balanced budget for 2024/25. Improving efficiency and productivity is essential but the scale of the continuing unprecedented financial pressures will inevitably lead to a reduction in the range, quality, cost and responsiveness of other discretionary Council services as well as challenging our approach to the delivery of our statutory responsibilities.

3.5 To help to begin to address and close the estimated budget gap over the next five years the Council will continue to aim to achieve financial sustainability by growing local income sources and relying less on grant support from Central Government in the future. The Council will continue to work collaboratively with its partners, increase its focus on the delivery or joint commissioning of services in a targeted way to ensure that those in most need and who will receive the greatest benefit are the recipients of services. It is vital that we learn from our COVID-19 experience and tailor our services and working practices accordingly.

3.6 This report will focus on providing some detail and commentary of the financial variances at a portfolio level that are currently forecast for 2023/24. It builds on the information that was reported at July 2023 (period 4) and highlights what improvements have been made but clearly demonstrates that further work is required. It should be noted that these revised forecasts have been based on the best information we currently have available and have also been calculated at what is still a relatively early stage of the financial year.

4 Unprecedented levels of financial challenge right across the Sector

4.1 The current national operating environment, particularly for upper tier local authorities has never been so financially challenging with numerous Councils announcing or giving warnings of financial distress. The issuing of a s114 notice was once unheard of and whilst a lot more authorities are highlighting the possibility, it is still a major undertaking which has huge consequences for the local authority concerned. It is effectively a declaration that the organisation is forecasting that it cannot meet all its financial obligations.

4.2 The Department for Levelling Up Housing and Communities (DLUHC) now provide an option for local authorities in financial difficulties that are deemed to be unmanageable to apply for Exceptional Financial Support. In practice, this presents an intermediate step to avoid a s114 scenario. This action inevitably results in an escalation of direct intervention by DLUHC in the Council's management, administration and decision-making.

4.3 The ultimate consequences of issuing a s114 notice are serious and significant and would immediately result in the cessation of all but the most essential levels of expenditure and then only to meet the statutory minimum level of service and Council liabilities. There would also be the need to develop and deliver a comprehensive Council-wide financial recovery plan. This would need to be considered by a full Council meeting within 21 days of issuing the notice.

4.4 There remains widespread concern and risk to the continued delivery and level of public services in many local authority areas. The unprecedented levels of demand and huge increases in costs of maintaining statutory service provision, particularly for support and intervention for vulnerable children and adults has been at such a pace that discretionary universal services are continually being squeezed and are being forced to be significantly reduced to ensure some local authorities remain financially viable.

4.5 The summary of headlines shown at Appendix 1, are all stories that have been published in October 2023. Many authorities are continuing to highlight that the respective financial resilience and sustainability of their organisation is under serious threat.

4.6 Given this combination of factors and unheard-of levels of financial distress being raised right across the sector, local authority networks up and down the country continue to lobby the Government hard for recognition of the scale of the underfunding problem and the impact on local areas. Authorities are requesting more transparency and a fairer longer term funding deal particularly in the more deprived areas of the country, which are suffering most from huge increases in both the complexity and cost of statutory service demand.

4.7 The fact that this scale of financial challenge is so widespread across the country remains of little comfort currently though as all Councils, including Southend-on-Sea, wrestle with maintaining the delivery of their key statutory responsibility to operate in a financially sensible and sustainable way.

4.8 An urgent report was considered at a Special Cabinet meeting on 31 October 2023 regarding the budget for 2024/25 and future years. This report brought forward a range of proposals for early consideration and decision to help to begin to address the financial challenges the Council is facing and to allow for sufficient time to develop initiatives and progress the necessary detailed arrangements including appropriate statutory consultation. The Council needs to take decisive action now to ensure good local governance of financial and operational decision making and for the future of the City.

4.9 For the decisions set out in the appendix to the report, Cabinet agreed to delegate authority to the relevant Executive Director and to take all necessary action to realise savings, income generation and cost avoidance measures related to those decisions. The report and proposed course of action was then presented and considered at the Policy and Resources Scrutiny Committee on 2 November 2023. Agenda item - Budget Update (southend.gov.uk)

4.10 Cabinet agreed that officers should continue to develop longer-term service re-design measures and that a future report on the projected impact on the Council's finances would be presented to a future meeting. Approval was also given to the Chief Executive, in consultation with the Leader, to develop a new design for service delivery based upon a localities model. A report recommending a new set of arrangements would be presented to a future Cabinet meeting.

5 Southend-on-Sea City Council Revenue Position – General fund

5.1 In February 2023, the Council approved a General Fund Revenue Budget requirement for 2023/24 of **£143.875M**. This report provides details of the current projected outturn position for 2023/24 based on information as at the end of September 2023 (period 6). In headline terms the Council's Corporate Budgets and Service Portfolios are currently forecasting a net overspend by the year-end of **£10.767M** for 2023/24, this is an improvement of **£3.273M** on the position reported at July 2023 (period 4) (£14.040M).

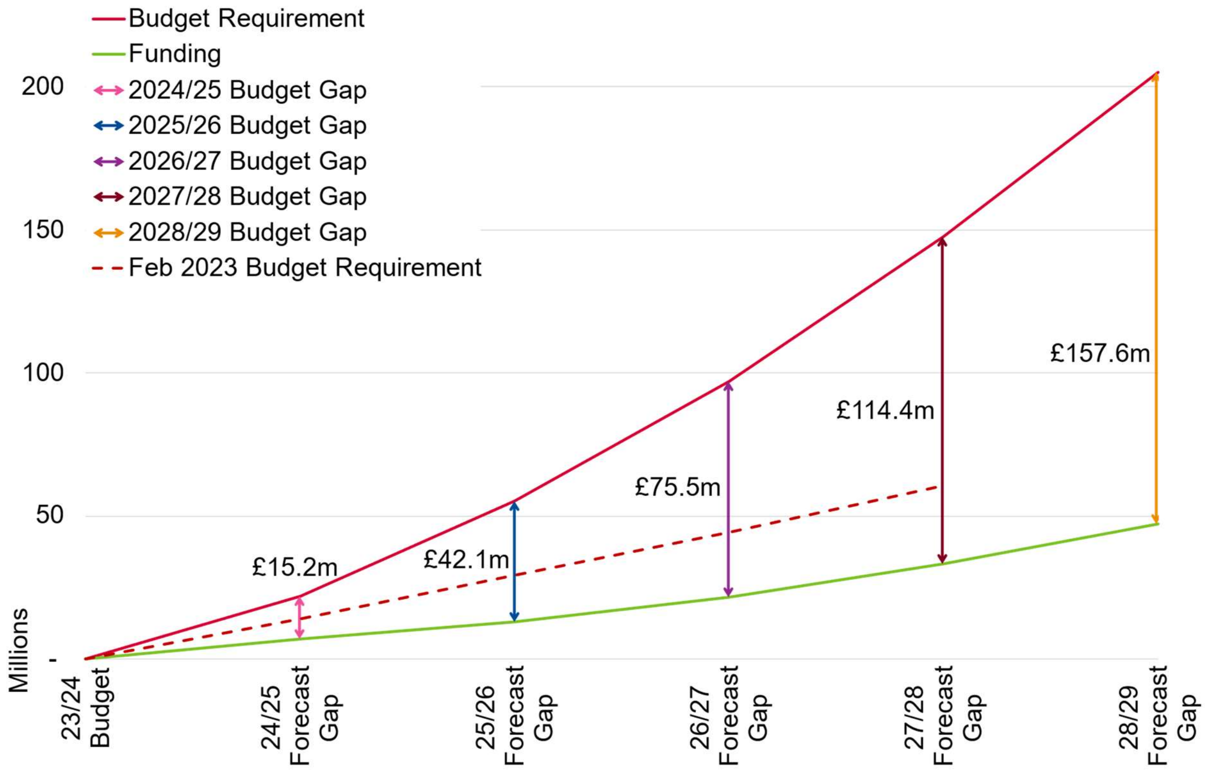
2023/24	**Projected Overspend £M**
Feb 2023 (Budget Approved)	-
July 2023 (Period 4)	14.040
September 2023 (Period 6)	10.767

5.2 This clearly shows a positive direction of travel, but more urgent work is still required to try and reduce this revised level of overspending as far as possible for 2023/24. Action is and will continue to be taken to further mitigate this revised potential overspend throughout the remainder of the year. The total projected overspend currently stands at around 3.0% of the Council's gross expenditure budget. This revised level of overspending remains unsustainable and would continue to put the Authority at serious financial risk.

