

Title: Final Budget Proposals – 2024/25 to 2028/29

Meeting: Cabinet

Date: 13 February 2024

Classification: Part 1

Policy Context: All Corporate Priorities

Key Decision: Yes

Executive Director: Joe Chesterton, Finance and Resources

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Executive Councillors: Councillor Cox, Leader and Cabinet Member for Special
Educational Needs & Disability
Councillor Moyies, Public Health, Adult Social Care &
Constitutional Affairs

1. Executive Summary

- 1.1. To illustrate over the medium term how the Council's limited revenue and capital resources are prioritised to respond to increasing demand and unavoidable cost pressures for the delivery of key local statutory services, ensuring targeted support for the most vulnerable, whilst striving to deliver better value for money outcomes for all residents aligned to our new corporate plan priorities.
- 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. This report builds on the draft budget report presented to Cabinet on 4 January with updated information, refinement of proposals where appropriate and recognition of the many further contributions and feedback provided by Members throughout the consultation and scrutiny process.
- 1.3. To agree a final fully funded integrated set of revenue budget initiatives and capital investment priorities for onward submission to Council for consideration and approval.

2. Recommendations

The proposed overall budget package contained in the integrated revenue and capital budget report to January Cabinet was launched for consultation with all relevant stakeholders on 4 January 2024. This report has considered and included, where Cabinet thought appropriate, the range of ideas generated from Members that was presented at the 12 December Cabinet meeting. Correspondence has also been sent to Central Government as agreed to explore some of the suggestions that were outside the control of the Council. These combined efforts have helped to begin to address the financial challenges the Council is facing for 2024/25 and the medium term.

Since then, this final budget has been subject to further refinement, challenge and development, information has been updated and many further contributions from Members across all political parties have been received. This report summaries 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 to be considered by Council on 22 February 2024.

The following series of recommendations will ensure that a compliant, balanced, and sustainable budget is agreed that responds sensibly and pragmatically to the major financial challenges that have been experienced locally and replicated right across the local government sector.

The proposed final budget continues to invest in key priorities to deliver better targeted outcomes for residents of Southend-on-Sea but recognises that the Council must also find ways to redesign its service range and offer over the short to medium term. In line with the approach under consideration for most local authorities a comprehensive review of the scope, service level and delivery arrangements remain essential to reduce costs and improve productivity. This will help to ensure that the Council can continue to be financially viable and sustainable for the future.

This overall budget package is recommended for approval.

That Cabinet recommend to Council that it:

- 2.1. **Approve the Medium Term Financial Strategy for 2024/25 – 2028/29 (Appendix 1) and the resulting Medium Term Financial Forecast and estimated Earmarked Reserves Balances up to 2028/29 (Annexes 1 and 2 to Appendix 1). Delegate final minor changes/updates of this strategy as required to the Executive Director (Finance and Resources).**
- 2.2. **Consider and acknowledge the 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 £8.778M (Appendix 3).**

- 2.4. **Approve the appropriation of the sums from earmarked reserves totalling £1.863M (Appendix 3).**
- 2.5. **Approve a General Fund Budget Requirement for 2024/25 of £150.075M and Council Tax Requirement of £103.495M (Appendix 4) (Paragraph 13.10, Table 5).**
- 2.6. **Note that the 2024/25 revenue budget has been prepared based on using £1M from accumulated Collection Fund surpluses to support the core budget and to allow for a smoothing of the budget gap (Paragraph 13.13).**
- 2.7. **Approve a Council Tax increase of 4.99% for the Southend-on-Sea element of the Council Tax for 2024/25, being 2.99% for general use and 2.00% for Adult Social Care (Paragraph 13.14).**
- 2.8. **Note the position of the Council's preceptors:**
 - **Essex Police – Council Tax increase of 5.55%**
 - **Essex Fire & Rescue Services – Council Tax increase of 2.91%**
 - **Leigh-on-Sea Town Council – Council Tax increase of 2.31%**
- 2.9. **Approve that no Special Expenses be charged other than Leigh-on-Sea Town Council precept for 2024/25.**
- 2.10. **Consider and approve the proposed General Fund revenue budget growth due to unavoidable cost pressures of £18.810M (Paragraph 10.2, Table 3 and Appendix 5).**
- 2.11. **Consider and approve the proposed General Fund revenue budget savings and income generation initiatives for 2024/25 of £14.595M (Paragraph 10.3, Table 4 and Appendix 6a).**
- 2.12. **Consider and approve the proposed General Fund revenue overspend reduction initiatives for 2024/25 of £2.795M (Paragraph 10.4 and Appendix 7).**
- 2.13. **Consider and approve the proposed General Fund revenue cost avoidance initiatives for 2024/25 of £1.840M (Paragraph 10.4 and Appendix 8).**
- 2.14. **Consider and approve the use of £100,000 for the Dementia Carer Support (Paragraph 19.3 and Appendix 5: 04-AHCA), with the remaining balance of £1.617M of the additional one-off Social Care funding for 2024/25 received in the Final Local Government Finance Settlement to be appropriated into the Social Care Grant Reserve (Paragraph 19.2 and Appendix 3, Item 8).**
- 2.15. **Approve the Dedicated Schools Grant budget and its relevant distribution as recommended by the Education Board (Appendix 9a and 9b).**

- 2.16. **Consider and approve the Capital Investment Strategy for 2024/25 to 2028/29 (Appendix 10) and the Capital Investment Policy (Annex 1 to Appendix 10).**
- 2.17. **Consider and approve the proposed:**
- (i) **new schemes and additions to the Capital Investment Programme for the period 2024/25 to 2028/29 totalling £6.6M for the General Fund (Appendix 11)**
 - (ii) **schemes subject to viable business cases that have been identified as a priority, totalling £42.1M for the General Fund and £5.5M for the Housing Revenue Account (Appendix 11).**
- 2.18. **Consider and approve the proposed changes to the current Capital Investment Programme (Appendix 12).**
- 2.19. **Approve the proposed Capital Investment Programme for 2024/25 to 2028/29 of £96.3M to be delivered by the Council and £20.1M to be delivered by Subsidiary Companies and Partners (Appendix 13) of which £44.8M is supported by external funding.**
- 2.20. **Approve the revised Minimum Revenue Provision (MRP) Policy for 2023/24 and Minimum Revenue Provision (MRP) Policy for 2024/25 (Paragraphs 18.12 to 18.17 and Appendices 14a and 14b) and the prudential indicators (Appendix 15).**
- 2.21. **Approve the operational boundary and authorised limits for borrowing for 2024/25 which are set at £385M and £395M respectively (Appendix 15).**
- 2.22. **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 4 January 2024.**
- 2.23. **Note the summary status of Equality Analysis supporting the budget proposals for 2024/25 to 2026/27 (Appendix 16).**

3. A Sector Under Increasing Pressure

- 3.1. The cost-of-living crisis which was widely reported throughout 2023 was the latest in a decade-long series of events, including austerity, a global pandemic and war in Ukraine that have all contributed to erode the financial sustainability of local public services. The current national operating environment, particularly for upper tier local authorities continues to be financially challenging with numerous Councils announcing or giving warnings of financial distress. National coverage of these concerns and worrying headline announcements from individual local authorities have been summarised and reported to Cabinet in each of Southend-on-Sea's financial performance reports for the periods to the end of July 2023 and September 2023. The latest position as at November 2023 was considered by Cabinet at its meeting on 11 January 2024.
- 3.2. 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. The operating environment, unavoidable cost pressures and complexity of local service demand for local government has never been more challenging.
- 3.3. Within this context, local authorities continue to be faced with some very tough choices and have needed to embrace and implement significant further changes to their local service offer including digitalisation and automation to capitalise on the efficiencies and savings that can be generated. There remains huge pressure on local authorities to try to continue to meet the essential needs of local residents whilst balancing major affordability and future sustainability concerns.
- 3.4. 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 operating cost base whilst at the same time managing increasing and ever-changing complexity of local demand for Council services.

4. Local Government Provisional Finance Settlement 2024/25

- 4.1. The Chancellor of the Exchequer shared some headlines of the Government's 'borrowing, tax and departmental spending' plans that would feature within the Provisional Local Government Finance Settlement during a key Statement to the House of Commons on 22 November 2023. The Provisional Local Government Finance Settlement itself was **published on 18 December 2023**, and it confirmed that the settlement would be for one year only and that it is based on the Spending Review 2021 (SR21) funding levels. All the detail contained within the provisional settlement is essentially just confirmation of previously announced national Government Departmental spending totals and grants that have already been factored into the Council's financial planning for 2024/25.
- 4.2. Following a detailed analysis of the content contained within the provisional settlement it has, if anything, increased the tension and genuine financial concerns for many local authorities right across the sector.

The main national headlines were:

Council Tax – As previously announced, the council tax referendum limit will be 2.99% for local authorities, with social care authorities allowed an additional 2% social care precept. The provisional settlement confirmed that districts will be allowed to apply the higher of the referendum limit or £5.

Settlement Funding Assessment – The September CPI figure of 6.7% has been applied to increase the local government funding amount within the business rates retention scheme and Revenue Support Grant.

Local Government Funding Reform – No announcements were made regarding funding reform.

Specific Grants Summary

- **Increased Funding: Social Care Grant** – The grant has increased in line with December 2023 Policy Statement by **£692m to £4,544m**.
- **No Change: Improved Better Care Fund** – The funding remains at **£2,140m**.
- **Increased: ASC Market Sustainability and Improvement Fund** – Confirmation of a previously announced funding **increase of £283m (from £562m to £845m)**. However, this has been partially offset by a reduction between years of a grant rolled in. **The MSIF Workforce Fund** was worth **£365m in 2023/24**, but only **£205m for 2024/25 (£160m reduction)**. This gives a **net increase overall of £123m**.
- **Increased: ASC Discharge Fund** – The grant has increased in line with previous announcements by **£200m to £500m**.

- **No change: New Homes Bonus** - The 2024/25 allocations have been announced at **£291m** (£291m in 2023/24 also – coincidence only).
- **Increased: Funding Guarantee** – The cost of the 3% funding guarantee has **increased by £64m from £133m to £197m for 2024/25.**
- **Reduced: Services Grant** – This grant has reduced from **£483m to £77m, a reduction of £406m.** The funding has been reduced after “*factoring in the costs of using some of the remaining Services Grant to fund increases to other settlement grants and equalisation of the adult social care precept*”. A small proportion has also been held back as a contingency.
- **No Change: Rural Services Delivery Grant** – There has been no change to the national grant (£95m) or local allocations for 2024/25.

5. Additional funding - Final Local Government Finance Settlement 2024/25

5.1. The Local Government sector was invited to respond to the detail contained in the provisional finance settlement, this feedback combined with significant lobbying from numerous stakeholders contributed to the Secretary of State for Levelling Up, Housing and Communities **publishing on 24 January 2024, a [written statement, announcing an increase in funding that will be reflected in the final 2024/25 local government finance settlement.](#)** This additional funding package included the following headlines.

- **£500M for social care authorities**, aimed at children’s social care and distributed through the social care grant.
- A **£15M increase** to the rural services delivery grant.
- An increase in the minimum funding guarantee threshold **from 3% to 4%.**
- **£3M in support for local authorities experiencing significant difficulties** due to internal drainage board levies, to be delivered outside the of the settlement.
- A specific funding uplift for the Isles of Scilly and the Isle of Wight (amount not specified).

