Medium Term
Financial Strategy
2021/22 to 2025/26

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1 Introduction

1.1 Background

Southend-on-Sea Borough Council (SBC), along with most local authorities across the country, continues to face significant challenges in providing essential services to meet the needs of residents within the level of resources it has at its disposal. This is exacerbated by a combination of increasing and more complex local demand and uncertainty over future government funding levels and arrangements. These issues took on a whole new dimension with the need to cope with the impact of COVID-19 locally.

The Council's strategic response to the more traditional, familiar local government challenges had been to develop a new high-level Financial Sustainability Strategy for 2020-2030 and comprehensively update its Medium-Term Financial Strategy (MTFS) for 2020/21-2024/25. These key strategies were approved in February 2020. They outlined the Council's ambition, approach, desire, and commitment to do everything it can to plan effectively for the future and invest in priorities that make a real positive difference to residents, businesses, and visitors. This was predicated on ensuring that the Council remains financially stable and resilient for the future.

1.2 COVID-19 Implications

From March 2020 everything changed. The overall assessment of the health and economic impact of COVID-19 is continuing and will undoubtedly do so for a long time to come. The challenge is clearly worldwide, and national governments are still wrestling with how they can tactically put in place the right package of measures to save lives and to try to minimise the spread of the virus and its impact across their respective populations. These plans have been further disrupted by a worldwide resurgence of the virus and the identification of various new contagious strains and mutations.

The Government announced that the whole of England would be placed in a new national lockdown again from 5th January 2021. There were serious concerns over the continued spread of the virus and the ability of the NHS to cope with the increased volume of admissions to hospital at what is notoriously a very busy and demanding time in any normal year.

Alongside these worrying developments, there has also been some very positive announcements around the successful testing of various potential vaccines to immunise people against the virus. Consideration has now turned to how these new vaccines can be safely and quickly deployed across populations, prioritising the most vulnerable in the first instance with the obvious ambition to finally get everyday life back to normal again. The UK Government set a target of the middle of February 2021 to offer a first vaccine dose to everyone in the top four priority groups. It is estimated that this is circa 15 million people in the UK. Effective mobilisation and implementation of this ambitious immunisation strategy has been positive so far with over 10 million people receiving their first dose of the vaccine at the time of writing this strategy.

The pandemic continues to have a huge direct operational and financial impact right across the local government sector. All local authorities are struggling with the challenges of uncertainty, large financial pressures and concerns for their residents and local areas in such unprecedented times. Effectively managing the short and medium-term financial challenges that COVID-19 has brought to the Borough will be an important factor in the Council's and indeed the Borough's future success.

The overall financial landscape today bears no comparison to the relatively stable state of the national public finances from less than a year ago. To highlight just two key headlines from the Chancellor's Spending Review 2020 speech - the national economy is predicted to shrink by 11.3% in 2020/21 (the largest fall for 3 centuries) and borrowing is expected to reach £394 billion (the highest level in peacetime history).

It really has, and continues to be, an unprecedented 2020/21 financial year and some tough national and local choices and decisions on priorities, future tax options and non-statutory service levels will undoubtedly be required over the medium-term.

1.3 Local Context

The Council continues to respond to the demands of the pandemic but at the same time preparing for recovery post COVID-19. The Council is committed to supporting improvements in the health and economic wellbeing of its residents via its ambitious Southend 2050 priority investment programme. The Council's financial strength will be enhanced by embracing and wherever possible facilitating the Borough's strong economic potential, enabling sustainable growth in local tax bases and by increasing its own income generating and commercial capabilities.

Despite the current challenges, the Council is determined to build on the solid financial foundation that it has worked so hard to create locally. This will enable the authority to navigate the challenges and impact of a decade of austerity, COVID-19 and effectively manage the unprecedented current level of local demand for priority services. By also continuing to demonstrate strong leadership, collaboration, and engagement the Council wants to remain proactive, and with the support of its communities, help shape the future destiny of Southend-on-Sea.

The announcement of a single year financial settlement for local government is perhaps understandable, given the huge fiscal challenges that COVID-19 has brought to the UK. From a local business and financial planning perspective though, this short-term arrangement creates real uncertainty for the Council and fails to provide any clarity for the future.

There will undoubtedly be major reform contained within future National Spending Reviews, and the previously announced Fair Funding considerations, Business Rate Retention proposals and reset outcomes could all have major local impacts. It is within this context that the MTFS 2021/22 – 2025/26 has had to be developed.