5.3 All local authorities provide an indicative estimate of future budget/funding gaps as part of approving their respective Medium-Term Financial Strategies each year. As referenced in the July 2023 (period 4) Cabinet report some initial work has now been done to re-cast this medium-term financial forecast for the Council.

5.4 The scale, range, volume of data, assumptions and forecasts included in any Medium-Term Financial Forecast for a Unitary Authority is incredibly complex and volatile. An initial assessment has now been completed based on all the current information available and on the assumption that **NO NEW ADDITIONAL** funding would be available from Central Government from 2024/25 onwards.

5.5 An illustration of the potential impact is shown in the following diagram. Clearly more work and refinement will be required throughout the remainder of the year. The Council will continue to lobby Central Government for a fairer funding deal in the future and to do all it can to reduce its costs and generate additional local income wherever possible.



The following table provides an estimated update of the potential individual additional budget gap forecast for each of the next 5 years. The cumulative impact of these revised forecast 'in-year' gaps is illustrated in the diagram above.

Permanently reducing the 'in-year' gap in an individual year will create a cumulative benefit in the years that follow, reducing the divergence between the expenditure (red) and funding (green) line in the above diagram.

	Forecast Variance 23/24	**'in-year' gap (£M)**				
		24/25	**25/26**	**26/27**	**27/28**	**28/29**
Original Forecast February 2023	0	9.3	9.5	6.0	5.0	n/a
Updated Forecast September 2023	10.8	15.2	11.9	6.5	5.5	4.3
Increase	10.8	5.9	2.4	0.5	0.5	n/a

Any residual overspending in 2023/24 and additional increased demand/costs on top of what the Council is already experiencing within our statutory social care services would have a further detrimental impact on these projections.

5.6 A major budget planning intention was to develop a prioritised programme of targeted transformation reviews. The blueprint for this was drawn up with the support of Grant Thornton and is now currently being progressed with the Council's new implementation partner Ernst & Young (EY). A new Director of Transformation has been appointed and the planned transformation programme will assist the Council towards achieving financial sustainability in the medium term, but the focus now is urgently on improving the financial position for 2023/24.

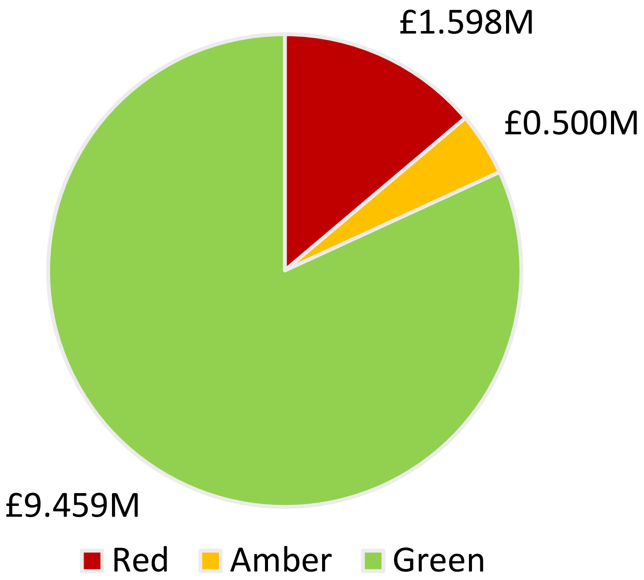
5.7 It was reported in the July 2023 (period 4) report that a series of Budget Challenge sessions for each Executive Director and their service leads with the Chief Executive, Executive Director (Finance & Resources) and Senior Finance Officers would take place between 5th and 12th September 2023. Key lines of enquiry for all services to identify opportunities for cost reduction, savings and income generation were explored. Representatives from EY were in attendance to add some independent insight and external challenge. The outcome from these sessions have undoubtedly had a positive impact on the Council's financial performance as summarised in this September 2023 (period 6) report but more is required. The Chief Executive and Executive Director (Finance & Resources) are arranging a series of Budget Challenge Sessions Round 2 designed to continue to try and improve the Council's financial position in 2023/24.

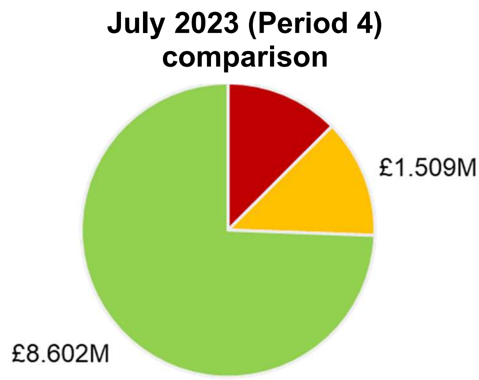
5.8 The revised predicted financial position for 2023/24 and an evaluation of all action taken following the original Budget challenge sessions has been represented in this report, it is now necessary to introduce even tougher measures to try to move towards a balanced financial position by the year end. Tightening the measures already introduced with even greater enforcement or changing intervention thresholds needs to be implemented safely. These actions will include the following activities: -

- Transformation programme – use of technology and still customer focussed.
- Target Operating Model (TOM) Changes, delayering of Management and Supervisors – full implementation of Organisation Design principles.
- Recruitment freeze.
- Essential spending only.
- Close services/reduce services.
- Demand management.
- Driving real value from contract management, procurement and commissioning activity.
- Implementing fair and appropriate charging for all relevant services – inflationary increases where necessary.
- Removing all subsidy from discretionary services.
- Risk managed commercial approach.
- Rationalising our estate and reducing poor quality underutilised front-line provision.
- Capital programme – stop, defer, pause.
- Managing some decline on the highway, sticking to very clear service standards.

Summary of performance against savings and income generation initiatives

5.9 The 2023/24 approved budget included £11.557M of savings and income generating initiatives. Some positive progress has been achieved from the previously reported July 2023 (period 4) position, as illustrated below. The following pie charts represent the current value of savings which have been categorised as Green – will be achieved, Amber – will be partially achieved or Red – unlikely to be achieved based on the current assessment of progress. It is critical that all approved plans are delivered, or alternative options are urgently developed.





