

SOUTHEND-ON-SEA CITY COUNCIL

Meeting of Policy and Resources Scrutiny Committee

Date: Thursday, 1st February, 2024

Place: Council Chamber - Civic Suite

Present: Councillor S Wakefield (Chair)
Councillors L Burton (Vice-Chair), B Beggs, M Borton, S Buckley,
O Carley, P Collins*, D Cowan*, M Dent, N Folkard, S George,
J Harland, R McMullan, J Warren and R Woodley*

(*Substitute in accordance with Council Procedure Rule 30.)

In Attendance: Councillors H Boyd, K Buck, J Courtenay, T Cox, M Davidson,
D Garston, J Lamb, J Moyies, D Nelson and M Terry
R Baker, J Chesterton, G Halksworth, M Harvey, E Helm, L Hunt,
A Richards, C Shuter and S Cox

Start/End Time: 6.30 pm - 10.25 am

53 Chair's Introduction & Apologies for Absence

(a) Chair's Introduction

Prior to the consideration of the matters set out in the agenda, the Chair outlined their expectations of the standard of conduct and behaviour to be shown at the meeting.

(b) Apologies for Absence

Apologies for absence were received from Councillor T Cowdrey (substitute: Councillor R Woodley), Councillor M Sadza (substitute: Councillor D Cowan) and Councillor P Wexham (substitute: Councillor P Collins).

54 Declarations of Interest

The following interests were declared at the meeting:

- (a) Councillor S Wakefield – Minute 58 (Draft Budget Proposals 2024/25 to 2028/29) – owner of a local business in Southend-on-Sea a sub-contractor of the Council and South Essex Homes.
- (b) Councillor D Nelson (Cabinet Member) – Minute 58 (Draft Budget Proposals 2024/25 to 2028/29) – wife is employed by the NHS.
- (c) Councillor R Woodley – Minute 58 (Draft Budget Proposals 2024/25 to 2028/29) – owner of a beach hut in Southend-on-Sea and member of a bowls club.

55 Questions from Members of the Public

There were no questions from members of the public relating to business included in the agenda for the meeting.

56 Minutes of the Meeting held on 7 December 2023

Resolved:

That the minutes of the meeting of the Committee held on 7 December 2023 be confirmed as a correct record and signed.

57 Draft Housing Revenue Account (HRA) Budget and Rent Setting Report 2024/25

The Committee considered the report of the Executive Director of Finance and Resources and the Executive Director of Environment and Place, which had been referred direct by the Cabinet from the meeting held on 11 January 2024.

The report set out how investment from the Housing Revenue Account (HRA) would contribute towards meeting housing needs in Southend-on-Sea and presented the outcome of Southend-on-Sea City Council's annual rent review and associated rent setting proposals for all council dwellings within the HRA for 2024/25.

The Cabinet Member responded to a number of questions in relation to:

- Benchmarking of garage rents, the increase of garage rents following a consultation with South Essex Homes.
- The progress of passive house project; active project and discussions were ongoing with architects and work was expected to be starting soon.
- Damp, Mould and Condensation problems in South Essex Homes properties and whether this had been factored into the budget. It was explained that a number of workstreams were in place which included a damp, mould and consultation working group, retrofit and passive house projects informing the longer-term programme and communication with tenants to identify and rectify issues more swiftly.
- It was highlighted that the current repairs and maintenance contract was due to end in June 2024, but a procurement process was underway for a new contract and there would not be a gap in provision.
- The projected net operating surplus of the HRA budget of £4.8 million as working capital.

Resolved:

That the following decisions of the Cabinet be noted:

“That Cabinet recommends to Council that, as part of the budget setting process, it approves the following increases with effect from 1 April 2024:

1. An average rent increase of 7.7% on all tenancies.

2. An average rent increase of 7.7% on shared ownership properties.
3. An increase of 10% for garage rents to £15.38 per week for tenants and £18.46 for non-tenants (being £15.38 plus VAT), a rise consistent with the standard approach taken across the range of City Council's fees and charges for 2024/25. All variants on a standard garage will receive a proportionate increase.