Figure 1 illustrates that for SBC the level of funding available for local authority services is increasingly more reliant on locally generated sources rather than non-ring-fenced or general grants from central government. It is hard to imagine that this trajectory and direction of travel will change over the medium term if anything the gap will continue to widen.

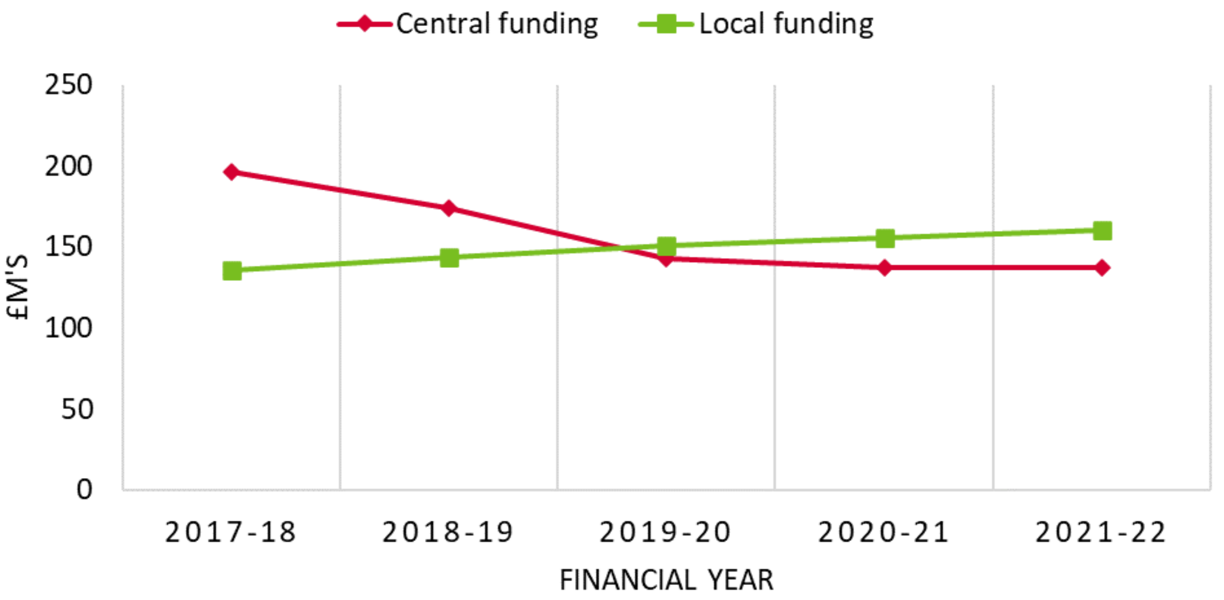

Figure 1 Trend from central to local funding sources

SBC is one of six unitary authorities in the East of England, responsible for over 500 services and with a current population of over 183,000. The Council's turnover is around £450m and our resources are well-managed through our budgetary and financial monitoring framework.

The MTFS has been developed on the understanding of where Southend-on-Sea Borough Council currently is and where it wants to get to. It has clear ambitions that have been set in conjunction with residents, businesses, and partners, and has a commitment to deliver efficient value for money services, a desire to increasingly target resources towards the delivery of priority outcomes and to remain a financially stable, well run, and resilient organisation. This clarity of focus helped to provide clear direction for the organisation and enabled the Council to respond positively to the huge health, economic and operational impact caused locally by COVID-19.

Since 2018 the Council has been on a path to review the culture, values, and behaviours of the organisation, under the banner of the Transforming Together Programme. Clear values have been established in our organisation:

- **Inclusive – we put people at the heart of what we do.**
- **Collaborative – we work together.**
- **Honest – we are honest, fair, and accountable.**
- **Proud – we are proud to make lives better.**

These are supported and complemented by the following set of agreed and championed behaviours:

- **Driving Positive Change**
- **Demonstrating strong leadership**
- **Trust and respect**
- **Acting with integrity and behaving responsibly**
- **Building relationships to work well together.**

Proposals within the MTFS build on the Council's ability to work with residents and partners to design services that meet local needs. The agreed set of core values and behaviours continue to shape our approach to decision making and service delivery.

The Council has been led by a joint political administration since May 2019 supported by a professional executive leadership team. Our overall financial strategy arrangements have been shaped and influenced by CIPFA's new Financial Management Code[1] which summarised a lot of the good work and appropriate standards that were already evident within the local authority.