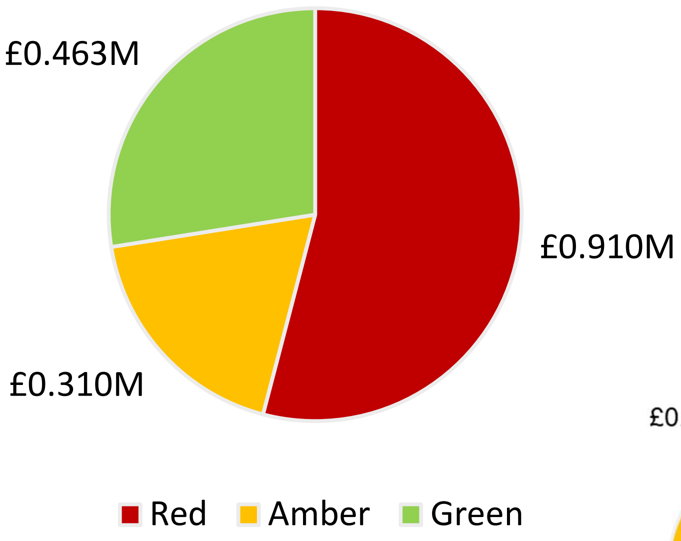
5.10 Where savings or income generating initiatives are not currently being achieved, they have been highlighted in the relevant Portfolio service sections within this report.

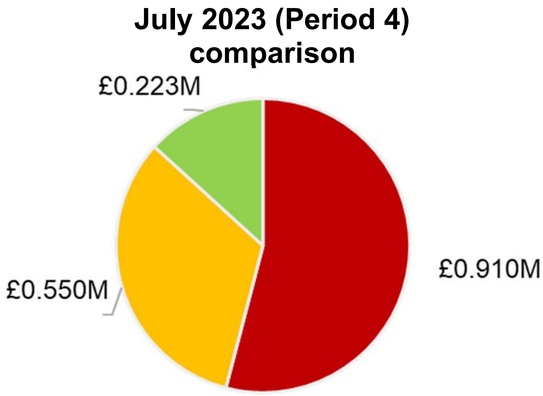
5.11 The table on the next page highlights a summary of the initiatives that are currently classified as Red or Amber. Work is ongoing to try to improve the delivery of these areas and/or alternative proposals are being developed. A further update on progress will be provided in the November 2023 (period 8) report to January's Cabinet meeting.

Reference	Title of Proposal	£000
EAP-06	System for management of sickness absence	25
ORE-09	Staffing Reduction – Digital & ICT	85
SOC-03	Review Travel Centre Operation / Closure	40
SOC-04	Review of public toilet offer with focus on securing external operator	150
TPP-03	Recruitment Contract (Hays Commercial)	104
IGC-03	Cremation and burial costs for non-residents	100
IGC-09	Sales, Fees & Charges (this includes a saving from 2022/23 ref. PY-FW06-SP)	586
IGC-10	CCTV Control Room commercial activity	25
IGC-11	Street Lighting Advertising Banners	40
PY-SW08	Introduce a new strengths-based refresh in 2021/22	200
PY-ES08	Better use of email for communication	8
PY-SW16-IS	Learning Disability Services Transformation	75
PY-SW17-IS	Shared Lives Expansion	10
PY-SW19-IS	Enhanced In-house Foster Care Offer	150
	Red - unlikely to be achieved sub-total	**1,598**
ORE-04	Staffing Reduction – Revenues Service	145
ORE-05	Customer Services/ Revenues and Benefits Structure Review	125
ORE-11	Staffing Operational Review – Library Services	30
SOC-08	Library service savings	35
TPP-04	Employee Assistance contract for service	10
TPP-05	Occupational Health contract for service	75
IGC-09	Sales, Fees & Charges (this includes a saving from 2022/23 ref. PY-FW06-SP)	75
PY-OP03	Park Sponsorship	5
	Amber – will be partially achieved sub-total	**500**

Summary of performance against targeted overspend reductions.

5.12 When setting the budget for 2023/24 it was recognised that there were overspends of £1.683M which occurred in 2022/23 that would need to reduce in 2023/24 for the organisation to operate within the agreed budget. The operating environment experienced throughout the year to date has severely impacted the delivery of this ambition. The following pie charts represent the value of overspend reductions which were identified and have been categorised as Green – will be achieved, Amber – will be partially achieved or Red – unlikely to be achieved.





5.13 Where significant overspends are continuing to occur, or have increased, they have been highlighted in the relevant Portfolio service sections within this report. Most of the high values of continued pressure are within our statutory social care services for our most vulnerable children and adults.

Summary of the major factors contributing to the forecast overspend in 2023/24

5.14 The revised forecast revenue overspend at September 2023 (period 6) of **£10.767M** for 2023/24 is driven by a wide range of factors which are considered in more detail in the remainder of this section.

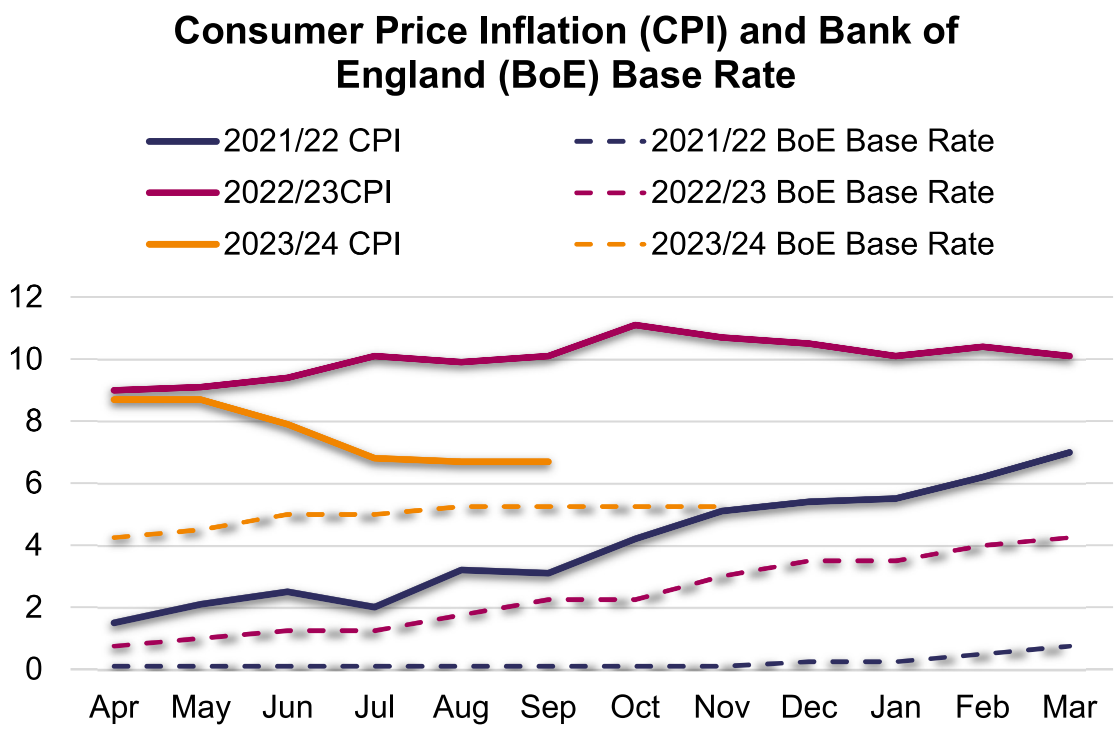
5.15 The budget provision for the nationally negotiated Pay Award April 2023 is currently being held corporately, inflationary increases on most existing contracts have now been applied appropriately to all services.

5.16 The nationally negotiated Pay Award for 2023/24 has now been agreed and the Council received formal notification on 1 November 2023. The Council's provision (£4.425M) is sufficient to meet the full costs of this award for 2023/24. Arrangements are being made to pay all staff accordingly (backdated to 1 April 2023) starting with the November payroll run.

5.17 Stubbornly high inflation continues to drive costs upwards and although the price of energy has not risen as steeply as expected when the budget was set in February 2023 this has been more than offset by price increases elsewhere right across the supplier/provider market.