Overall, the Government estimates that this package will amount to about **£600 million in additional funding**, with additional services grant funding making up the balance. This national increase in additional funding has been confirmed **for 2024/25 only.**

- 5.2. The '**Core Spending Power**' of a local authority is a phrase that is now often used by Central Government. It is a measure that brings together the totality of **ALL** revenue funding and resources available to deliver local authority services. This includes all grants, share of business rates and council tax generated at a local level. The final finance settlement indicates that the average national increase in '**Core Spending Power**' would be 7.5% for local government **BUT** this assumed that **ALL** local authorities would increase their council tax levels by the maximum amount allowed without the need for a local referendum. For upper tier authorities like Southend-on-Sea this equates to an increase in council tax of **4.99%**.
- 5.3. The Department for Levelling Up, Housing and Communities (DLUHC) have calculated **Southend-on-Sea City Council's Core Spending Power for 2024/25 to be £187m**, an increase of **7.3%** compared to 2023/24, which is below the national average increase that has been published. This announcement of the levels of 'resource increase' contained within the local government final financial settlement for 2024/25 is considerably less than what is required just to keep up with the impact of the combined levels and impact of inflation experienced over the last 12 months.
- 5.4. The written statement by the Secretary of State for Levelling Up, Housing and Communities also announced that all local authorities will have to produce productivity plans, setting out how they will 'improve service performance and reduce wasteful expenditure to ensure every area is making best use of taxpayers' money'. The Government is aiming to require local authorities to produce these plans by the Parliamentary summer recess (late July) and will design a process for local authorities to follow. The Government will provide more information on these requirements for local authorities as part of the detailed final finance settlement. The Department for Levelling Up, Housing and Communities will be establishing an expert panel to advise the Government on financial sustainability in the sector which will include the Office for Local Government and the Local Government Association. The panel will review local authority productivity plans and advise the Government on best practice in this area.
- 5.5. Confirmation of the details of the final Local Government Finance Settlement was released on the day this report was finalised for publication on 5 February 2024 (Section 7.1).
- 5.6. The Council ended the last financial year 2022/23 with the highest level of reported service overspend, since it became a Unitary Authority on 1 April 1998. Inflationary pressures, additional costs and added complexity of local statutory service demand post the pandemic have persisted throughout 2023/24 and this continues to have a major impact on the financial resilience of Southend-on-Sea City Council. This situation has been replicated for many upper tier local authorities right across the country.

- 5.7. Regular financial performance reports have been presented to Cabinet throughout the year, illustrating the scale of the challenge and summarising what actions the Council have had to take to try and mitigate the threat to the Council's financial sustainability. An updated report, containing the latest position as at 30 November 2023 (Period 8) was considered by Cabinet at its meeting on 11 January 2024.
- 5.8. 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, evaluate the local economic situation, and strive 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.
- 5.9. Given the challenging circumstances experienced over the last couple of years, the late release of the provisional finance settlement for 2024/25 and the late confirmation of the additional 'one-off' funding announcement on 24 January 2024, our Medium Term Financial Strategy 2024/25 – 2028/29 is not yet fully finalised. A substantive draft is represented at **Appendix 1** and Cabinet are requested to delegate any final minor changes/updates of this strategy as required to the Executive Director (Finance and Resources). This strategy provides an integrated view of the whole of the Council's finances and priority investment plans over the medium term. This report outlines how scarce revenue and capital resources are prioritised and deployed to respond to increasing demand for key local services and to deliver better value for money outcomes for local residents aligned to our range of corporate plan priorities and commitments.
- 5.10. The Council's '**Getting to Know Your Business**' 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 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 budget report.
- 5.11. It really has been an unprecedented period in recent history which will require some tough national and local choices and difficult decisions to be continued to be made on priorities, particularly around non-statutory service levels over the medium-term. The combination of recent economic and fiscal considerations will directly impact all public services, local businesses, and residents, putting more pressure on local authority budgets and household incomes. From a national perspective a General Election will have to be called at some point in 2024 (the actual last date to call the General Election would be 17 December 2024).

6. Southend-on-Sea City Council's Corporate Plan 2023 to 2027

6.1. The council's Corporate Plan 2023 to 2027 provides a high-level, strategic view of the council's priorities and articulates what it wants to achieve for the city and the council from 2023 to 2027. Good strategic planning allows us to align financial and service planning effectively. The priorities identified in the corporate plan set the context for the allocation of resources within the council's budget and medium-term financial strategy.

The four-year plan has been shaped by:

- the administration's priorities
- our statutory responsibilities
- responses to inspections and audits, including feedback from the Local Government Association Peer Challenge in October 2022, the same corporate team returned to review our progress in December 2023
- national policy changes

6.2. Our corporate plan will help with the prioritisation of the organisation's activities and has been used to shape the development of the budget. It covers the full range of the council's responsibilities and priorities and is an important tool to help focus our effort and resources on the right things. This is even more important in the context of ever-increasing financial pressures and service demand in a challenging operating environment.

6.3. The corporate plan has three overarching city-focused priorities, with a fourth priority focused on our organisation. Our four corporate priorities are as follows:

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

6.4. Under each priority there are several related outcomes. These are outlined within the corporate plan with the details of what we are planning to do to achieve them. It summarises the outcomes we wish to achieve, the specific actions we will take to deliver them and how we will resource the necessary activity. Progress against our corporate plan will be evaluated regularly and reported to Cabinet throughout 2024/25.

6.5. 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 2024/25 is continuing to try and develop a longer-term view of the use of its resources and financial planning arrangements.

- 6.6. 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.
- 6.7. 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.
- 6.8. 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, provide support for our most vulnerable residents, 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.

7. Local funding impact

- 7.1. The key headline national announcements set out in paragraph 4.2 and confirmed in the final Local Government settlement published on 5 February 2024 provides the following final allocations for Southend-on-Sea City Council:
- Compensation for under-indexing the business rates multiplier will be £7.635M for 2024/25, an **increase of £1.398M** on 2023/24.
 - Social Care Grant for 2024/25 is £15.616M, confirming the **£2.419M increase**, that was announced as part of the 2023/24 settlement.
 - Additional ‘one-off’ **Social Care Grant of £1.717M** for 2024/25
 - Improved Better Care Fund (iBCF - including the former Winter Pressures Grant) **remains unchanged** from 2023/24 at £7.797M for 2024/25.
 - The Revenue Support Grant has increased to £7.590M for 2024/25 (an **increase of £0.471M** on the £7.118M received in 2023/24).
 - Market Sustainability and Fair Cost of Care Fund will be £3.605M for 2024/25, confirming the **£1.675M increase** that was announced as part of the 2023/24 settlement.
 - Public Health Ring-Fenced Grant has increased to £10.538M for 2024/25 (an **increase of £0.137M** on the £10.401M in 2023/24).
 - The Adult Social Care Discharge Fund will be £1.822M in 2024/25 confirming the **£0.729M increase**, that was announced as part of the 2023/24 settlement.

- The reduction of the Services Grant (by £1.203M) and other grants now fully rolled in (by £1.253M), **decreases total funding by £2.456M** in 2024/25, confirming what was announced as part of the 2023/24 settlement.
- New Homes Bonus to be £0.026M in 2024/25, a **decrease of £0.055M** from 2023/24.

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 the Council's educational related services.
- 7.3. The current total DSG for 2024/25 is **£206.463M** (latest allocation for 2023/24 is £189.300M). In practice, although the Education Board and Council remain responsible for allocating the entirety of DSG the final actual DSG awarded to the Council will exclude funding for Academies, High Needs place funding for further education providers and free schools, and national non-domestic rates for all mainstream schools, known as recoupment adjustments. These recoupment adjustments are paid directly to those applicable settings from the Education and Skills Funding Agency. Therefore, the final estimated allocation expected to be awarded to the Council for 2024/25 is **£66.012M** after considering all recoupment deductions of **£140.451M**.

- 7.4. The Department for Education (DfE) announced on the 19 December 2023 the opening funding details for 2024/25 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	154.739	Mainstream School allocations allowing for 14,812 primary and 12,292 secondary pupils plus growth and premises factors.
Early Years Block	16.408	Funding to provide childcare for the 3- & 4-year-old universal entitlement offer, extended 3 & 4 year old entitlement for eligible working parents, eligible disadvantaged 2 year olds and early years pupil premium (EYPP) and disability access fund (DAF). New from 2024/25 the government have expanded the funded childcare offer for eligible working parents of 9mth year olds up to and including 2-year-olds.
High Needs Block	33.971	Includes funding for special schools, Education and Health Care Plan (EHCP) top up funding up to the age of 25. EHCP Independent provider funding, alternative provision funding, hospital education funding, and support for wider SEND services.
Central Schools Services Block	1.345	Council education related support functions.
Total DSG 2024/25	206.463	

Key 2024/25 Dedicated Schools Grant DfE Headline Announcements

- 7.5. The DfE announced in October 2023 the following key headlines in relation to DSG Individual School Funding for 2024/25 (schools block). The minimum per pupil levels have been set at **£4,610 per pupil for primary schools** (£4,405 in 2023/24) and **£5,995 per pupil for secondary schools** (£5,715 in 2023/24). The minimum funding floor uplift will be set at 0.5% from 2023/24 at a per pupil led funding basis, and all schools attracting their core National Funding Formula (NFF) allocations will receive an increase of circa 1.4% from the 2024/23 Pupil led funding factors: basic entitlement, additional needs factors and lump sum, and a 1.6% increase specifically to the free schools' meals factor. The DSG funding rates for 2024/25 also include the previous mainstream school supplementary grant paid outside of the DSG in 2023/24 now built into the DSG for 2024/25. The DSG 2024/25 uplifted % rates shown are therefore adjusted for this and reflect the new funding arrangements for mainstream schools only in 2024/25 so what is awarded is in addition to this previous supplementary grant.

- 7.6. In relation to Early Years funding announced by the DfE on the 19 December 2023, the DfE confirmed an increase of 27p per hour in 2024/25 to help fund childcare places and support for 3- & 4-year-olds (an equivalent 5.1% uplift from 2023/24), an increase of 41p per hour to help fund childcare places and support for eligible disadvantaged 2-year-olds (an equivalent 5.4% uplift from 2023/24). EYPP rates have also been uplifted by 3.0% from 2023/24 and DAF rates are uplifted by 6.0% from 2023/24. The uplift %'s quoted are in addition to the 2023/24 Early Years supplementary grant that was paid outside of the DSG from September 2023 and now included in the DSG from 2024/25. There are also new 2024/25 rates for eligible working parents of 9-month year olds and up to and including 2-year-olds.
- 7.7. In relation to high needs block funding allocations for 2024/25 the DfE announced in July 2023 that the funding floor (within the NFF) is set at a 3.0% uplift with a maximum gains cap of 5%. For Southend-on-Sea, this has meant an additional uplift of 4.8% from 2023/24 and an additional allocation of **£1.749M**.
- 7.8. In relation to central block funding included within the July 2023 announcements, the DfE stated in 2024/25 that there will be a further 20% reduction to the element of funding that some authorities receive for historic commitments. This is in line with the previous DfE intentions as part of the NFF to unwind this funding element. The implication for Southend's allocation is a further **annual loss of circa £74,000** from 2023/24.

DSG Education Board Decisions

- 7.9. Although the total quantum of DSG is calculated by a national formula that indicates the amount of funding that will be received, it remains a local decision as to how each block of funding is allocated. The Education Board (covering School Forum matters) met on the 12 December 2023 to determine and agree the principal decisions for the allocation of the 2024/25 individual school block allocations, de-delegated services and central block services. 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.
- 7.10. The final 2024/25 Individual School Block allocation were noted and shared with the Education Board on the 23 January 2024 (**Appendix 9A**), alongside the final funding allocations for de-delegated services and central block. The Education Board on the 23 January 2024 also approved the recommended approach for the distribution of the 2024/25 Early Years funding (**Appendix 9B**), which is a major expansion following the Government's Spring 2023 budget now including both the new "9 month to 2 year old" and "2 year old" child care funding entitlements for eligible working parents.

Pupil Premium

- 7.11. In addition to funding from the DSG, schools will continue to receive a 2024/25 Pupil Premium grant which provides amounts of £1,480 / £1,050 of funding per annum per eligible primary / secondary pupil in 2024/25, an equivalent 1.72% and 1.45% respectively from 2023/24. Councils will also continue to receive the looked after child pupil premium grant paid at £2,570 per annum per eligible child an equivalent uplift of 1.58% from 2023/24. Based on initial estimates the total Pupil Premium grant will provide an allocation of **£10.217M** in 2024/25.

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 outcomes contained within the Corporate Plan.
- 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. The Council will **not** be reviewing this strategy as part of the budget process for 2024/25 due to the following factors:
- the exceptionally challenging operating environment caused by the significant inflationary increases and service demand pressures in 2023/24.
 - that these issues will continue into 2024/25.
 - the funding settlement was for one year only, with no Comprehensive Spending Review announced.
 - the likelihood of Government departmental spending plans being affected by the impending general election.