That Cabinet recommends to Council that, as part of the budget setting process, it approves:

4. South Essex Homes core management fee be agreed at £7,678,000 for 2024/25.
5. South Essex Homes proposals for average decreases of 3.1% in service charges to reflect the estimated costs incurred be agreed for 2024/25.
6. South Essex Homes proposals for an average 7.4% decrease in heating charges for sheltered housing tenants and for hostel tenants to reflect the estimated costs incurred be agreed for 2024/25.
7. The following appropriations be agreed:
 - £60,000 to the Repairs Contract Pensions Reserve.
 - £4,761,000 to the Capital Investment Reserve.
 - £8,015,000 from the Capital Investment Reserve.
8. Subject to the approval of items 2.1 through to 2.7 above, the HRA budget for 2024/25 as set out in Appendix 1 be agreed and
9. The value of the Council's capital allowance from 2024/25 be declared as £57,098,000 as determined in accordance with regulation 16 of the Local Authorities (Capital Finance and Accounting) (England) Regulations.

That Cabinet notes:

10. The developing draft 30-year Housing Revenue Account Business Plan (structure and text only) as set out in Appendix 4 and supports any minor amendments to be completed by the Executive Director (Environment and Place) in consultation with the Cabinet Member for Housing and Planning. The final version of the Business Plan will be submitted to Cabinet for approval in February 2024."

Note: This is an Executive Function, save that approval of the final budget following the 13 February 2024 is a Council Function.

Cabinet Member: Councillor D Garston.

58 Draft Budget Proposals - 2024/25 to 2028/29

The Committee considered the report of the Executive Director of Finance and Resources, which had been referred direct by the Cabinet from the meeting held on 11 January 2024.

The report presented the draft budget proposals for 2024/25 to 2028/29 and illustrated over the medium term how the Council's limited revenue and capital resources were being prioritised to respond to increasing demand and unavoidable cost pressures for the delivery of key statutory services.

The Leader of the Council confirmed that Cabinet would consider the views of the Committee in respect of the following matters, in proposing the Council's General Fund Revenue Budget for 2024/25 for adoption by the Council at its meeting to be held on 22 February 2024:

- a) The decommissioning of the Dementia Community Support team (TPP-03)
- b) The future of the Household Support Fund and the impact on the provision of Free School Meals.
- c) The proposal of pausing the Graduate Programme (ORE-04)
- d) The deferred review of existing library provision (SOC-06)
- e) The parks service review and the implementation of some short-term measures in 2023/24 (SOC-01)
- f) Private sector leasing (IGC-13) how landlords were selected, and arrangements made.
- g) Learning Disability and Mental Health Service Reviews (OSR-07)
- h) Home Care Electronic Monitoring (OSR-02).
- i) Waste Collection Contract in Appendix 5 (01-DLENV)
- j) Residential Savings (Childrens Social Care) – SCC's purchased children's home.
- k) Review Environment Protection Enforcement Model (ICG-12)
- l) The proposed increase of fees to the Southend Pass.
- m) The options from the Family Centres review (COI-04)
- n) Transitional Support Housing (TPP-02)
- o) The application of the departmental wide vacancy factor and the estimated value (COI-03).
- p) The reduction of sickness benefit (CAV-03) and profiling of "buying back" annual leave (CAV-04).
- q) Operational Estate Efficiencies (EAP-02) and any impact this would have on the driving test centre.
- r) Unavoidable cost pressures. Energy inflation costs for 2024/25 (04-COP) queried why the figures were not averaged out. It was agreed that updated figures will be re-factored into future proposals.
- s) Waste collection contract (01-DLENV) and forecast saving on a contract that had not yet started; it was clarified that this was not a cost saving but a cost avoidance in the contract extension period.

The relevant Cabinet Members undertook to provide written responses to questions raised by members of the Committee with regard to:

- a) The summary of General Fund Revenue estimates (Appendix 4) and the projected profit of £253,000 in the Highways, Transport and Parking portfolio, which service would be benefiting from the profit.
- b) To clarify the amount to savings in relation to the pause of the graduate training programme and whether there should be a smaller projection on the savings for the current year given it was being paused in September (£200,000 of savings projected for 2024/25, £200,00 in 2025/26 and £150,000 in 2026/27).