5.18 In September 2023 the rate of inflation, as measured by the Consumer Price Index (CPI), was 6.7%, the same rate as in August 2023. Downward contributions to the inflation rate came from food and non-alcoholic beverages but these have been offset by rising prices for motor fuel. Although the rates of inflation are lower than at the same time last year (see graph below) they are increases on already higher prices creating a cumulative impact that is stretching most Council budgets to breaking point.

5.19 In its efforts to bring inflation back down to its target of 2% the Bank of England has continued to increase interest rates at every opportunity since December 2021 until August 2023, when the Bank of England Base Rate was 5.25%. The decision to maintain this rate in September and again on 2nd November 2023 means it will not change for a further 6 weeks.



5.20 The increase in the base rate has driven up interest rates being paid on savings and investments. The 2023/24 budget reflected the projected increase with an additional £1.450M of income built into the budget. As at September 2023 (period 6) it is forecast that a further £1.909M will be earnt, and this is reported as a favourable variance against Corporate Budgets in Appendix 2.

5.21 Rising interest rates are not entirely beneficial to the Council and will impact on the cost of borrowing over time. Perhaps more significantly they will affect resident's costs of borrowing (i.e., mortgages) and household bills (i.e., food & energy). It is likely that increasing numbers of residents will be pushed into a position of requiring additional Council services, advice and support over the coming months. A key risk that could add even further demand pressure on already over stretched services.

Leader: Corporate Matters and Performance Delivery

5.22 Children with a special need and disability (SEND), is the main cause of the £150,000 spend pressure (increase of £50,000 from July 2023 (period 4)). There is a national shortage in Educational Psychologists (a critical statutory service supporting and advising both schools, parents and carers for children with SEND). Interim cover has therefore been required to sustain an appropriate statutory service level. These arrangements, together with increases in demand are the key contributory factors of the forecast overspend being reported. Recruitment and retention plans are in place to try to secure a permanent workforce moving forward. Smaller pressures also remain where direct SEND team cover is required for staff on maternity leave.

5.23 Management decisions taken on Human Resources staffing have reduced the forecast pressure by £31,000. No specific overspending mitigation has yet been agreed for the £147,000 of savings not expected to be achieved this year, some of these are a one-off pressure as the savings are part of larger projects that have experienced delays. The service also continues to struggle to meet its income target, the final outturn for 2022/23 showed a shortfall of £74,000 and a similar pressure is forecast for 2023/24.

5.24 The new interim Director of Legal Services (Monitoring Officer) has been in post since the beginning of September. July 2023's (period 4) report included an initial estimate for the additional agency costs this would incur but these were underestimated, correcting this has increased the pressure on the overall staffing costs for the Service. The Legal Services team have had significant problems with permanent recruitment and as a result expenditure on agency staff to cover vacant roles remains high. The forecast level of income for the service has also been reduced, adding to the increased level of overspending. The combined impact of these changes is creating a further £90,000 pressure from the position reported at July 2023 (period 4).

Deputy Leader: Environment

5.25 Residual waste tonnages increased significantly during the Covid pandemic but positively the forecast tonnages the Council needs to dispose of is forecast to return to comparable pre-pandemic levels as the volume is decreasing against the same time period last year. However, the reduction of residual waste is not enough to deliver this service within budget and a pressure of £700,000 is currently forecast. This amount could be decreased further by reducing the amount of residual waste presented by households which brings with it both financial and environmental benefits. This is currently being explored as part of the waste collection contract procurement.

5.26 The pressure of residual waste disposal is being partly offset by the income received from the disposal of food waste for which we receive an income. It is anticipated that this will be somewhere in the region of £300,000.

5.27 Based on the income received last year within the Grounds Maintenance service and current income levels it seems unlikely that the service will achieve its income target in 2023/24. This is being offset by holding staffing vacancies and reducing the number of seasonal workers.

5.28 The parks and open spaces services are forecasting an overspend because of increased vehicle requirements, repairs and maintenance costs, the effect of vandalism and the impact of controlling brown tail moths.

Adult Social Care, Health, Public Health, and Constitutional Affairs

5.29 Adult Social Care is forecast to overspend by £4.923M, which is a reduction of £680,000 since July 2023 (period 4). The primary driver of the reduction in the forecast is the application of £1.2M of budget mitigations being applied to the forecast. These relate to the use of reserves and grant funding to reduce the previously reported pressure. Over the same period, there has been a £565,000 deterioration to the forecast, relating to the provision of statutorily required care and support to Older People.

5.30 The cost of support to Older People is now 25% overspent relative to the budget, and accounts for circa 60% of the underlying pressure in Adult Social Care. There has been a 5% increase in the number of clients receiving home care in September 2023 (period 6) compared to July 2023 (period 4), with an increase in the complexity of care required driving up the average weekly package cost. As a result, homecare is forecast to overspend by £1.7M, which is an increase of £366,000 since July 2023 (period 4). Additionally, the forecast for interim residential placements has increased by circa £500,000, this is due to more accurate information available to extrapolate future costs for the remainder of the financial year. These residential placements are on average costing 17% above our contract rate, which is causing a significant additional cost pressure.

5.31 The forecast for learning disabilities has reduced, with the forecast cost of those anticipated to transition from Children's services being reviewed and Continuing Health Care (CHC) being secured following discussions between the service and health. This has contributed to the reduction in forecast costs within the learning disabilities service of £341,000 since July 2023 (period 4).

5.32 A £450,000 under spend continues to be reported in Commissioning against the Transitional Supported Housing budgets, this is an early delivery of the 2024/25 saving as the contracts were revised ahead of the original approved budget profile.

5.33 Targeted management action within Digital and Technology has decreased the reported staffing pressure at July 2023 (period 4) by a small amount and reduced the likely shortfall on income significantly, the combined impact is a positive reduction in the forecast overspend of £299,000.

5.34 With the transition of the Mental Health Service back to the Council from Essex Partnership University Trust (EPUT), there continues to be an estimated £288,000 forecast over spend on the staff/contract budget element of the service as the planned saving will not be fully delivered until the service fully transitions from November 2023.

Arts, Culture, Heritage and Leisure

5.35 The improvement from July 2023 (period 4) in the overall level of overspend forecast for the Pier and Foreshore Service has been achieved by a combination of reviewing the cost and level of seasonal staff required to keep the Pier operational and previously reported pressures relating to water testing, repairs and maintenance and waste management have now been funded from contingency. Pier admission income has also remained positive due to high visitor numbers throughout the summer.

Children Services, Education and Learning

5.36 As reported in July 2023 (period 4), the significant spend pressure trend continues from 2022/23 into 2023/24 within Children Services. This is mainly due to a combination of Residential Care placement costs particularly for those cases that are most complex within a market that is stretched and short of supply (resulting in some very high prices) and the continued reliance on external foster care placements in 2023/24. The strategy remains to reduce reliance on external foster care placements by building and sustaining capacity within our own inhouse fostering service promoted by the new and improved inhouse foster care offer from April 2023. The cost of external care placements continues to be the main cause of this significant overspend pressure.

5.37 Whilst the safety and wellbeing of Children remain of paramount importance the Council continues to explore opportunities to reduce costs where it is safe and possible to do so. As previously highlighted the costs relating to residential care placements are significant and any further placements or net increased placement costs will have a significant impact on the financial position reported for September 2023 (period 6).

5.38 Work building and sustaining capacity within the Inhouse foster carer provision continues and this is promoted by the new, improved and revised Inhouse foster care remuneration offer from April 2023, and work continues to engage regionally with the risks of the costs of the care market to Councils.