9. Medium Term Financial Strategy (MTFS) 2024/25 – 2028/29

- 9.1. A substantive draft of this updated strategy is shown at **Appendix 1** and builds on what was approved in February 2023. It provides 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 limited financial resources to deliver the priorities contained in the new corporate plan but also recognising the need to redesign and change the Council's service delivery arrangements to ensure viability and future 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 will identify budget gaps in the medium term to enable the Council sufficient time to address them in a considered, measured, and planned way. Clearly this assessment will be based on a comprehensive range of economic assumptions and professional judgements.
- 9.3. A major assumption is that the level of Government funding support we are expecting to receive in 2024/25 remains at exactly that same level in future years through to 2028/29, except for the Adult Social Care Discharge Fund (£1.822M) and the additional Social Care Grant (£1.717M). It is also expected that any fundamental changes to national policies delivered locally will be fully funded by Government. The strategy will undoubtedly have to be updated again following the conclusion of the next General Election, which will hopefully see a return to 3-year Comprehensive Spending Reviews for the sector from 2025/26.
- 9.4. A Medium Term Financial Forecast for the years 2024/25 to 2028/29 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** provides an indication of the potential cumulative impact over the next five years if all current assumptions materialise, and no further action is taken. Clearly our planned service redesign programme and improving efficiency and productivity work will continue to be developed to mitigate the impact and reduce the budget gap forecast in each individual year. Successful implementation will have a major positive financial benefit in reducing the overall cumulative forecast gap illustrated in **Figure 1**.
- 9.5. The Budget Gap for 2024/25 is forecast to be zero, if the proposals contained within this report are supported and approved. It must be noted though that there is a significant risk that some of the overspend reported in 2023/24, particularly for the well documented pressures in Children's Social Care (Independent Placements) will continue into 2024/25. This national concern was the main driver and contributory factor behind the Government providing additional Social Care Grant that was confirmed in the final Local Government Settlement received on 5 February 2024. Within Southend-on-Sea City Council, the S151 Officer has also earmarked a further £5 million in Social Care Reserves for both Adults (£2.5M) and Childrens (£2.5M) to help to mitigate these concerns in 2024/25.

Table 2 Forecast Budget Gap 2024/25 to 2028/29

Year	2024/25	2025/26	2026/27	2027/28	2028/29	Total
Budget gap	£0M	£6.6M	£9.9M	£8.2M	£8.4M	£33.1M

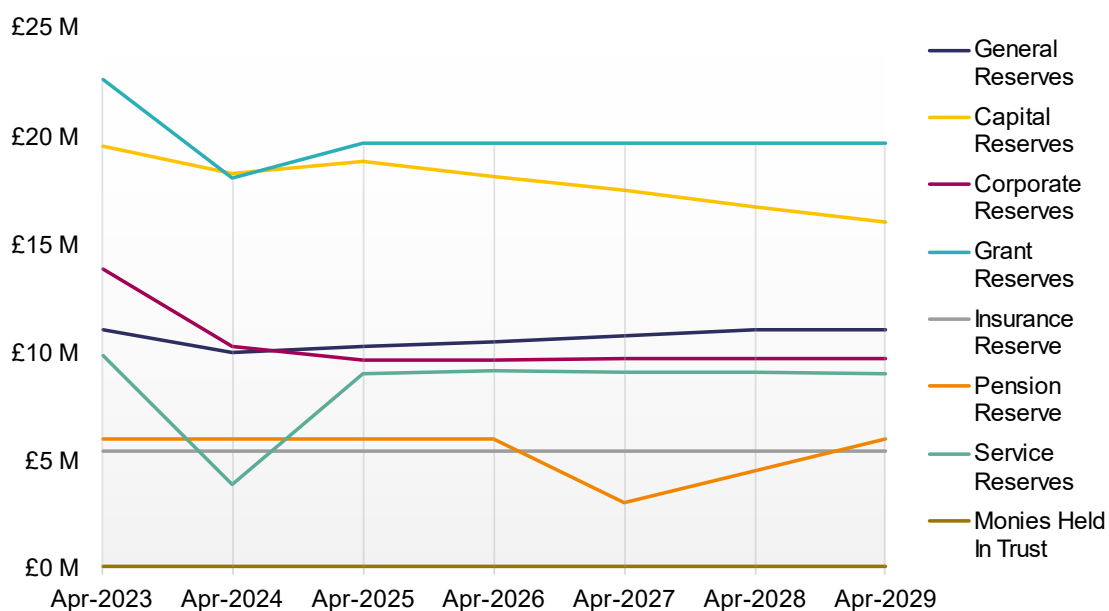
Figure 1 Forecast Cumulative Budget Gap 2024/25 to 2028/29



- 9.6. 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.
- 9.7. The proposed Earmarked Reserves balances (2023/24 – 2028/29) 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 reduction in service reserves at 1 April 2024 reflects the forecast use of these reserves to balance the outturn position for 2023/24, as set out in **paragraph 13.4**. The increase in service reserves at 1 April 2025 reflects the replenishment of these reserves as set out in **Appendix 3**. 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 2023/24 to 2028/29 is illustrated in the following graph (**Figure 2**).

Figure 2 Forecast Reserve Levels 2023/24 to 2028/29



- 9.8. 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 and funding unavoidable cost pressures with the scale of financial challenges and inflationary impact experienced in 2022/23 and 2023/24 to date has been incredibly challenging.
- 9.9. For revenue prioritisation of proposed investment, careful assessment was given to increasing service demands and unavoidable 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 2023/24 has also directly influenced the overall proposed budget package (see **paragraph 24.6**).
- 9.10. For capital, prioritisation of proposed investment is achieved through application of the Capital Investment Strategy, which represents the conclusion of a rigorous challenge to priorities and requirements. 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 2024/25 to 2028/29 is attached as **Appendix 10**.

10. Proposals to Deliver a Balanced Budget for 2024/25

- 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 revenue unavoidable cost pressures proposals that form part of this overall budget package is shown in **Table 3**. The detail of each proposal for 2024/25 is shown at **Appendix 5**. All proposals are planned to be a permanent increase in the revenue base budget of the Council.

Table 3 Revenue Unavoidable Cost Pressures Proposals

Ref	Description	2024/25 £000s
01-COP	Staffing Establishment Costs 2024/25	3,625
02-COP	Investment, income & financing alignment	1,615
03-COP	Contractual Inflation (Not Energy Related)	1,000
04-COP	Energy Inflation Costs 2024/25	-
05-COP	Debt Position Review	330
06-COP	Base Budget Adjustments	300
07-COP	Business Rates Liabilities	220
08-COP	Levies	125
Cross-Organisational Total		7,215
01-L	Audit Fees	265
02-L	Legal Services Contract Specialist	90
01-DLENV	Waste Collection Contract	1,300
01-AHCA	Provider Inflationary Uplift: National Living Wage etc	4,900
02-AHCA	ASC Demographic Demand: Transitions, Older People and Working Age Adults	1,300
03-AHCA	NetPark	50
04-AHCA	Dementia Carer Support	100
01-CSEL	Children's Social Care: Placements Pressure Existing	2,580
02-CSEL	Children's Social Care: Placements New	420
03-CSEL	School Improvement Support	150
01-EGI	Economic Recovery	100
01-HTP	Car Parking Charging Changes	200
01-HP	Local Plan Staffing	140
Specific to Portfolio Services Total		11,595
Total unavoidable cost pressures		18,810

- 10.3. A summary of the proposed savings and income generation proposals for 2024/25 that form part of this overall budget package is shown in **Table 4**. The detail of each proposal for 2024/25 – 2026/27 is shown at **Appendix 6a**.

Table 4 Savings and Income Generation Proposals

Ref	Description	2024/25 £000s
COI-01	Comprehensive Reserves and Capital Financing Requirement Review	(3,500)
COI-02	Vacancy Factor	(775)
COI-03	Energy inflation 2023/24 unapplied	(500)
COI-04	Family Centres – Review	(350)
COI-05	Redesign the ‘Front Door’ to the Council	(300)
COI-06	Utilisation of Education Grants	(100)
COI-07	Utilisation of Education Grants – High Needs (Dedicated Schools Grant)	(70)
COI-08	Museums Rateable Value Reductions	(60)
COI-09	Discretionary Rate Relief Policy Review	(60)
Corporate Initiatives Total		(5,715)
EAP-01	Equipment Assistive Technology Pilots	(250)
EAP-02	Operation Estate Efficiencies	(170)
Efficiency and Productivity Total		(420)
ORE-01	Restructure Adult Social Care Operations and Commissioning	(530)
ORE-02	Director Roles and Vacancies	(400)
ORE-03	ICT Restructure	(395)
ORE-04	Pause Graduate Programme	(200)
ORE-05	Restructure the Senior Leadership Team of the Education, Inclusion and Early Years Service	(120)
ORE-06	Centralisation of Project Managers	(100)
ORE-07	Corporate Strategy Staffing Restructure	(100)
ORE-08	Service Restructures Excluding Library Restructure	(100)
ORE-09	Environment and Place Leadership Team Restructure	(85)
ORE-10	Post Reduction: Workforce Practice Management	(80)
ORE-11	Post Reduction: Operational Performance and Intelligence	(70)
ORE-12	Post Reduction: Procurement	(70)
ORE-13	Reception Staffing Reduction	(55)
ORE-14	Post Reduction: People and Organisation	(35)
Organisation Redesign Total		(2,340)
SOC-01	Parks Service Review	(250)
SOC-02	Micro Enterprise Work	(100)
SOC-03	Telecare Responder Service	(100)

Ref	Description	2024/25 £000s
SOC-04	Cultural and Pier Services Review	(20)
SOC-05	Concert Series	(15)
Service Offer Changes Total		(485)
TPP-01	Concessionary Fares Scheme	(400)
TPP-02	Transitional Supported Housing	(300)
TPP-03	Decommission Dementia Community Support Team	(250)
TPP-04	Utilisation of Education Grants – Early Years (DSG)	(100)
TPP-05	Printing Resources	(50)
TPP-06	Southend Business Improvement District (BID) Service Level Agreement (SLA)	(50)
TPP-07	Essex County Council (ECC) Transferred Debt	(50)
TPP-08	Internal Audit Resourcing	(40)
TPP-09	Connectivity Savings	(40)
TPP-10	Remove the ATM from Civic One	(20)
TPP-11	Consolidation of Low Value Third Party Payment Items	(15)
Third Party Payments / Contractual Arrangements Total		(1,315)
IGC-01	Reversal of Reduction in Investment Income	(710)
IGC-02	Investment Income Growth	(1,835)
IGC-03	Full Cost Recovery for Council Services Provided Externally	(95)
IGC-04	Fees and Charges Increase	(260)
IGC-05	Increase Planning Charges	(150)
IGC-06	South Essex Property Services (SEPS) Dividend	(150)
IGC-07	Increased Cremation Charges	(120)
IGC-08	Pier Charging	(100)
IGC-09	Beach Hut Terms	(100)
IGC-10	Electric Vehicle (EV) Charging Opportunities	(50)
IGC-11	Increased Burial Charges	(40)
IGC-12	Review Environment Protection Enforcement Model	(30)
IGC-13	Private Sector Leasing	(25)
IGC-14	Introduce Penalties for Council Tax Reduction Scheme	(20)
IGC-15	Consolidation of Low Value Income Generation Items	(30)
Income Generation Capability Total		(3,715)
2024/25 Budget Saving / Income Generation Total[#]		(13,990)

[#] This total is for the new proposals put forward as part of the 2024/25 budget round. There are also £0.605M of agreed savings from prior years giving a total of £14.595M (**Appendix 6a**).

10.4. In addition to the proposed budget savings and income generation initiatives summarised in **Table 4** for 2024/25, there are also a range of overspend reductions and cost avoidance proposals totalling **£2.795M** and **£1.840M**, respectively. These are detailed in **Appendix 7 and 8** and are listed separately as they do not directly impact on the revenue budget allocations for 2024/25. This is because there is no (or insufficient) approved budget provision for these pressures in 2023/24. 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 to a review of the Council's operational estate and front-line services to deliver localities-based service provision. As part of this assessment the services provided by Libraries and Family centres will also be reviewed for their future operation and service delivery arrangements for our residents. The opening of the new Launchpad and further development of the Airport Business Park will continue to support new and micro businesses and 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 2024/25. Southend-on-Sea City Council will also continue to support families and vulnerable people during the cost-of-living crisis with the Essential Living Fund and any other associated Government funding.
- 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 produced a booklet – 14,000 were printed with 4,000 copies going out directly to vulnerable residents. Copies are still 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 over 2023/24 to ensure as many Southend residents as possible can receive support during the cost-of-living crisis.
- 11.6. The **Essential Living Fund** will continue to support vulnerable residents into 2024/25 by helping vulnerable people live as independent a life as possible in the community on a case-by-case basis.