- c) The installation of Electric Vehicle (EV) charging points, how many are the Council planning to install and how much profit in commission is expected to be received.
- t) The full cost recovery for Council services provided externally (IGC-03) and how the forecast sum was likely to be achieved.
- d) The agreed savings from prior year's total set out in Appendix 5, figures as per February 2023 Council, to be listed out in full during the final budget proposals.
- e) Cost associated with parking and revenues and why probable outturn was £500,000 more than predicted in original budget.
- f) An update on the latest bad debt position and provision of recouping debts in relation to Adult Social Care.
- g) Parking charges in parks and in relation to Southchurch park, which car parks will / will not have charged applied to them.

During consideration of the matter on the hour of 10.00pm having been reached, in accordance with Council Procedure Rules Standing Order 11.1, the Committee unanimously agreed to proceed with the remaining business on the agenda.

Resolved:

That the following decisions of the Cabinet be noted:

That Cabinet recommend to Council that it:

1. Notes that a detailed Medium Term Financial Strategy for 2024/25 – 2028/29 will be available for consideration in February 2024 and approve the draft Medium Term Financial Forecast and estimated Earmarked Reserves Balances up to 2028/29 (Annexes 1 and 2 to Appendix 1).
2. Consider and acknowledge the draft Section 151 Officer's statement on the robustness of the proposed budget, the adequacy of the Council's reserves and the Council's Reserves Strategy (Appendix 2).
3. Approve the appropriation of the sums to earmarked reserves totalling £7.161M (Appendix 3).
4. Approve the appropriation of the sums from earmarked reserves totalling £1.863M (Appendix 3).
5. Approve a General Fund Budget Requirement for 2024/25 of £150.074M and Council Tax Requirement of £103.495M (Appendix 4) (Paragraph 12.10, Table 5) and any required commencement of consultation, statutory or otherwise.

6. Note that the 2024/25 revenue budget has been prepared based on using £1.000M from accumulated Collection Fund surpluses to support the core budget and to allow for a smoothing of the budget gap (Paragraph 12.13).
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 12.14).
8. Note the position of the Council's preceptors is to be determined:
 - Essex Police – no indication of Council Tax position
 - Essex Fire & Rescue Services – no indication of Council Tax position
 - Leigh-on-Sea Town Council – no indication of Council Tax position
9. Approve that no Special Expenses be charged other than Leigh-on-Sea Town Council precept for 2024/25.
10. Consider and approve the proposed General Fund revenue budget growth due to unavoidable cost pressures of £19.035M (Paragraph 9.2, Table 3 and Appendix 5).
11. Consider and approve the proposed General Fund revenue budget savings and income generation initiatives for 2024/25 of £14.315M (Paragraph 9.3, Table 4 and Appendix 6).
12. Consider and approve the proposed General Fund revenue overspend reduction initiatives for 2024/25 of £2.795M (Paragraph 9.4 and Appendix 7).
13. Consider and approve the proposed General Fund revenue cost avoidance initiatives for 2024/25 of £1.990M (Paragraph 9.4 and Appendix 8).
14. Approve the Dedicated Schools Grant budget and its relevant distribution as recommended by the Education Board (Appendix 9).
15. 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).
16. 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 £13.9M for the General Fund and £5.5M for the Housing Revenue Account (Appendix 11).
17. Note the proposed changes to the current Capital Investment Programme that were considered for approval as part of the Financial Performance Report – Period 8 earlier on this agenda (Appendix 12).

18. Approve the proposed Capital Investment Programme for 2024/25 to 2028/29 of £96.8M to be delivered by the Council and £20.1M to be delivered by Subsidiary Companies and Partners (Appendix 13) of which £45.3M is supported by external funding.
19. Approve the revised Minimum Revenue Provision (MRP) Policy for 2023/24 and Minimum Revenue Provision (MRP) Policy for 2024/25 (Paragraphs 17.12 to 17.15 and Appendices 14a and 14b) and the prudential indicators (Appendix 15).
20. Approve the operational boundary and authorised limits for borrowing for 2024/25 which are set at £385M and £395M respectively (Appendix 15).

Note: This is an Executive Function save that approval of the final budget following Cabinet on 13th February 2024 is a Council Function
Cabinet Member: Councillor Cox

Chair: _____