5.39 Other major pressures within Children Services for 2023/24 (as reported in July 2023 (period 4)) remain and includes continued reliance on temporary agency staff to cover critical statutory social work and certain critical social work management posts. Financial pressures including the national transfer scheme for Unaccompanied Asylum seekers where those children have now turned 18 and remain in supported in accommodation whilst their asylum application is considered (as the Home Office grant to support their costs reduces once the child turns 18), and pressures for care and support costs for Children with Disabilities under Section 17 status are continuing. Within the Youth Justice Service whilst temporary vacancies remain present, there is now an added confirmed pressure on secure remand placements. This is due to the confirmed grant level now received for 2023/24, which is significantly lower than the actual costs being experienced. The HM Prison & Probation service grant is based on the average of the last 3 year costs and therefore the Council will be expecting to receive an increase in the level of grant in 2024/25.

5.40 Whilst significant financial pressure remains across the portfolio directorate of Children Services, within Education and Learning the position has improved and reduced by £290,000 from July 2023 (period 4). Children Services have intensely reviewed and reduced spend pressure within supported accommodation placements where young adults 18+ who were previous care experienced children have transitioned safely into adults and further work is continuing. Educational Services have also proactively reduced Council spend pressures by effectively integrating eligible activities into other direct and legitimate educational grant funding streams.

Community Safety and Public Protection

5.41 As part of the 2023/24 budget package, it was agreed to review the public toilet offer with a focus on securing an external operator. This £150,000 saving will not be delivered this year, and the proposal is not currently being progressed. An alternative saving proposal has not yet been agreed but when one is developed then this pressure could be mitigated before the end of the year.

5.42 The current toilet provision also requires ongoing repairs and maintenance, it is anticipated that this will overspend by a further £70,000 this year. The Council is exploring if it is possible to deal with some of this pressure through the capital budget allocated to public toilets.

5.43 The CCTV service is delivered by an established team of staff and as such staff turnover is very low. This is resulting in a budget pressure on staffing costs, due to an assumption that there would be some staff turnover. The drive to deliver services on a commercial basis is continuing but formal contracts are yet to be signed to bring in additional income.

Economic Growth and Investment

5.44 The improvement in the revised forecast outturn previously reported at July 2023 (period 4) for this portfolio can be predominantly attributed to the agreed use and application of Council reserves to fund the additional special events which included the Herd in the City Sponsorship, the Tour of Britain Cycling Event and local fireworks event.

Highways, Transport and Parking

5.45 Before COVID-19 there was a slow decline in the use of cash, but the pandemic sped that up considerably. As a result, a significant proportion of parking payment transactions are now made by card or phone app and the impact of that is higher costs for card transaction and processing fees. The overspend for this is expected to be in the region of £300,000 in 2023/24. Cash collection costs have not reduced to offset some of this as there is still some cash (although significantly less than in previous years) that must be physically collected from machines located across the City.

5.46 There continues to be a requirement to have security staff in place at the University Square car park. This is resulting in a forecast overspend of £120,000. It is intended that this security provision will be included in the new parking contract.

5.47 The parking enforcement contract is currently overspending by approximately £600,000 due to the volume of variable works undertaken by the contractor and changes made as part of the short-term extension whilst a new contract is procured. The main changes relate to an increase in the number of Civil Enforcement Officers and the wage increases they have received to retain staff. Alternative options will be considered as part of the procurement, including the potential for shared services opportunities.

5.48 Concessionary fares payments are linked directly to actual usage on local buses. Due to the reduction in journeys post-pandemic our financial contribution has continued to reduce. Based on the most up to date information the estimated position by the end of the year is currently forecast to underspend by £550,000.

5.49 The reported overspend at July 2023 (period 4) on the Highways (including maintenance) line has reduced due to the utilisation of the inflation contingency which was earmarked for this purpose. Ongoing spend pressures in this area include the repair costs associated with damaged street lighting columns and a shortfall in the amount of staff time which is charged to delivering the capital programme which is being offset by staffing vacancies and an increase in income from PVX (private vehicle crossings) applications.

5.50 The operation of the Travel Centre in Chichester Road continues to bring with it additional cost pressures due to increased security, cleaning and utility costs totalling approximately £80,000. Contract changes have been put into effect to reduce costs, but this will only show a part-year saving.

Housing and Planning

5.51 The Building Control service exceeded their income budget last year due to some significant works coming into the team in early 2022/23. However, since September 2022 income has been down year on year. As this is a commercial service there is a risk that if the Authority cannot deliver the service on commercial terms the works will go to competitors in the market and we may struggle to obtain repeat business. The improvement now reported from July 2023 (period 4) in the forecast outturn position for the overall Planning Service is directly due to the drawdown from the reserve for Planning which is earmarked to respond to this volatility in the market.

5.52 The Service Director continues to intentionally hold vacancies within Housing Benefit teams (Benefits Administration and Essential Living Fund) to try to help with the overall financial pressures across the Council whilst maintaining an acceptable level of service. This forecast may need to be reduced in future reporting periods if there is a significant increase in the number of Southend residents seeking support as additional staff will be needed to maintain the statutory minimum levels of service.

Regulatory Services

5.53 Asset Management have a reduced staffing complement due to acting up arrangements across the team operating without backfill. There is a knock-on impact of reduced levels of staff time being capitalised against the budget, but the net impact is still a substantial underspend.

5.54 The refurbishment of the crematorium is underway and due for completion in March 2024 bringing with it greater efficiency, ensuring that the crematorium can function into the future and improving the environmental impact of the service. During the works and to minimise disruption services have been restricted to Tuesday - Thursday so that 4 days a week are available to deliver the scheme. Reducing the operating hours of the crematorium is resulting in a significant reduction in income over this 12-month period with current estimates forecasting a shortfall of £640k. This income reduction is expected to be temporary and when the crematorium is fully operational again it is expected that income levels will return. In addition, the new equipment will be significantly more energy efficient bringing further cost avoidance by reducing future energy bills.

5.55 The Service Director is intentionally holding vacancies across his Financial Services teams to try and help with the overall financial pressures experienced across the Council. This is proving to be more and more difficult as the demand on the service continues to increase.

5.56 The Council is responsible for service charges for vacant lots at the Airport Business Park, based on current occupancy levels this will be a cost of £100,000 for the year, occupied lots are generating income above budgeted levels offsetting this cost by an expected £66,000.

5.57 The forecast performance of investment properties has improved due to a rise in rents. Staffing pressures within the Property and Commercial remain but the pressure on operational properties has reduced because of the application of contingency to offset the increase in energy prices. The combined effect of these elements is to reduce the forecast overspend by £317,000.

5.58 Whilst Delaware House is sold the site needs to be kept secure, this is forecast to cost around £80,000 for six months and is a one-off budget pressure.

5.59 Vacancies with the Regulatory Services team are intentionally being held for longer than anticipated at July 2023 (period 4) and as a result the expected underspend from these roles has increased to circa £200,000.

Budget Virements

5.60 All budget transfers (virements) over £250,000 between portfolios or between pay and non-pay budgets are considered and approved by Cabinet. These budget transfers have a net nil impact on the Council's overall budget. The budget transfers for Cabinet approval this period are as follows.

£	
2,250,000	Dedicated Schools Grant (DSG) High Need Reserve draw down one off 2023/24 High Need Inclusion Services Grant for all Southend Mainstream Schools (As consulted and supported through the June 2023 Education Board)
£460,000	DSG High Need Reserve draw down – one off 2023/24 SEND local offer (As consulted and supported through the June 2023 Education Board)
2,710,000	**TOTAL**

Victoria Centre

5.61 In December 2020 the Council invested £10.6m in purchasing the Victoria shopping centre as a strategic acquisition on the High Street and for the future regeneration benefits it offered to improve the main point of entry to the City Centre. An assessment of the Centre's current performance, operational arrangements and future is being undertaken. For 2023/24 the revised budget for capital expenditure is £876,000 for landlord works regarding health and safety and investment to facilitate commercial lettings. The actual capital expenditure to September 2023 (period 6) was £373,000.