- 11.7. 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 total is **£409,532 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.
- 11.8. The council has also allocated £1.5m over three years to the Community Investment Fund, hosted by Southend Association of Voluntary Services (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 2024/25 but will need to review the position for 2025/26 onwards.
- 11.9. Following the Autumn Statement in November 2023, the Government were posed questions around the future of the **Household Support Fund** and their official response was that **no new decision has been taken about the future of the Fund**. The Government's response continued by stating that... *'further steps were being taken to support the most vulnerable whilst inflation continues to fall past April 2024. The Government will raise Local Housing Allowance rates in Great Britain to the 30th percentile of local market rents in April 2024. 1.6 million families will be better off, gaining £800 on average in 2024/25. This comes on top of all working age benefits being uprated in full by September 2023 CPI of 6.7%, for 2024/25. We continue to keep options under review as we take tough decisions to drive down debt and halve inflation.'*
- 11.10. The **Household Support Fund** has been used to support eligible residents throughout 2023/24. Guidance on how this has been allocated can be found here [Household support fund – Southend-on-Sea City Council](#). This includes vouchers to people entitled to Free School Meals, distribution through the Citizens Advice who will identify vulnerable people accessing their services that would fit the remit of the scheme, targeted distribution was also undertaken through our local **Southend Emergency Fund** who gave grants to organisations working with pensioners, people with disabilities and caring responsibilities. So far in 2023/24 the Southend Emergency Fund has provided grants to local charities and support groups of £110,000 in total helping 4700 residents. Citizens Advice have been providing food and fuel vouchers to over 500 local residents.
- 11.11. The council was also 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. The monies were 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 continued to receive a 100% council tax reduction for 2023/24 and have no liability to pay. **Unfortunately, the Government has discontinued this funding for 2024/25.**

11.12. 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 2028/29 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. Previous work undertaken by Grant Thornton identified 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 key 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.

12.3. A transformation partner, Ernst and Young (EY), was then appointed in August 2023 to undertake a fourteen-week period of review to advance thinking around transformation and help develop strategy. This, in part, built on some of the work delivered by Grant Thornton. However due to the imminent financial challenges, the Council requested that this work be 'pivoted' to develop cost-saving ideas to reduce the overspend for 2023/24 and for the 2024/25 budget setting but also to focus on 5 key cross cutting workstreams as follows:

- Estate Optimisation
- Demand Management in Adults & Children
- Front Door Redesign
- Procurement / Commissioning / Contract Management
- Shared Services

12.4. Building on the initial work undertaken by Grant Thornton five design principles for transformation were developed by the Council's Senior Leadership Network with support from Ernst and Young. The principles guide activity to ensure any change initiatives across services align to the following:

- **Resident Centric:** We will be resident centric, putting residents at the heart of everything we do and focusing on the experience of residents across all services. This is to ensure the best possible services for Southend-on-Sea residents, making sure their needs are met.
- **Efficient & Effective:** Working in ways that are streamlined, preventative, optimise resources, and prioritise the right things at the right times, providing the right results. This is to ensure staff are enabled to work in a proactive and productive manner, and that residents receive smooth and streamlined services.
- **Inclusive:** Promoting a positive culture within the Council and outside of it, accommodating the needs of all and creating a sense of true acceptance. This is to ensure there are no unspoken boundaries, and that everyone has equal opportunity and sense of belonging, regardless of who they are.
- **Evidence-Based Decisions:** We will make decisions based on reliable data and evidence to ensure the best possible outcome for residents and the Council. This is to ensure residents receive the best services, and staff are empowered by decisions backed by good and reliable evidence.
- **Digitally Enabled:** Digital by default, we will reduce our manual tasks and processes to optimise how we work and deliver services. This is to enable each service to utilise resources optimally and effectively to meet residents and staff needs.

12.5. Whilst the immediate focus of transformation is to balance the near-term budget challenge, a far more extensive and challenging approach, based on experience in other local authorities, is required to ensure a financially sustainable organisation in the longer term. This approach will need to question current ways of working which are embedded in the culture, exploring different ways to achieve the same goals while forming clear 'As-Is' and 'To-Be' views and outlining efficiency and effectiveness to be gained. Service re-design is a necessity to support this process.

Governance, Reporting and Delivery Arrangements

- 12.6. The level and intensity of the transformation programme requires strong governance and support and a new officer Transformation Board was created in the spring of 2023 to oversee the programme and delivery of activity. The Board's composition has been reviewed and a new Transformation Board, now led by the Corporate Leadership Team (CLT) with support from key Directors was established in November 2023. Its terms of reference include oversight of a newly developed Transformation Programme, identification, prioritisation, and approval of transformation initiatives that align to the Corporate Strategy, and remediation of initiatives considered to be at risk. It will also oversee the delivery of savings and income generation set for 2023/24 and for 2024/25 onwards.
- 12.7. To support the Council's transformation journey a new role of Transformation Director has been appointed to in September 2023. CLT have recently agreed the recruitment of a Lead PMO, Programme Manager and Project Support Officer to support the development of the programme.
- 12.8. In addition to the Transformation Board there has recently been the creation of a cross party Members Finance Panel, which will have regular oversight on the work of the Transformation Board but also be used as a cross party panel actively challenging progress, delivery, generate new ideas and do some in depth analysis and mitigation around key risk areas of the budget.
- 12.9. There was approval in the 2023/24 budget setting process for additional one-off 'change' resources of £1.5m from the transformation implementation reserve. This was earmarked to facilitate the delivery of the transformation programme with both internal and specialist external expertise and 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 continue its major change journey. The alternative could lead to an even greater reactive impact on our service range, quality and operational viability.
- 12.10. The financial position for the Council has been challenging over a number of years and particularly over the last couple of financial years and the pressure continues to build for the future. At each budget setting cycle a balanced budget is approved, based upon all the known factors at the time of setting that year's budget. Estimates are exactly that and officers use all known information available during the preparation of the budget considering levels of costs, inflation, income generation potential, demand management, correct in year overspend positions, new government requirements etc. This approach to budget development is set out in the S151 officers S25 statement attached at **Appendix 2**.

- 12.11. This final budget report for the forthcoming financial year realistically is based upon all known information during January. The first public budget monitoring report for the new financial year is for the position as at the 31 July of that year and then reported to Cabinet in September.
- 12.12. Therefore, a period of some six months will have elapsed between the preparation of the budget and the first public reporting of performance against that new budget. Several local factors may have changed in that time period e.g. significant increases in demand and complexity for Adult and Childrens social care that were not anticipated when setting the budget but also external factors such as the significant increase in inflation not foreseen in 2022/23 and continued into 2023/24.
- 12.13. Every attempt is made to produce a balanced and sound budget which is developed with assumptions and professional judgements for all local and external factors. The volatility of the economic and local operating environment will always require continuing review and assessment as more up to date information becomes available during the financial year. The Council has effective financial management and reporting arrangements in place and the financial position for 2024/25 will be closely monitored and a balanced financial position for the Council could change in the year.
- 12.14. With this recognition in place the newly established cross-party Members finance panel, will review and scrutinise any financial recovery plans that may be required for the organisation over the medium-term period but initially concentrate on 2024/25 and 2025/26 to ensure a balanced and sustainable organisational position is delivered. The work of this Panel will be supported by the CLT Transformation Board and will feed into the budget monitoring and budget setting for the organisation to ensure Member oversight and strong and robust governance of our financial position.

13. General Fund Revenue Budgets 2024/25 – 2028/29

Forecast revenue outturn 2023/24

- 13.1. In February 2023, the Council approved a General Fund Revenue Budget requirement for 2023/24 of **£143.875M**.
- 13.2. Members have been supplied with regular financial performance information throughout the year. The latest forecast outturn and supporting narrative for 2023/24 is summarised in the Finance Performance Report 2023/24 - to end of November 2023 (Period 8), which was presented to Cabinet on 11 January 2024. The year has continued to be 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 has continued to experience have been down to external factors where the Council has had no direct influence or control and they have happened at great pace, since the Council's 2023/24 budget was approved in February 2023.

- 13.3. In headline terms the Council's Corporate Budgets and Service Portfolios are currently forecasting a net overspend by the year-end of **£6.284M** for 2023/24, this is an improvement of **£4.483M** on the position reported at September 2023 (period 6) (£10.767M).
- 13.4. A range of mitigation plans remain 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 2023/24, 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 2023/24 will be considered as part of the outturn report, which will be presented to Cabinet in June 2024.

Fees and Charges Proposals

- 13.5. 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.
- 13.6. Given the scale of financial challenge a Special Cabinet was arranged on 31 October 2023 where it was agreed that the target yield would be set at 10% for all services in 2024/25, with the exception of car parking charges (which will remain in line with the MTFs assumption of a 7% increase in total income generated but not specific increases in individual car parking tariffs), and burial fees increasing by 20% to help manage burial demand as land supply is limited. It was subsequently agreed at a further Special Cabinet on 12 December 2023 that cremation charges would increase by 15% and all increases in charges would be implemented as early as practically possible from 1st January 2024. All charges for 2024/25 will be set by Chief Officers under delegations within this guideline with a few exceptions.
- 13.7. The proposed overall balanced revenue budget package assumes several new fees and increased charging options for the Southend Pass, pier and foreshore attractions, bereavement services, highways, CCTV and registration services. These are either included as a savings proposal where relevant or are additional income streams to deliver on the current budgeted level of income.
- 13.8. Any statutory fees will be updated in the year as soon as the new charges are released for areas such as licensing and planning. It is already known that planning fees will be increased nationally and there is a savings proposal to reflect this.
- 13.9. A full schedule of all fees and charges and their implementation dates can be found at **Appendix 6b**.

Overall General Fund Budget

- 13.10. The overall proposed final balanced General Fund Revenue Budget package for 2024/25 is summarised in the following table (**Table 5**).

Table 5 Summary of General Fund Revenue Budget

	2023/24 £M	2024/25 £M
Net Base Budget	139.649	144.605
Proposed Budget Changes (net)	4.226	5.470
Revenue Budget	143.875	150.075
<i>Less Available Funding</i>		
Revenue Support Grant	(7.118)	(7.590)
Business Rates Income	(36.258)	(37.990)
Collection Fund Surplus	(2.000)	(1.000)
To be funded from General Council Tax and ASC Precept	98.499	103.495
General Council Tax	84.624	88.506
ASC Precept Income	12.875	14.989
Remaining Budget Gap	1.000	0
Use of General Reserves	(1.000)	0
Use of Reserves to Balance Budget	(1.000)	0
Balanced Budget	0	0

Council Tax 2024/25 and estimated collection fund balance 2023/24

- 13.11. The Council must formally determine the Council Tax Base (the number of Band D equivalent properties) for 2024/25 and any estimated Collection Fund balance at the end of 2023/24. The Council Tax base for 2024/25 was approved by Cabinet on 11 January 2024 and set at **60,409.19** (equivalent Band D properties) including Leigh-on-Sea Town Council.
- 13.12. The tax base for Leigh-on-Sea Town Council has been calculated for 2024/25 as **9,017.50** Band D equivalents.
- 13.13. The estimated balance on the Collection Fund in respect of Council Tax as at the end of 2023/24 is £6.5M (including Preceptors). It is proposed that £1.0M of the projected accumulated historical surplus will be used to support the Council's budget for 2024/25.