5.62 For many years, across the UK, major shopping centres including retail outlets are experiencing a very challenging trading environment. A net income target of £250,000 was included as part of the overall Council's revenue budget for 2023/24. Our managing agents (Savills) have taken into consideration void and vacant units within the Centre and have estimated that the net revenue income generated for 2023/24 will be circa £280,000.

6 Revenue – Housing Revenue Account

6.1 In February 2023, the Council approved a balanced 2023/24 Housing Revenue Account budget. This section of the report details the projected outturn position for this year based on actual activity and financial performance as at the end of September 2023 (period 6).

6.2 The forecast for the Housing Revenue Account (HRA) at September 2023 (period 6) indicates that the service is forecast to overspend by £645,000 over the approved budget.

6.3 There are several variables within the forecasting of this position, mainly resourcing challenges on voids work which have led to the use of a secondary contractor (£180,000). The number of void units at Queensway has been increasing which is also resulting in a higher rent loss than expected (£465,000), although it should be noted that a programme of works is in place to bring these up to a lettable standard and to once again utilise these units to meet housing need. The sustained requirement for rental income to be collected against a background of the continued challenging economic environment for local tenants is a key objective. Appropriate support and advice for any tenant that is struggling with keeping up with their rental payments is being provided.

6.4 The assumptions within the budget forecast will continue to be reviewed and refined throughout the year and the key risks will continue to be monitored.

7 Capital

7.1 Successful and timely delivery of the capital investment programme is a key part of achieving the Council's Corporate Plan and delivering priority outcomes. The investment contributes to the four main priorities in the following way:

7.2 A growing city with a strong and prosperous community – the key investment areas are: the Airport Business Park to deliver benefits for both local businesses and local communities, creating thousands of job opportunities and attracting inward investment; refurbishment works at the Victoria Centre to make a significant contribution to the attraction and amenity of the centre and improve and enhance that end of the City Centre; the Levelling Up Fund projects at Leigh Port, Cliffs Pavilion and City Beach; the refurbishment and enhancement of Southend's historic pleasure pier; the Council's ICT infrastructure to provide core services and to progress the Smart Council project.

7.3 A safe city with a good quality of life for all – the key investment areas are the schools' high needs and special provision programmes to enhance the facilities and number of places available for children with special educational needs and disabilities or requiring alternative provision. Key housing related investment areas include the construction and acquisition of new council homes and the refurbishment of existing ones via the decent homes programme.

7.4 A clean city with a resilient environment – the key investment areas are energy saving and efficiency projects; cliff stabilisation, coastal defence, flood prevention and resilience schemes; the investment in the City's highways and transport network, including Better Networks and Better Sustainable Transport projects funded via the Local Transport Plan.

7.5 A transforming council delivering efficient, cost-effective services – there is a project within the ICT capital investment programme to replace the My Southend system. Later phases of the project relating to system development are expected deliver efficiencies and improvements in productivity.

7.6 In February 2023 the Council agreed a capital investment programme budget for 2023/24 of £95.4M. The outturn for 2022/23 showed a final spend of £51.8M against a revised budget of £61.8M, an underspend of £10.0M. The proposed budget carry forwards, accelerated delivery requests and other budget re-profiles and amendments at July Cabinet resulted in a revised budget for 2023/24 of £101.7M. Budget re-profiles and other changes as a result of the review of the capital investment programme were approved at September Cabinet and reduced the revised budget for 2023/24 to £97.0M. Of this amount £66.7M is deliverable directly by the Council and £30.3M is to be delivered by South Essex Homes Limited, Porters Place Southend-on-Sea LLP and Kent County Council.

7.7 This amount should be considered in the context that there is a further list of schemes that are not in the approved programme but are subject to viable business cases. This includes schemes where the costs have been estimated, totalling £86M and schemes that are yet to be costed. There may also be urgent health and safety works that might occur that are as yet unforeseen.

7.8 The Council is being impacted by the sustained and ongoing inflationary pressures which is affecting the affordability of capital schemes and therefore in some cases the Council's ability to deliver all the expected outcomes. Given this, and the Council's finite capacity to deliver capital schemes, the Capital Programme Delivery Board have considered how to review all capital projects and programmes and the status of their business cases:
As a result all capital projects with a budget over £100k will be reviewed and assigned a RAG rating as follows:

RAG rating	Examples of the criteria to be used	Proposed outcome
Red	Project not yet started, no/very low costs incurred, low impact of stopping or pausing the project	Stop, delete the project or move it to the subject to viable business case section
Amber	A project or programme for which the scope can be adjusted, some work started and costs incurred (e.g. consultation started, planning permission sought), can be stopped or paused but implications need to be considered	Further review required
Green	Key political priority, urgent health and safety works, project underway and progressing well (i.e. materials delivered, contractors on site), time limited grant conditions	Continue

7.9 A generic approach to the programme as a whole would not be appropriate, as each project is different in its nature, extent and impact. The way that projects are funded also needs to be considered as grant and third-party funding would have to be returned if not spent or if delayed beyond the agreed expenditure timeframe. It is also recognised that these options need to be considered alongside any forthcoming capital challenge sessions.

7.10 The capital investment programme should continue to be subject to continuous review and re-prioritisation to ensure resources are aligned to the Council's Corporate Plan, administration priorities and the need to deliver a balanced financial position. This will inevitably lead to some difficult decisions having to be made regarding the programme with the delivery of some schemes being scaled back, delivered over a longer timescale, paused or removed.

7.11 Progress of schemes will be reassessed, and some schemes may be removed from the main programme entirely and others held as 'subject to viable delivery plans' until it can be demonstrated that there is the capacity and resources to deliver them in the timescales indicated. Schemes can then be brought back into the main programme as and when it is appropriate to do so.

7.12 As this review progresses via challenge meetings, the Capital Programme Delivery Board and the Investment Board, re-profiles and other adjustments to the programme for 2023/24 and future years will be put forward for approval.

7.13 The results of the early stages of this review were included in the July 2023 (period 4) performance report to Cabinet in September. The review is on-going and comprehensive cross party capital challenge sessions chaired by the Leader took place in early October. This included the direction from Cabinet that if capital projects had not yet commenced this year, they would not do so (see the Red RAG rating in the table in paragraph 7.8). The resulting requested changes to the capital investment programme from those sessions have been included in this report.

7.14 Approximately 39% of the revised capital investment programme is financed by Government grants and external developer and other contributions and at the end of September nearly 85% of that had been received. The rest of the programme is funded by capital receipts, the use of reserves or by borrowing. Funding schemes by borrowing has a revenue consequence of approximately £70k p.a. for every £1M borrowed.

7.15 This report details the projected outturn position for 2023/24 based on information as at the end of September 2023 (period 6). The report includes details of progress in delivering the 2023/24 capital investment programme and in receiving external funding relating to that year.

7.16 This report includes any virements between schemes, re-profiles across years, any new external funding, deletions from the programme and transfers from the main programme to the 'subject to viable business case' section.