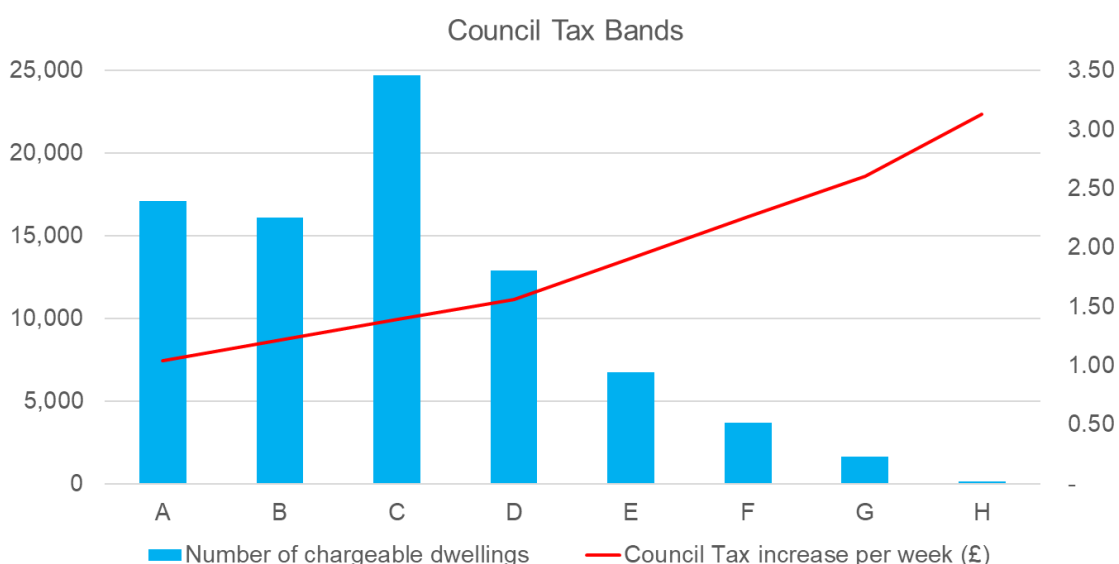
Council Tax

- 13.14. 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 £1,713.24 per annum (the Band D level for 2023/24 is £1,631.88). This equates to an annual increase of £81.36 and a weekly increase of £1.56.
- 13.15. **Table 6** and **Figure 3** provide an indicative illustration of the impact of the proposed council tax increase for 2024/25 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	17,126	16,135	24,713	12,891	6,773	3,703	1,628	129
23/24 Council Tax per week (£)	20.92	24.41	27.90	31.38	38.36	45.33	52.30	62.76
Increase per week (£)	1.04	1.22	1.39	1.56	1.91	2.26	2.61	3.13
24/25 Council Tax per week (£)	21.96	25.63	29.29	32.95	40.27	47.59	54.91	65.89

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



- 13.16. This proposed budget for 2024/25 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.
- 13.17. 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.
- 13.18. 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

- 13.19. Leigh-on-Sea Town Council has confirmed its precept for 2024/25 of £466,656 (2023/24 = £462,056). Based on their council tax base of 9,017.50 the Town Council element of the total Council Tax bill will increase from £50.58 to £51.75 at Band D, equivalent to an increase of 2.31% from 2023/24.
- 13.20. 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 2024 (after consideration by the Essex Police, Fire and Crime Panel on 1 February 2024).
- 13.21. The Essex Police, Fire and Crime Panel agreed the following precept position at its meeting on 1 February 2024:
- Essex Police: Band D Council Tax **£246.42** (2023/24 = £233.46), which is an increase of **5.55%**.
 - Essex Fire and Rescue Services: Band D Council Tax **£82.62** (2023/24 = £80.28), which is an increase of **2.91%**.

Levies

- 13.22. The Council is required to pay relevant levying bodies, who have all now indicated their levy position for 2024/25. The final levies will be reported on in the Council Tax report for Council on 22 February 2024. The current position for 2024/25 is identified in Table 7.

Table 7 Levying bodies and their charges.

	2023/24 Probable Actual £000	2024/25 Estimate £000	Percentage increase %
Kent and Essex Inshore Fisheries and Conservation Authority (Provisional)	23.8	24.5	3.0
Flood Defence – Environment Agency (Provisional)	215.0	221.1	2.8
Coroners Court (Provisional)	525.7	594.7	13.1
Total	764.5	840.3	

- 13.23. The Kent and Essex Inshore Fisheries and Conservation Authority levy has been confirmed at their quarterly meeting of 30 January 2024 to be an increase of £714 from 2023/24 to 2024/25. The overall Flood defence levy was agreed at the board meeting of the Anglian Eastern Regional Flood and Coastal Committee on 27 October 2023. 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 also provisional and is based on the amount notified by Essex County Council following continued pressure on the Coroners budget due to a combination of increases in the number of deaths as a result of an ageing population and an increase in the number of inquests being opened over the last 3 years. The provisional amount is a **24.8% increase** on the 2023/24 original budget.

Reserves Strategy and Section 151 Officer's Statement

- 13.24. 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 to earmarked reserves totalling **£6.915M** for which separate approval is sought. This includes £5M, £2.5M to replenish each of the Adult Social Care and Children's Social Care Reserves as it is expected that the 2023/24 reserve will be required to fund the forecast in-year deficit. The total for both reserves will be fully reassessed once the outturn for 2023/24 is known and will form part of the outturn 2023/24 report to cabinet in June 2024. Full details are shown in **Appendix 3**.

Staffing Implications

- 13.25. In response to the unprecedented level of financial challenges and the need to reduce the overall operating costs of the Council to ensure it remains viable and financially sustainable, a voluntary redundancy scheme was made available to all staff for a limited period of time. From this exercise, a total of 112 applications were received from individual officers and 30 of these applications have currently been accepted. Some of these accepted applications are not specifically aligned to savings proposals but will positively contribute to reducing the future operational costs of the Council. Staff have been informed of the outcome from this process and where applications have been accepted, appropriate notice has been issued in January 2024 in accordance with each individual's contractual terms.
- 13.26. There are still potentially up to 80 FTE posts proposed to be deleted (Out of approximately 1,840 FTE across the Council) as part of the budget savings package detailed at **Appendix 6** and **Appendix 7** across 2023/24 and 2024/25. A total of 17.2 FTE vacant posts have now been deleted. Narratives within individual savings proposals have been updated for staffing implications where appropriate. All service structure considerations will continue to target vacant posts first, fixed term contracts where applicable, interim arrangements, agency cover and the accepted voluntary redundancy agreements. Every effort will be made to avoid any compulsory redundancies as part of implementing all budget proposals, including the exploration of 'bumped' VR opportunities. These arrangements will remain under review and service delivery mechanisms will be refined and concluded based on the feedback received from the range of consultation processes that are launched.
- 13.27. 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.
- 13.28. 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 proposed service redesigns.

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 the Corporate Plan and all capital investment is therefore driven by the aim of contributing to the delivery of the desired outcomes of that plan.

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. The results of the early stages of this review were included in the July 2023 (period 4) performance report to Cabinet in September. 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. The resulting requested changes to the capital investment programme were included in the September 2023 (period 6) performance report to Cabinet in November. Follow up cross party capital challenge sessions chaired by the Leader then took place in early December. The resulting requested changes to the capital investment programme from those 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:
- the actual physical progress of each scheme (e.g. out to tender, site assembly, on site, etc.) and whether the current year's budget will be spent.
 - re-assess schemes considering the effects of the prevailing inflationary pressures and any supply chain issues.
 - ascertain more realistic budget profiles based on expected delivery timescales and to ensure resources are in place to deliver them.
 - whether projects funded by borrowing are still affordable.

- 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 2023/24 budget of £45.5M was approved for schemes to be delivered by the Council and £13.8M for schemes to be delivered by subsidiary companies and partners. At November Cabinet a total budget for financial years 2024/25 to 2027/28 of £86.4M was approved for schemes to be delivered by the Council and £19.6M for schemes to be delivered by subsidiary companies and partners.
- 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 2023/24 to 2027/28 is shown in **Table 8** and **Table 9**.

Table 8 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 November Cabinet	45,502	64,376	11,169	6,681	4,172	131,900
Amendments	(2,659)	(4,393)	7,887	0	(195)	640
Revised programme	42,843	59,983	19,056	6,681	3,977	132,540

Total proposed budget for 2024/25 to 2027/28 = £89.7M

Table 9 Programme to be delivered by Subsidiary Companies and Partners

	2023/24 (£000)	2024/25 (£000)	2025/26 (£000)	2026/27 (£000)	2027/28 (£000)	Total (£000)
At November Cabinet	13,783	6,774	6,329	6,491	0	33,377
Amendments	(500)	500	0	0	0	0
Revised programme	13,283	7,274	6,329	6,491	0	33,377

Total proposed budget for 2024/25 to 2027/28 = £20.1M

- 15.4. Key areas of investment included within the main programme (excluding schemes subject to viable business cases) across the five-year period 2023/24 to 2027/28 are as follows:

A growing city with a strong and prosperous community

Enterprise and Regeneration

- 15.5. Capital investment in this area contributes to the desired outcomes of economic regeneration and business development.
- 15.6. An investment of £1.7M included in this capital investment programme is for the completion of the Airport Business Park, a major strategic employment site near London Southend Airport. It is envisaged that the new Business Park will become renowned as a leading regional centre for the science, medical and technology sectors and deliver benefits for both local businesses and local communities. The development will create thousands of job opportunities for local people, attract inward investment and it is hoped it will bring lasting prosperity to the region. The Launchpad building has now opened and there is still some outstanding expenditure to be incurred on the project.
- 15.7. Capital investment of £23.7M is included in this programme to deliver the projects for improvements to the visitor economy that are funded mainly by the Levelling Up Fund. These include £7.5M for the Cliffs Pavilion, £14.2M for the Leigh Port and £2.0M for Marine Parade.

Southend Pier

- 15.8. Capital investment in this area contributes to the desired outcome of enhanced tourism, culture and leisure.
- 15.9. Major capital investment in the pier of £8.2M 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.

Community Infrastructure Levy (CIL)

- 15.10. Capital investment of £1.2M is included in the current programme. This includes Ward allocations for 2023/24. The 2024/25 CIL ward allocations will be identified as part of the CIL 2023/24 outturn reporting to June Cabinet. The capital investment programme will subsequently be updated and Ward councillors advised accordingly.

A safe city with a good quality of life for all

Schools

- 15.11. Capital investment in this area contributes to the desired outcome that children and young people, including those in care, feel and are safe at home, school and in their communities.
- 15.12. The schools capital investment programme for 2023/24 onwards totals £8.5M. The programme will continue to include the schools condition works but 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.

Housing

- 15.13. Capital investment in this area contributes to the desired outcome of quality, affordable and safe homes.
- 15.14. Several sites within the housing development pipeline are currently underway and a major capital investment of £11.4M is included in this programme 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.

- 15.15. Capital investment of £2.9M is included until 2023/24 to continue the affordable housing acquisitions programme with a further £3.2M to provide homes under the Afghan and Ukraine resettlement scheme.
- 15.16. Capital investment of £27.7M has also been included over the four years to 2026/27 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.
- 15.17. Capital investment of £7.2M 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.

A clean city with a resilient environment

Highways and Infrastructure

- 15.18. Capital investment in this area contributes to the desired outcome an improved transport system and an enhanced and protected street scene and environment.
- 15.19. Significant capital investment of £18.6M in the city's footways and carriageways is included in this programme. This includes £10.1M for footways improvements and £5.8M for carriageways improvements to reduce long term structural maintenance and improve public safety. It also includes £2.3M for the repair of potholes.
- 15.20. Capital investment of £2.1M included in this programme is for flood prevention and resilience schemes including coastal defence and sea wall refurbishment.
- 15.21. Capital investment of £7.0M included in this programme is for highways infrastructure schemes. This includes £2.3M of cliff stabilisation works at Belton Way East and £3.4M for Safer Roads, both funded by grant received from the Department for Transport.
- 15.22. Capital investment of £6.8M 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.

Housing

- 15.23. There is £3.2M in the programme to improve the energy efficiency of council housing as part of the Social Housing Decarbonisation Fund. The project is to retrofit 110 council homes and will focus on reducing the heating demand of some of the Council's most poorly insulated homes by using external wall insulation, loft insulation, improved glazing, energy efficient lighting, draught proofing and ventilation improvements.

Enterprise and Regeneration

- 15.24. As part of the Airport Business Park, the new Launchpad Innovation Centre has opened. Environmental sustainability is core to the design of this building. The design and construction has achieved the highest standards of environmental performance, making it the first council-owned building to achieve Building Research Establishment Environmental Assessment Method (BREEAM) Outstanding Certification.
- 15.25. 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).
- 15.26. 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.

Other

- 15.27. 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.

A transforming council delivering efficient, cost effective services

Works to Property

Capital investment in this area contributes to the desired outcome of value for money and clear service standards.

- 15.28. Capital investment of £2.4M included in this programme is to continue the property refurbishment and fire improvement works programmes. The property refurbishment programme enables a proactive approach to ensure investment is made in the fabric and services within buildings before they get to a stage that capital works become urgent or have a detrimental impact on service users' use of the building or leads to urgent repairs and maintenance works which are usually more costly long term. The fire improvement programme enables the Council to proactively manage and address active and passive fire protection measures across its operational property stock. This ensures buildings remain safe whilst also progressively delivering bringing buildings up to current standards. If the project is not delivered the Council may be forced to close operational buildings following fire risk assessments or other fire inspections.
- 15.29. Capital investment of £2.3M 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

Capital investment in this area contributes to the desired outcome of value for money and transformation.

- 15.30. Capital investment of £8.4M 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 2023/24. It also includes £1.7M to replace the My Southend system. Later phases of the project relating to system development are expected to deliver efficiencies and improvements in productivity.

16. New capital investment proposed

- 16.1. Although the capital investment programme for 2024/25 to 2028/29, updated because of the changes set out in **Appendix 12**, represents a significant investment of nearly £110M on the part of the Council in the Southend area, the Council's ambition to improve the lives of residents is undiminished.

Technology Modernisation Programme

- 16.2. New capital investment of £0.78M is proposed for the 2024/25 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). The additional work has been broken down into projects, which, when delivered together, will achieve quantitative and qualitative benefits and mitigate risk.
- 16.3. 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.
- 16.4. The ICT Technology Modernisation Programme has a forecast estimated cost of £7,050,000 over the remaining years 24/25 to 25/26. This is estimated to be £4,940,000 of capital investment and £2,110,000 of revenue investment. £2,220,000 of this capital investment has already been included in the programme for 24/25 to 25/26 regarding software licences. A further £1,180,000 is being included as part of item below for 24/25 to 25/26 regarding software licences.
- 16.5. Inclusion of the rest of the Smart Council project in the main programme is subject to approval of appropriate viable business cases.

Software Licencing

- 16.6. New capital investment of £5.8M is proposed for software licencing, £1.175M for each of the years 2024/25 to 2025/26 and £1.15M for each of the years 2027/28 to 2028/29. This is to maintain the on-going software licences required to deliver corporate wide systems, without which the Council would not be entitled to use all proprietary applications.

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. Viable business cases will need to be produced and approved before these schemes can progress and be brought into the capital investment programme. However, priority investment schemes have been identified but will still be subject to a viable business case before they proceed into the main programme (**Table 10**):

Table 10 Priority capital schemes subject to a viable business case

Scheme
Technology Modernisation Programme
Palace Theatre (Dixon Studio) - RAAC
Southend Pier - Condition Works
Coastal Defence Refurbishment Programme
Schools – Condition Works (externally funded)
Property Refurbishment Programme
Fire Improvement Works
Footways Improvements
Carriageways Improvements
Carriageways Improvements - Potholes
New Street Lighting – Column Replacement
Climate Change Provision
Cliffs Stabilisation
Public Toilet Provision
HRA Affordable Housing Acquisitions Programme
HRA Right to Buy - Buybacks Refurbishment

- 17.3. Technology Modernisation Programme: investment of £0.755M 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 16.2 to 16.5.
- 17.4. Palace Theatre (Dixon Studio) – RAAC: following the increased awareness of the risks of Reinforced Autoclaved Aerated Concrete (RAAC) raised regarding educational settings, further due diligence has been undertaken in relation to the wider Council operational portfolio. This has identified the presence of RAAC within the Dixon Studio at the Palace Theatre. The main auditorium, entrance lobby and other facilities are not affected but the Dixon Studio will be closed whilst further investigatory works are undertaken. This investment is in addition to the budget of £40,000 already in the approved capital investment programme for 2023/24. This amount was transferred from the Priority Works budget to facilitate some short-term remediation works until a longer-term solution can be undertaken.
- 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. £0.4M is included in this section of the programme for 2024/25 and £0.5M is included for the years 2025/26 to 2026/27. Where possible, additional funding will be sought from Government agencies.
- 17.7. Schools – Condition Works: a rolling programme at Family 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 as an indicative amount for the years 2024/25 to 2026/27. However, the amount will be subject to the allocation of funding for those years from the DfE.
- 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. 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 2028/29.
- 17.11. Carriageways Improvements: this investment is to improve the highways infrastructure, reduce long term structural maintenance and improve public safety. £1.5M p.a. is included in this section of the programme for the years 2024/25 to 2028/29.
- 17.12. Carriageways Improvements - Potholes: this investment relates to potholes and is to improve the highways infrastructure, reduce long term structural maintenance and improve public safety. £0.5M p.a. is included in this section of the programme for the years 2024/25 to 2028/29.
- 17.13. New Street Lighting – Column Replacement: this investment is to deliver replacement street light columns where they are damaged or reach the end of their useful lives. £0.05M p.a. is included in this section of the programme for the years 2024/25 to 2028/29.

- 17.14. 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.
- 17.15. 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. £0.1M is included in this section of the programme for 2024/25 and £0.4M is included for 2025/26.
- 17.16. Public Toilet Provision: This scheme is to investigate and review the public toilet provision and location and implement the construction of a new toilet facility to meet the requirement identified. This may be in the form of one large block or multiple small blocks. The main focus will be the seafront facing wards that contain the main facilities. £0.35M p.a. is included in this section of the programme for 2024/25 and 2025/26.
- 17.17. 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 2024/25 to 2026/27.
- 17.18. 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.
- 17.19. The following are listed as other schemes being subject to viable business cases (**Table 11**):

Table 11 Other capital schemes subject to a viable business case

Scheme
Strategic and Regeneration Acquisitions
Local Growth Plan – A127 Growth Corridor
Acquisition of Tower Block Leaseholds - Queensway
Victoria Centre
Housing Infrastructure Funding
CIL Main Fund Allocation – Enhancing Cycle Infrastructure

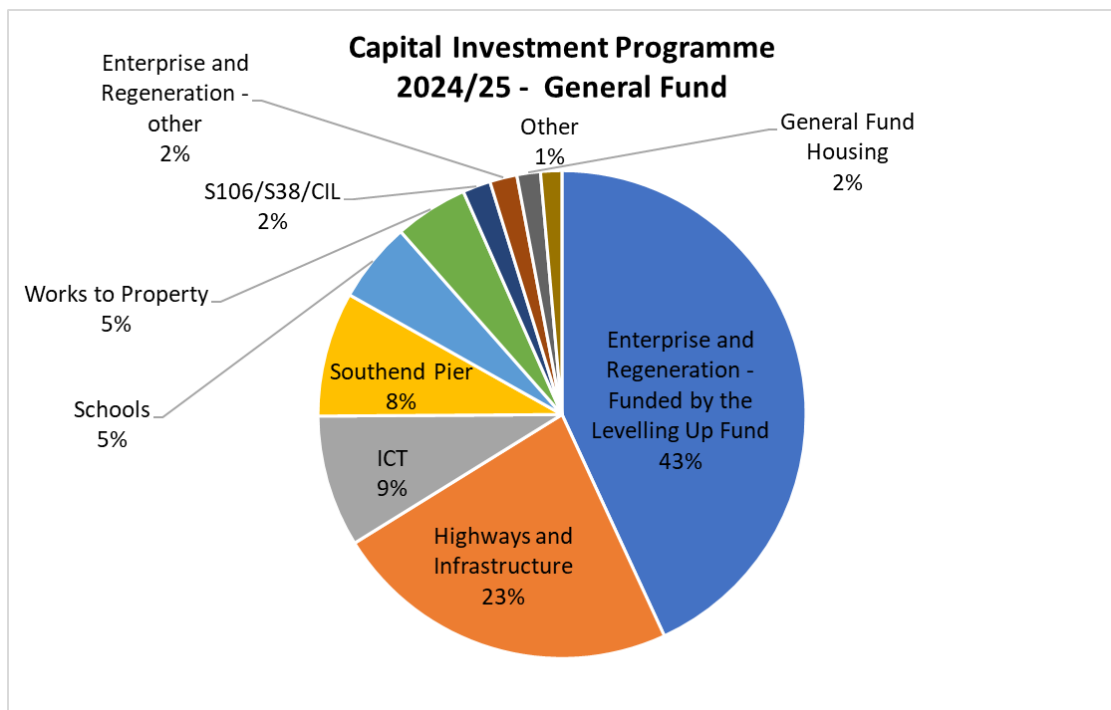
- 17.20. Strategic and Regeneration Acquisitions: £10.5M is included to enable individual properties to be purchased as part of the wider strategic, regeneration, transformation or recovery aims of the Council. Decisions will need to be made commercially and often quickly and efficiently but will be subject to undertaking due diligence of the appropriate extent and depth.
- 17.21. Local Growth Fund – A127 Growth Corridor: The grant funded works are essentially complete. £0.53M 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.
- 17.22. Acquisition of Tower Block Leaseholds - Queensway: £1.535M 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.
- 17.23. Victoria Centre: £1.25M is included in this section for essential landlord works.
- 17.24. Housing Infrastructure Funding: £14.5M is included in this section as monies yet to be drawn down from Homes England regarding the highway works for the Better Queensway project.
- 17.25. CIL Main Fund Allocation – Enhancing Cycle Infrastructure: 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 to help improve air quality, improve health and wellbeing and tackle congestion on the city’s roads.

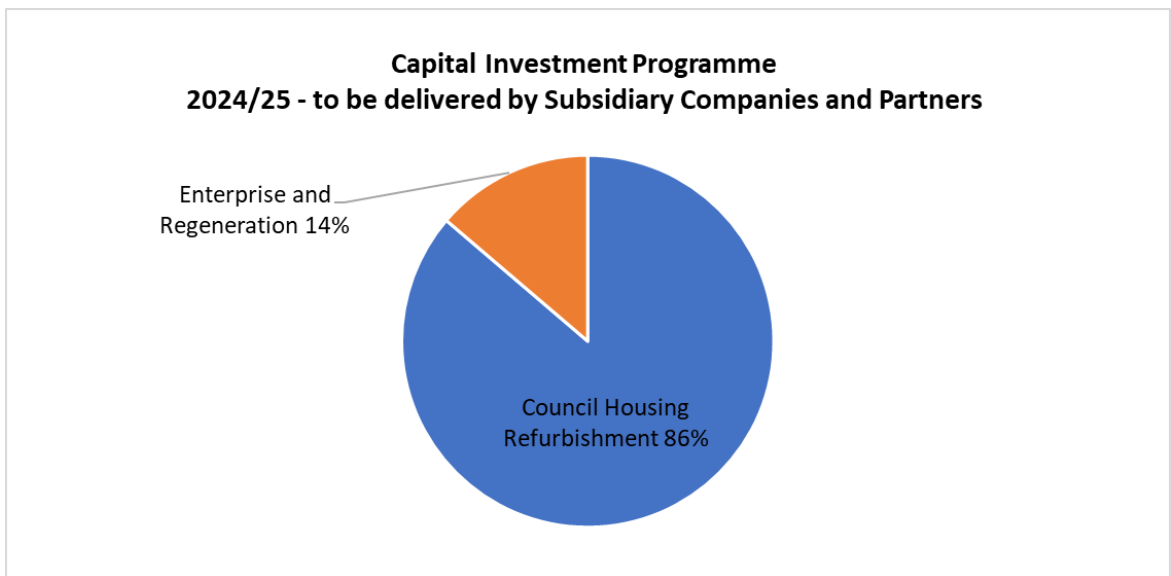
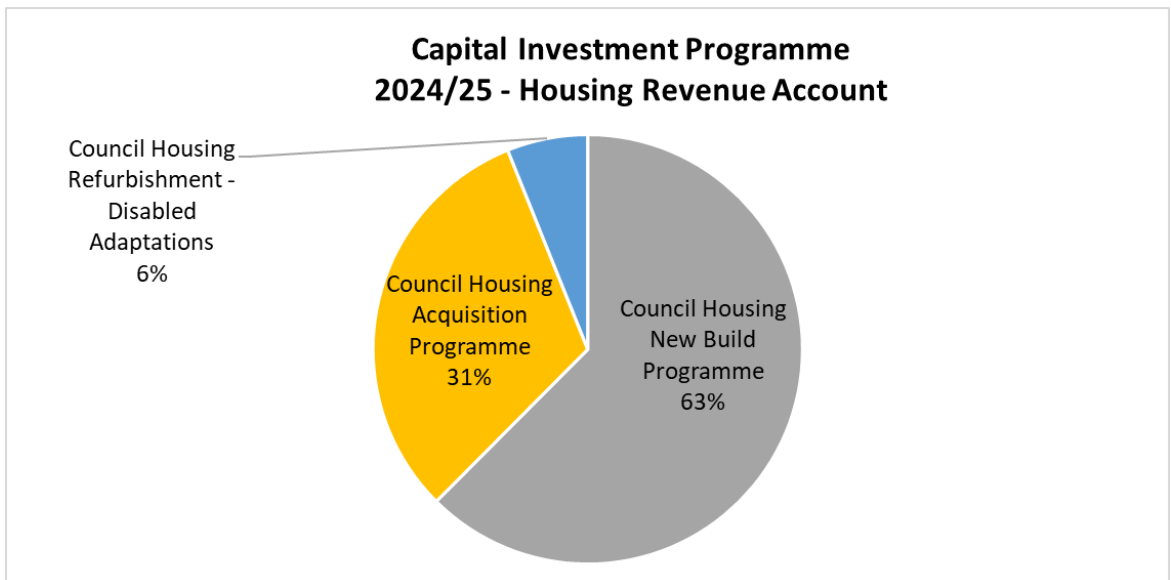
18. Proposed capital investment programme 2024/25 to 2028/29

- 18.1. Given all the above, including the new investment, the proposed main capital investment programme for 2024/25 to 2028/29 represents a significant investment of over £116M 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 2024/25 alone amounts to over £69M.
- 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 2024/25 to 2028/29: £6.6M for the General Fund 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. The schemes that have been identified as priorities are set out in **Appendix 11** and total £42.1M for the General Fund and £5.5M for the Housing Revenue Account. 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 2024/25 by investment area is shown below (**Figure 4**).