7.17 The progress of schemes for 2023/24 is detailed in sections 1 to 3 of Appendix 3 with Section 4 setting out the resulting requests to:

For schemes to be delivered by the Council:

- Carry forward £16,387,000 of 2023/24 scheme budgets, £13,637,000 into 2024/25, £2,625,000 into 2025/26 and £125,000 into 2026/27.
- Accelerated delivery of £38,000 of 2024/25 scheme budgets into 2023/24.
- Add scheme budgets of £150,000 into 2023/24 and £80,000 into 2024/25 for new schemes and additions.
- Add scheme budgets totalling £50,000 into 2023/24 and £3,612,000 into 2027/28 and future years where new external funding has been received.
- Delete scheme budgets totalling £2,656,000 from 2023/24, £103,000 from 2024/25, £43,000 from 2025/26 and £4,000 from 2026/27.
- Action virements of budget between approved schemes.
- Transfer £2,341,000 of 2023/24 scheme budgets and £11,150,000 of 2024/25 scheme budgets from the main capital investment programme to the 'subject to viable business case' section.

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

- Carry forward £500,000 of 2023/24 scheme budgets into 2024/25.
- Delete scheme budgets totalling £1,550,000 from 2023/24, £3,250,000 from 2024/25, £3,250,000 from 2025/26 and £3,175,000 from 2026/27.

- Transfer £14,500,000 of 2023/24 scheme budgets from the main capital investment programme to the 'subject to viable business case' section.

7.18 As at the end of September the capital outturn for 2023/24 is currently estimated at £45,532,000 for schemes to be delivered by the Council and £13,783,000 for schemes to be delivered by subsidiary companies, joint ventures and partners. The amount to be delivered by the Council is expected to further reduce following the on-going review of the capital investment programme as highlighted in 7.8 to 7.12. An updated assessment will be included in the November 2023 (period 8) performance report and presented to Cabinet in January 2024.

7.19 The 2023/24 capital budget is part of the wider capital investment programme spanning several years. The table below shows the revised programme if all the above requests are approved:

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

	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000	Total £000
At September Cabinet	66,648	61,950	8,587	6,560	560	144,305
Amendments	(21,146)	2,426	2,582	121	3,612	(12,405)
Revised programme	45,502	64,376	11,169	6,681	4,172	131,900

Programme to be delivered by Subsidiary Companies and Joint Ventures:

	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000	Total £000
At September Cabinet	30,333	9,524	9,579	9,666	0	59,102
Amendments	(16,550)	(2,750)	(3,250)	(3,175)	0	(25,725)
Revised programme	13,783	6,774	6,329	6,491	0	33,377

7.20 At September Cabinet, £28.8M of the 2023/24 budget was financed by borrowing. At November Cabinet, £18.3M of the proposed programme for 2023/24 is financed by borrowing, a reduction of £10.5M. This will result in the increase in financing costs for 2024/25 being reduced by £0.7M.

8 Corporate Performance

8.1 The Corporate Performance Period 6 2023 report (Appendix 4) covers Key Performance Indicators (KPIs) that link to the Resourcing Better Outcomes financial report and highlights the Council's overall performance against agreed corporate objectives.

8.2 The report shows our performance predominantly up to the period of September 2023, with some exceptions where data is unavailable at this time. Data has been rated against targets using Red, Amber Green (RAG) ratings where applicable and compares our current position to the previous month and previous year where data is available.

8.3 The report reflects the council's recently refreshed Corporate Plan (2023-2027) and how the council is performing against the agreed priorities detailed within the plan. This is presented by the four refreshed priorities:

1. A growing city with a strong and prosperous community
2. A safe city with a good quality of life for all
3. A clean city with a resilient environment
4. A transforming council delivering efficient, cost-effective services

8.4 Each of the four priorities are further broken down into corporate objectives, with the most appropriate KPI linked to illustrate how well the objective is performing. The refreshed corporate objectives are:

A growing city with a strong and prosperous community
Objectives:
- Economic regeneration and business development
- Spending power used wisely
- Enhanced tourism, culture and leisure

A safe city with a good quality of life for all
Objectives:
- Safe, inclusive communities and neighbourhoods
- People live well, age well and care well
- Children and young people, including those in care, feel and are safe at home, school and in their communities
- Quality, affordable safe homes

A clean city with a resilient environment
Objectives:
- Enhanced and protected street scene and environment
- Improved transport system
- Prevent waste, promoting re-use and increase recycling

A transforming council delivering efficient, cost-effective services
Objectives:
- Value for Money
- Transformation

8.5 The Council's strategic KPIs demonstrate measures that provide an indication of the Council's performance towards our corporate objectives. They are often short to medium term in the time taken to see a difference in performance and the Council has greater influence in affecting them. The strategic KPIs are fulfilled by Council services through strategies, action plans, programmes, projects and initiatives detailed in Service Plans.

8.6 Services continue to work on developing relevant KPIs that are relevant to the outcome measures and objectives of the Council's corporate priorities. The following are currently being explored with the intention of reporting at the next period: economic regeneration and business development, community safety, rate of children on a child in need plan, percentage of outstanding schools and early education settings, Percentage of children on free school meals, Percentage of persistent absences for all pupils, number of people who have quit smoking through the smoking cessation services, the Council's transformation programme, culture and tourism such as: annual visitor numbers, annual number of overnight trips, Total value of tourism and Overall number of total footfall for all identified council-run cultural assets.

8.7 The KPIs currently showing as red on their RAG status, indicate that they are at risk of missing target. These indicators are noted below by way of exception:

A city with a good quality of life for all

8.8 **Take up of the NHS Health Check programme**

The Office for Health Improvement & Disparities report that the percentage of Health Checks offered and received for 2023/24 quarter 1 has increased, which tracks with Southend's increase from 994 (September 2022) to 1,577 (September 2023). This is an increase of the national trend from 2022/23 where the number of people taking up a Health Check invite was decreasing and getting worse, which may explain the low numbers experienced by Southend in 2022.
Engagement and improvements in partnership working (i.e. with Mid and South Essex Integrated Care System) continues to further improve the take up of the NHS Health Check. The service is investigating why 7 out of 17 GP practices are yet to offer the Health Check service to support wider engagement and take up of this service.

8.9 **Number of people completing the Falls Prevention Programme**

The Office for Health Improvement and Disparities (OHID) reported that the rate for emergency hospital admissions due to falls in people aged 65 and over (per 100,00) was 2,250 for Southend and 1,727 for all English authorities in 2021/22 (the latest available data). Falls prevention programmes are important to support the reduction of admissions to hospital.
The rate of dropouts on the Council's falls prevention programme is understood to be reducing, with ongoing discussions occurring between the council and our provider to support the improvement of completions; improvements will not be understood until December 2023 – March 2024.

8.10 **Percentage of placements in residential and Independent Fostering Agency (IFA) settings**

Ofsted reporting evidences that in mainstream fostering, there has been an increasing use of IFAs nationally, with LAs accounting for a steadily decreasing proportion of all approved households, from 61% in 2018 to 58% in 2022. In this period, IFAs have seen an increase in capacity of 3%, whilst the LA sector has seen an 8% decrease. There has also been a downward trend in the number of applications for both LAs and IFAs, and a higher number of deregistration’s compared with approvals.

Increases in the use of residential and IFA settings coincides with increasing numbers of children in care in Southend, as well an increase in complex needs of these children. A focus on returning children and young people to their birth families where possible looks to reduce the number of children in care. Alongside this, a revised fostering offer looks to increase the number of applications for LA foster carers.

8.11 **Total number of households in temporary accommodation**

There is a national housing issue contributing to the Council’s rise in temporary accommodation. The Department for Levelling Up, Housing and Communities released data in October 2023 demonstrating that households in temporary accommodation rose by 10% nationally from the same period last year. Locally this pressure is being further impacted by high volumes of out of area placements by other local authorities into Southend, the pressures arising from central government, refugee resettlement and asylum policy, frozen Local Housing Allowance rates and a declining private sector rented offer. A hostel improvement plan task and finish group are currently working on the council's wider stock optimisation, which will eventually affect this KPI and target.