Figure 4 Capital Investment Programme Budget 2024/25 by area





- 18.6. The 2024/25 capital budget is part of the wider capital investment programme spanning several years.
- 18.7. **Table 12** shows the revised programme if all the requests in **Appendices 11 and 12** are approved.

Table 12 Proposed revised capital investment programme.

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	2028/29 and future years £000	Total £000
At November Cabinet	45,502	64,376	11,169	6,681	4,172	0	131,900
Amendments in Appendix 12	(2,659)	(4,393)	7,887	0	(3,372)	3,177	640
Sub-total	42,843	59,983	19,056	6,681	800	3,177	132,540
New investment in Appendix 11	0	1,960	1,175	1,150	1,150	1,150	6,585
Revised programme	42,843	61,943	20,231	7,831	1,950	4,327	139,125
General Fund	33,069	51,265	16,415	7,831	1,950	4,327	114,857
HRA	9,774	10,678	3,816	0	0	0	24,268

Total proposed budget for 2024/25 to 2028/29 = £96.3M

Programme to be delivered by Subsidiary Companies and Partners:

	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000	2028/29 and future years £000	Total £000
At November Cabinet	13,783	6,774	6,239	6,491	0	0	33,377
Amendments in Appendix 12	(500)	500	0	0	0	0	0
Sub-total	13,283	7,274	6,239	6,491	0	0	33,377
New investment in Appendix 11	0	0	0	0	0	0	0
Revised programme	13,283	7,274	6,239	6,491	0	0	33,377

Total proposed budget for 2024/25 to 2028/29 = £20.1M

- 18.8. The proposed amended Capital Investment Programme for 2023/24 to 2028/29 is detailed in **Appendix 13**. The revised budget for 2024/25 of £69.2M is higher than the level of programme normally delivered due to inclusion of priority projects which are subject to key grant funding conditions. £22.1M relates to the three Levelling Up Fund projects. Without these schemes the revised budget for 2024/25 would be £47.1M.

Funding of the capital investment programme

- 18.9. 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.
- 18.10. The proposed estimated funding for the programme (excluding schemes Subject to Viable Business Case) is as shown in **Table 13**.

Table 13 Proposed funding for capital investment programme

Type of funding	2024/25 £M	2025/26 £M	2026/27 £M	2027/28 £M	2028/29 & future years £M	Total £M
External funding – capital grant	30.1	6.8	0.8	0.8	3.2	41.7
External funding – third party contributions	3.1	0	0	0	0	3.1
Capital Receipts	4.4	1.4	0.3	0	0	6.1
Major Repairs Reserve (Housing Revenue Account)	6.9	6.8	6.2	0	0	19.9
Earmarked reserves / Revenue Contributions	6.4	2.0	0	0	0	8.4
Borrowing – Main Schemes ⁽¹⁾	18.1	9.6	7.0	1.2	1.1	37.0
Borrowing – Invest to Save ⁽¹⁾	0.2	0	0	0	0	0.2
Total	69.2	26.6	14.3	2.0	4.3	116.4

⁽¹⁾ this relates to both internal and external borrowing

The estimated amounts of internal and external borrowing are shown in **Table 14**.

Table 14 Borrowing to fund capital schemes

	2024/25 £M	2025/26 £M	2026/27 £M	2027/28 £M	2028/29 & future years £M	Total £M
Internal borrowing	18.3	9.6	0	0	0	27.9
External borrowing	0	0	7.0	1.2	1.1	9.3
Total borrowing	18.3	9.6	7.0	1.2	1.1	37.2

Highways and Transportation Capital Grant

- 18.11. The expenditure will be delivered by fully un-ring-fenced capital grants.
- 18.1. 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. This financial year is the last one of the government's current fiscal cycle and the funding must be spent by 31st March 2025.
- 18.2. In October 2023 the government announced additional highways maintenance funding for local highways authorities for pothole repairs for 2023/24 and 2024/25. The additional amount for Southend was £219k for each of those years.
- 18.3. The indicative amounts are shown in **Table 15** .

Table 15 Indicative allocation for 2024/25

Expected Indicative amount	2024/25 £'000
Integrated Transport Block	1,412
Highways Maintenance Block needs element	773
Highways Maintenance Block incentive element	193
Potholes Fund (including additional funding for 2024/25)	992

- 18.4. To allow the full delivery of the 2024/25 Local Transport Plan (LTP) programme, the full spend is proposed to be met 100% by capital grant.
- 18.5. 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 (January 2025). It is anticipated that LTP4 will be adopted by Autumn 2024.
- 18.6. 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.
- 18.7. As in previous years, there is flexibility to allocate funding between the two blocks and the LTP actions.
- 18.8. Where already announced capital grant allocations are included in the funding table (**Table 133**). The breakdown of Highways and Infrastructure schemes and their funding for 2024/25 are shown in **Appendix 13**.
- 18.9. If any updates to the capital grant allocations for highways and transportation are announced prior to the Council meeting of 22nd 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 2024 Cabinet.

Other financing considerations

- 18.10. 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 2024 Cabinet.
- 18.11. 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. Future decisions will be influenced by the transformation work around estate optimisation. Capital receipts will reduce the need for borrowing to support the Capital Investment Programme if they can be generated.
- 18.12. 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 0.68%. 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 2024/25 to 2028/29.
- 18.13. The Minimum Revenue Provision (MRP) is an amount to be set aside for the repayment of debt. The Council has a general duty to charge an amount of MRP to revenue which it considers to be prudent. The MRP Guidance sets out that such policies may be amended at any time, so long as the Council maintains a prudent and transparent approach whilst ensuring any changes are sustainable from a revenue budget perspective.
- 18.14. Following participation across the Chief Finance Officer networks and extensive consultation with our Treasury Management advisers, over the last few months opportunities have been explored to identify whether a more prudent MRP policy could be adopted. Our Treasury Management advisers undertook a review of the MRP policy which considered the Council's current method for calculating MRP and assessed the impact of adopting alternative options available that are fully compliant with the MRP guidance and regulations.
- 18.15. The Guidance and legislation do not define what is prudent. It is for each Authority to determine a prudent repayment based on its own individual circumstances, considering its medium and long-term financial plans, current budgetary pressures, future capital expenditure intentions and funding needs. The Chief Finance Officer is content that the policy to be taken forward will make an MRP charge that is both prudent and proportionate, given the severity and urgency of the Council's current financial situation.
- 18.16. The Council has responsibility for approving an annual MRP policy statement. A revised MRP policy for 2023/24 is attached as **Appendix 14a**, alongside the new MRP policy for 2024/25 attached as **Appendix 14b**.

- 18.17. DLUHC have been proposing changes to the capital framework regarding the Minimum Revenue Provision since their initial consultation in November 2021. A follow up survey was issued in July 2022 and amended regulations were expected in the summer of 2023. The MRP policy for 2024/25 has therefore been written to take account of these expected amendments. Due to the complexity of this technical area DLUHC have released the proposed final amendments and the proposed revised guidance (to outline the Government's expectations of how the requirements of the Regulations should work in practice) as a further consultation which runs until 16 February 2024. Feedback is expected by mid-March and the intention is that the changes will be effective from 1 April 2024 and will apply to MRP policies from 2024/25 onwards. Due to this timetable, it will not be possible to have the finalised MRP Regulations and guidance notes until after the budget has been approved. Once the new regulations and guidance are issued, if any changes are required to the 2024/25 MRP policy, these will be reported to Cabinet.
- 18.18. 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.
- 18.19. 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.
- 18.20. 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.
- 18.21. 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.
- 18.22. 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 performance against all forward-looking indicators on a regular basis as appropriate.
- 18.23. It is the Chief Finance Officer's view that this capital investment programme is proportionate, prudent, affordable, and sustainable and the risks associated with it are manageable.

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

- 19.1. Since the draft budget proposals were launched on 4 January 2024 various consultations have started and discussions have taken place and several 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.

- 19.2. The most significant new development has been the additional funding announcement by the Secretary of State for Levelling Up, Housing and Communities **on 24 January 2024**. The final Local Government Finance Settlement received **on 5 February 2024** confirmed that Southend-on-Sea City Council’s allocation of the additional Social Care Grant for **2024/25 only** would be **£1.717M**. Careful consideration has been given to the forecast level of overspending in 2023/24, the significant risk that some of this pressure will continue into 2024/25 and the need to urgently strengthen the financial resilience of the Council. Given these circumstances, Cabinet are recommending to Council to use this one-off additional funding predominantly to supplement a Social Care Grant reserve primarily to deal with volatility, particularly for unavoidable cost pressures for independent children placements.

- 19.3. **Table 16** summarises all the additional investments/revisions to the draft revenue budget package which have been included in response to the feedback received from the budget consultation or have been identified as key areas that needed updating.

Table 16 Proposed Changes to the Final Revenue Budget Package 2024/25

Ref	Details of Change	2024/25 Change £000s
04-AHCA	<p>New Dementia Carer Support To develop dementia support groups across the 4 localities to enable carer support, information and advice and enable peer support. To fund 2 community navigators / community builders to support these groups as well as providing support and advice to social care teams and community groups and undertake carer assessments where required. To provide funding for additional carer support and advice via partners. Added to Appendix 5.</p>	100*
06-COP	<p>Base Budget Final Adjustments Updated information now available following detailed budget book work. This increases the total value to £300,000 in Appendix 5.</p>	75

Ref	Details of Change	2024/25 Change £000s
01-HTP	Car Parking Charging Changes The Southend Pass was originally proposed to increase by 50%, the increase for 2024/25 is now proposed to be 25%. It is also now proposed to reverse the charges introduced at Southchurch Park East and this car park will be free to park from 1 April 2024. These combined concessions are estimated to reduce car parking income generated by around £200K. Added to Appendix 5 .	200
SOC-06	Review of Existing Library Provision Removed from Appendix 6 as this has a nil-value in 2024/25 and any future changes to Libraries provision will be the responsibility of a future political administration.	-
TPP-12	Community Grants Removed from Appendix 6 as this has a nil-value in 2024/25 and no plans currently being considered for future years.	-
04-COP	Energy Inflation Costs 2024/25 The Council has been re-negotiating its energy tariffs and it has now been confirmed that no additional allocation for Energy Inflation will be required for 2024/25. This positive development has been tempered by the continuing rate of inflation that increased to 4% in December 2024. This could have an impact on increasing the future cost of other Council contracts. Updated in Appendix 5 .	(600)
IGC-03	Full Cost Recovery for Council Services Provided Externally Original income generation target £420K – due to confirmed reduction of ‘buy-back’ of support services received during January 2024 (both in terms of number of clients and level of service required) this target is reduced to £95K .	325
	Total	100

*Cabinet has responded to the feedback received on the proposal to decommission the Dementia Community Support Team (TPP-03 in Appendix 6). It is proposed that new investment of £100,000, for Dementia Carer Support, is funded from the one-off additional Social Care Grant announced by the Secretary of State for Levelling Up, Housing and Communities confirmed within the final Local Government Finance Settlement received on 5 February 2024.

It is proposed that a new ‘one-year’ investment of £100,000 from the Business Transformation Reserve is earmarked to fund appropriate planning to develop and implement holistic localities plans and models in 2024/25. This will support our transformation journey and co-ordinate, assimilate and target Council and partners limited resources to deliver better outcomes more efficiently and effectively to meet the needs of Southend-on-Sea residents.

It is proposed that £75,000 is earmarked for specific Tourism/Events from the Council’s Business Transformation Reserve to support initiatives across the City subject to the development and approval of appropriate business cases for investment.

Other Changes/Updates to the Revenue Budget Package include.