A clean city with a resilient environment

8.12 **Tree net gain in the city**

The Parks service have several trees left over from last year, which are to be planted this year. Although this KPI is currently not meeting target, Parks are confident they will achieve 100 net gain this year due to the mitigating issue of the leftover trees.

8.13 **Percentage of waste recycled**

The latest national statistics for recycling provided by the Department for Environmental Food & Rural Affairs (2021 data, reported in 2023) notes that there was a small increase of households recycling in England from 2020 (44.0%) to 2021 (44.1%). This is compared to pre-COVID rates of 45.5% in 2019, demonstrating the ongoing impact of COVID-19 and the difficulty in returning to previous recycling rates.
The council will continue to use a variety of tools including resident engagement to maintain and increase recycling rates over time.

A transforming council delivering efficient, cost-effective services

8.14 **Ensure a balanced budget for 2023/24**

The council is dealing with an unprecedented financial crisis that has impacted across all of Local Government. For 2023/24 the council is focusing on a range of initiatives to help break even with our finances. The direction of travel towards no variance is positive as the level of overspend has reduced by £3.3m between July 2023 (period 4) and September 2023 (period 6).

8.15 For ease of reading, a Glossary of Terms is provided in the Corporate Performance report – Period 6 2023-24 (appendix 4 pages 20-24).

8.16 The following table sets out corporate risks affiliated to KPIs. The KPIs with associated risks can be read throughout the SCC Corporate Plan Performance Report (appendix 4).

8.17 Aligning our corporate risks and performance enables a holistic approach to understanding and presenting the impact the council's highest risks may have on performance, and to allow for risk mitigation and planning to be informed by performance data. Performance can act as an early warning sign for risks, enabling performance to be viewed systemically and early mitigation to take place. The remaining corporate risks are overarching and therefore not linked to KPIs (4 – Public services landscape, 5 – Workforce, 6 – a) Cyber security b) Data protection, 7- Capital investment programme delivery, 12 – Other safeguarding responsibilities, 14 – Staffing vacancies impacting on the delivery of statutory responsibilities, 19 – Local Plan, 20 - Regeneration and major projects); the full risk register reference key can be found on SCC Corporate Plan Performance Report page 19 (Appendix 4):

Corporate Risks Associated With KPIs	
2 – Financial sustainability	13 – Health inequalities
3 – Inflation and cost of living pressures	15 – Adult social care
8 – Transformation programme	16 – Social cohesion
9– Mitigating for and adapting to climate change	17 – Housing
10 – Waste Management	18 – House building programme
11 – Safeguarding responsibilities and child welfare	21 – Visitor destination and major events
13 – Health inequalities	22 - Economic recovery and income inequalities

8.18 The following breakdown provides an overview of the corporate risks aligned to KPIs that are not meeting target (please note 'Percentage of waste recycled' is aligned to risks 9 and 10). This illustrates what potential impacts may arise as a result of performance not meeting target:

Corporate Risks with KPIs not meeting target		
Corporate Risk	**Proportion of KPIs that are Red or Amber**	***Potential impact***
2 – Financial sustainability TBC	1/7 KPIs rated red (14%)	This may impact the medium to long term financial sustainability of the Council.
9– Mitigating for and adapting to climate change	2/7 KPIs rated red (29%) 1/8 rated amber (13%)	This may impact the council's ability to make an adequate contribution to the reduction in carbon emissions required.

10 – Waste Management	1/7 KPIs rated red (14%)	This may impact the Council's ability to effectively manage waste arrangements results in a loss of service quality and additional financial liability for the Council.
11 – Safeguarding responsibilities and child welfare	1/7 KPIs rated red (14%) 2/8 rated amber (25%)	This could cause a failure to deliver the outcomes anticipated for vulnerable people that need support.
13 – Health inequalities	2/7 KPIs rated red (29%) 2/8 rated amber (25%)	This may impact on widening health inequalities in the city.
15 – Adult social care	2/8 rated amber (25%)	This could cause difficulty in meeting increasing demand for support, resulting in worsening outcomes for those in need of support.
17 – Housing	1/7 KPIs rated red (14%) 3/8 rated amber (38%)	This may impact on the council's ability to address rising homelessness, particularly with the ongoing cost of living pressures.
18 – House building programme	1/8 rated amber (13%)	This may impact pressure on the local housing market and the ability to deliver the anticipated housing supply.

9 Reasons for Decisions

9.1 The regular reporting of Revenue and Capital Budget Monitoring information provides detailed financial information to members, senior officers and other interested parties on the financial performance of the Council. It sets out the key variances being reported by budget holders and the associated management action being implemented to try to address any identified issues.

9.2 It also informs decision making to ensure that the Council's priorities are delivered within the approved budget provision.

9.3 It is important that any adverse variances are addressed in order for the Council to remain within the approved budget provision or where this cannot be achieved by individual service management action, alternative proposals are developed, and solutions proposed which will address the financial impact. Members will have a key role in approving any actions if the alternative proposals represent significant changes to the service delivery arrangements originally approved by them.

9.4 The challenge of delivering a balanced financial outturn for 2023/24 remains significant. Even at this halfway point of the year – continued urgent action is required to try to reduce all non-essential expenditure even further and/or generate extra income. This priority must be achieved whilst ensuring that our most vulnerable residents are looked after appropriately, and our statutory responsibilities are effectively discharged. Improving efficiency and productivity is essential but the scale of the unprecedented financial pressures will inevitably lead to a reduction in the range, quality, cost and responsiveness of other discretionary Council services, as well as challenging our approach to statutory services.

10 Other Options

10.1 The Council could choose to monitor its budgetary performance against an alternative timeframe, but it is considered that the current reporting schedule provides the appropriate balance to allow strategic oversight of the budget by members and to also formally manage the Council's exposure to financial risk. More frequent monitoring is undertaken by officers and considered by individual service Directors and the Council's Corporate Leadership Team (CLT) including the implementation of any necessary remedial actions.

11 Financial Implications

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

12 Legal Implications

12.1 The report provides financial performance information. It is good governance and sensible management practice for the Council to consider monitoring information in relation to plans and budgets that it has adopted.

12.2 Section 3 of the Local Government Act 1999 requires the Council as a best value authority to "make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness". Monitoring of financial and other performance information is an important way in which that obligation can be fulfilled.

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

13 Carbon Impact

13.1 None arising from this report.

14 Equalities

14.1 Some of the actions may have equality and diversity implications and these will be considered as part of our normal equalities impact assessments.

15 Consultation

15.1 Engagement has already been made with staff and cabinet members and now with all councillors and this will continue as options to mitigate for 2023/24 are progressed as well as options for delivering a robust balanced budget for 2024/25.

16 Background Papers

Approved 2023/24 Budget – Report to Council 23 February 2023

Medium Term Financial Strategy 2023/24 – 2027/28

17 Appendices

Appendix 1 Summary of Local Government Headlines (October 2023)

Appendix 2 Period 6 – September 2023 Revenue Budget Performance 2023/24

Appendix 3 Period 6 – September 2023 Capital Investment Programme Performance 2023/24

Appendix 4 Corporate Performance report – Period 6 2023-24

Report Authorisation

This report has been approved for publication by:

This report has been approved for publication by:		
	Name:	Date:
S151 Officer	Joe Chesterton	09/11/2023
Monitoring Officer		
Executive Director(s)	Joe Chesterton	09/11/2023
Relevant Cabinet Member(s)	Councillors Cox and Moyies	10/11/2023