- **ORE-04 – Pause Graduate Development Programme (NGDP)**
Pause recruitment onto the National Graduate Development Programme (NGDP) for two years after the current cohort of 2 graduates ends in October 2024. We will also look to promote further opportunities for Graduates to gain employment within the Council and will continue to develop this to include optimising the apprenticeship levy to further enhance our apprenticeship offer. This will enable the Council to ensure professional qualified roles have a career development pathway into and within the Council. The profile of savings from the pausing of the graduate programme has been updated. The updated savings profile is now estimated to be **2024/25 £200K, 2025/26 £265K and for 2026/27 £180K.**
 - **COI-02 – Vacancy Factor**
There are no changes planned to the estimated target saving of £775K shown in Appendix 6, but the VR programme has provided an opportunity for some staff who expressed a desire to leave to have their request accepted. Some of these mutually agreed exits were not directly linked to the range of specific savings proposals but they have enabled a reduction in the staffing operating cost base of the Council. It is now confirmed that **3 additional roles** will be deleted with an annual saving of around **£150K** delivered. This saving will be held against this vacancy factor target, structures and work arrangements are being updated accordingly.
 - **CAV-03 – HR Policy Review (Previously Reduce Sickness Benefit)**
This proposal has been broadened to include the review of HR policies and employee terms and conditions that need to be modernised to align with other local authorities and organisations (i.e. absence management and redeployment). Following due diligence and full analysis of historical data, the estimated level of cost avoidance that potentially could be generated by implementing this proposal has now been reduced from **£250K to £100K** for 2024/25 within **Appendix 8.**
 - **Appendix 16** 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.
- 19.4. The supporting description of some of the final proposals have also been updated in **Appendices 5, 6a, 7 and 8** to reflect the comments received during the engagement and consultation process of the draft budget and to provide further clarity where appropriate.
- 19.5. Since the draft budget proposals were presented at the Cabinet meeting of 11 January the capital investment programme review has continued as set out in paragraph 14.6. 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:

- A further accelerated delivery of £470k of budget from 2024/25 to 2023/24 for Belton Way East Cliff Slip, funded by grant monies from the Department for Transport.

Capital – Priority Schemes subject to viable business cases

- The amounts for Footways Improvements (£4M p.a. for the years 2024/25 to 2028/29) moved from the Other Schemes section to the Priority Schemes section.
- The amounts for Carriageway Improvements (£1.5M p.a. for the years 2024/25 to 2028/29) moved from the Other Schemes section to the Priority Schemes section.
- £0.7M for Public Toilet Provision moved from the Other Schemes section to the Priority Schemes section.

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. Reasons for Decisions

20.1. The recommendations in this report comply with statutory requirements and relevant Local Authority codes of practice and to ensure that budgets align to and enable the delivery of the Councils ambition, corporate priorities and desired outcomes or to enhance the Councils infrastructure.

21. Other Options

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

22. Financial Implications

22.1. As set out in this report.

23. Legal Implications

23.1 The Council is under a legal duty to meet the requirements of Section 31A of the Local Government Finance Act 1992, which includes the obligation to produce a balanced budget. The purpose of these recommendations is for Cabinet to agree its medium term financial strategy, to ensure Council does not fail in its duty to produce a balanced budget and does not expose the Council to risk of external intervention.

Role of Leader and Cabinet

- 23.2 In terms of the Council's executive arrangements, the adoption of the Council's Budget is a role shared between the Cabinet and the Council. The Leader, through his Cabinet, is responsible for formulating the budget proposals.
- 23.3 Under section 25, Local Government Act 2003, when the Council is making the calculation of its budget requirement, it must have regard to the report of the Chief Finance Officer as to the robustness of the estimates and the adequacy of financial reserves. It is prudent that the financial position continues to be closely monitored. In particular, the Leader, together with his Cabinet, must satisfy themselves that sufficient mechanisms are in place to ensure both that savings are delivered, and that new expenditure is contained within the available resources. Accordingly, any proposals put forward by Cabinet must also identify realistic measures to produce those savings.

Requirement to report to Council

- 23.4 The budget sets the upper limits of how the executive (Leader, Cabinet, or officer under delegated executive authority) may decide to spend the Council's resources. The Council cannot, through the budget, overrule an executive decision as to how to spend money, but a decision that leads to excess expenditure, a virement from one budget heading to another over the amount allowed by Council, or expenditure of unexpected new money outside the budget is required to have approval of the Council before the Leader and the Cabinet can make that decision.

24. Carbon Impact

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

25. Equalities

- 25.1. Assessments have been carried out for all proposed revenue investment and reprioritisation proposals in the 2024/25 budget and for all capital investment proposals where appropriate. This is summarised in **Appendix 16**.

26. Consultation and Engagement

- 26.1. 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.
- 26.2. The Council has continued to utilize and grow engagement on the main online platform - Your Say Southend. Inclusion was assured through a variety of ways to provide feedback in alternative formats such as printed questionnaires, phone support and direct outreach to seldom heard or affected groups via virtual or public meetings. The consultations have focused on service redesign and renewal of contracts for commissioned services to implement previously agreed savings, improve the service offer and help inform budget proposals for 2024/25.
- 26.3. There were over 50 consultations and engagements undertaken with over 12,000 visitors to the site and over 1,500 contributions from residents, service users and wider stakeholders. These included consultations on: Healthy Behaviours, JSNA Sexual and Reproductive Health Survey, Ageing Well Engagement, Living Well Engagement, SEND Annual Review Survey for Children and Young People, Autism and Neurodivergence Survey, Parent Carer Survey – Education, Southend Schools Careers Guidance Outcomes, Clean Air Hub, Southend Local Plan Conversation, Charging for Adult Social Care Telecare, Election Cycle, Family centre services, Southend-on-Sea dementia support service. The consultation and engagement results during the last year has fed into the review and refresh of the Corporate Plan 2023 to 2027 and its priorities.
- 26.4. The Council has continued efforts to increase resident and stakeholder participation by increasing co-production opportunities. The council has appointed a new co-production lead and involved those with lived experience in the Autism and Neurodivergence Survey, worked with families and professionals in regards of SEND Local Offer and worked with SAVS to support the ongoing work of the Health and Wellbeing panel. The Youth Voice team continues to support the Youth Council and other forum's where young people can be heard.
- 26.5. Our teams continued to have frequent and informal conversations with residents and stakeholders to complement formal consultation efforts as can be evidenced in the work of the Community Builders, Faith and Belief Network and "In Conversations with..." events taking place in local neighbourhoods in partnership with the South East Essex Alliance.
- 26.6. The overall results and comments from the range of consultations undertaken have continued to help inform the preparation of the 2024/25 revenue budget. Consultation has also taken place with the Chief Executive, Executive Directors, and their Directors as part of the budget preparation process who are fully committed to working within the budget proposed. Members are being consulted through Cabinet, Scrutiny Committees and Council.

- 26.7. Consultation with staff and unions will continue throughout the process. Briefings for local businesses and the voluntary sector have been undertaken to give them an opportunity to find out more about what is in the planned draft budget from the Leader, Deputy Leader and Executive Director (Finance & Resources).
- 26.8. 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.
- 26.9. The overall results, comments and feedback from the range of consultations that have been undertaken in 2023/24 have helped to inform the preparation of the 2024/25 budget and Medium-Term Financial Strategy to 2028/29.
- 26.10. The draft budget considered at Cabinet on 11 January 2024 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:
- 26.11. Policy and Resources Scrutiny Committee on 1 February 2024 asked a vast number of questions and also sought clarification on a range of areas contained within the draft revenue budget proposals. These included:
- Decommissioning of the Dementia Community Support Team
 - The future of the Household Support Fund following Government's response that no new decision has been taken about the future of the Fund.
 - Review of library services.
 - The 2024/25 draft budget surplus for the Highways, Transport and Parking portfolio.
 - Pausing the Graduate Development Programme.
 - Elective vehicle charging opportunities.
 - Parks service review.
 - Full cost recovery for Council services provided externally.
 - Movements between the original budget for 2023/24, probable outturn for 2023/24 and the draft budget for 2024/25 for the Portfolio Net Expenditure contained within Appendix 4 of the draft budget report.
 - The level of reserves and how these impact on the Council's sustainability.
 - Private sector leasing and private landlords.
 - Reducing sickness benefit and holiday buy back.
 - Achievability and robustness of the budget proposals.
 - The total for budget savings/income generation over the next three years.
 - Learning disability and mental health service reviews.
 - Homecare electronic monitoring.
 - Waste collection contract.
 - Residential savings for children's social care.
 - Review of the environmental protection enforcement model.
 - Parking charges, resident permit charges and the Southend pass.

- Budget for the repair of potholes.
- The dimming of street lights.
- Review of family centres.
- The corporate risk register.
- The timely reporting of budget monitoring reports.
- Collection of Council Tax on empty properties.
- The recoverability of Adult Social Care debts.
- Transitional Supported Housing.
- Capital Financing Requirement Review.
- Vacancy factor.
- Operational estate efficiencies.
- Review of the parks service and decommissioning of the nursery.
- Commercial terms for beach huts.
- Reviews of the learning disability and mental health services.
- Crematorium charges.
- Review of supported accommodation for unaccompanied asylum seekers.
- Unavoidable cost pressures regarding economic recovery.
- Contingency budget for energy inflation.

In addition, the committee asked several questions and also sought clarification on a range of areas contained within the draft capital investment programme budget proposals. These included:

- Southchurch Park Pavilion.
- Community Infrastructure Levy ward allocations.
- Coastal Defences.
- The provision of public toilets.
- Footways and Carriageways.

All changes/updates to the revenue and capital budgets are summarised in Section 19.

For most of the questions responses were provided at the engagement session with no further follow-up requested. Written responses were requested regarding the following:

- 2024/25 draft budget surplus for the Highways, Transport and Parking portfolio.
- Movement between original budget and probable outturn for 2023/24 for the Highways, Transport and Parking portfolio.
- Pausing the Graduate Development Programme.
- Electric vehicle charging opportunities.
- Prior-year savings analysis
- The recoverability of Adult Social Care debts.
- Car park charging at Southchurch Park East.

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

- The future of the Better Start programme.
- Whether the Government's Household Support Fund will continue in 2024/25.
- How the Council will drive financial sustainability going forwards.
- Whether businesses are engaging sufficiently with the Council.

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

Representation has also been received by operators within the bereavement services sector regarding the length of services at Southend-on-Sea crematorium. After significant investment and refurbishment of the cremators and the South Chapel, it is now proposed that the slots available for booking at both chapels will increase from 40 minutes to 60 minutes, allowing a further 20 minutes for services to mark the passing of loved ones. This will be in-line with our nearest neighbours and represents an enhancement and extension to the Council's current offer and user experience. It is forecast that this increase in service time will not impact on the income projections estimated within this overall budget package.

27. Background Papers

- Draft Budget Proposals – 2024/25 to 2028/29 – Cabinet Report to 11 January 2024
- The Final Local Government Finance Settlement 2024/25, DLUHC
- Budget working papers held by the Finance and Resources team
- Southend-on-Sea City Council's Corporate Plan 2023 – 2027

28. Appendices

Appendix 1 Medium Term Financial Strategy 2024/25 – 2028/29 – to follow
Annex 1 to Appendix 1 – Medium Term Financial Forecast to 2028/29

Annex 2 to Appendix 1 – Earmarked Reserves to 2028/29

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 2024/25 (one page summary)

Appendix 5 Unavoidable Cost Pressures 2024/25

Appendix 6 6A Proposed Budget Savings and Income Generation Initiatives

6B 2024/25 Fees and Charges

- Appendix 7 Overspend Reductions Proposals
- Appendix 8 Cost Avoidance Considerations
- Appendix 9 9A Dedicated Schools Grant Budget 2024/25
9B Dedicated School Grant Early years 2024/25
- Appendix 10 Capital Investment Strategy – 2024/25 to 2028/29
Annex 1 to Appendix 10 – Capital Investment Policy
- Appendix 11 Capital Investment Proposals – 2024/25 to 2028/29
- Appendix 12 Other Requested Changes to Approved Capital Investment Programme
- Appendix 13 Amended Capital Investment Programme 2024/25 to 2028/29
(2023/24 shown for information)
- Appendix 14a Revised Minimum Revenue Provision Policy 2023/24
- Appendix 14b Minimum Revenue Provision Policy 2024/25
- Appendix 15 Prudential Indicators 2024/25 to 2028/29
- Appendix 16 Equality Analyses supporting budget proposals

Report Authorisation

This report has been approved for publication by:

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S151 Officer	Joe Chesterton	05/02/2024
Monitoring Officer	Kim Sawyer	05/02/2024
Executive Director(s)	Joe Chesterton	05/02/2024
Relevant Cabinet Member(s)	Councillors Cox and Moyies	05/02/2024