The MTFS provides an integrated view of the whole of the Council's finances and business outlook over the next five years. It represents a more detailed plan to implement the first phase of the Council's new Financial Sustainability Strategy published in Spring of 2020 which, due to the concerns over the impact of COVID-19, we plan to review again in the Autumn of 2021. It shows how the Council intends to align its financial resources to meet our Southend 2050 ambition, five-year roadmap, delivery of our priority outcomes and delivery of our recovery priorities. The MTFS will be refreshed on an annual basis, in recognition that in the current environment the further any financial strategy looks to the future, the more uncertain it becomes.

The MTFS is the Council's key financial planning document which informs business and resource planning. It clearly shows how investment and spending is prioritised and balanced against available resources. It will identify any budget gaps in the medium term to allow the Council time to address them in a considered and planned way.

1.4 Southend 2050 Ambition and Economic Recovery Focus

Southend 2050 is the Borough's ambition for the future. It was developed following extensive conversations with those that live, work, visit, do business and study in Southend-on-Sea. These conversations asked people what they thought Southend-on-Sea should be like in 2050 and what steps are needed now, and in the coming years, to help achieve this. The ambition is grounded in the values of Southenders. It is bold and challenging and will need all elements of our community to work together to make it a reality.

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[1] ***CIPFA - Financial Management Code, published October 2019. Full compliance with the Code is mandatory for the 2021/22 financial year***

The five themes summarised in the following graphic provided a framework for our initial response to the pandemic and is now also helping to influence our approach to enabling our local economy to recover and our service offer to be re-designed and more effectively targeted to local residents.

Figure 2 Southend 2050 Themes

The Southend 2050 ambition currently includes twenty-six outcomes which align to the five themes. The five-year roadmap timeline identifies key projects that will help make the ambition a reality.

The ambition is an overarching view of the Council's future direction which aims to articulate the visible changes to the environment and the more fundamental effects on people's lives, essentially capturing how it could feel to live, work, or visit Southend in the future. This has also helped with mobilising the Council's efforts to focus on enabling the local economy to recover from the pandemic.

The Council's Cabinet captured and reinforced their key priorities in recognition of the impact and concerns caused by the pandemic in 2020/21. They are not new priorities but highlighted the short term required focus that fits in with the strategic context of Southend 2050:

- **Economic recovery focus on a stronger and safer town.**
- **Green City and climate change commitments.**
- **Travel and transport considerations.**
- **People and communities focus.**
- **Delivery of major planned transformation projects.**
- **Recognised that we need to learn and recover as an organisation.**

Our ambition complements the Essex 2050 vision, 'The Future of Essex' developed by Essex wide stakeholders and the emerging South Essex 'proposition', titled 'What sort of place are we making?' This is being developed by South Essex local authorities who are collectively looking to the future.

The Council will agree five-year roadmap stages as part of its delivery programme. The roadmap will outline the Council's role in achieving the ambition and provides a high-level guide for Councillors, staff, partners, and others to align their capacity, capabilities, and resources to help to achieve delivery of these priorities. It builds on our existing achievements and outlines what the Council wants to achieve in the coming five years.

Consideration will also be given to making sure that the sequencing and timing of all activities are still appropriate in the context of the damage and potential scarring caused by COVID-19. Economic recovery and the focus provided by Cabinet will be integrated into our arrangements and will remain an overriding and guiding influence.

There will be five strategic delivery plans, one per theme reflecting the roadmap. These will be supported by delivery plans which reflect our ambition and focus on achieving the desired outcomes in five years' time.

All revenue and capital resources will be allocated with the aim of contributing to the delivery of our overall Southend 2050 ambition and achieve the following desired outcomes and support the local economic recovery from COVID-19.

Pride and Joy

By 2050 - people are proud of where they live – the historic buildings and well-designed new developments, the seafront, and the open spaces. The city centre has generated jobs, homes, and leisure opportunities, whilst the borough's focal centres all offer something different and distinctive. With its reputation for creativity and culture, as well as the draw of the seaside, Southend-on-Sea is a place that residents and visitors can enjoy in all seasons. Above all we continue to cherish our coastline as a place to come together, be well and enjoy life.

Safe and Well

By 2050 - public services, voluntary groups, strong community networks and smart technology combine to help people live long and healthy lives. Carefully planned homes and new developments have been designed to support mixed communities and personal independence, whilst access to the great outdoors keeps Southenders physically and mentally well. Effective, joined up enforcement ensures that people feel safe when they are out, and high-quality care is there for people when they need it.

Active and Involved

By 2050 - Southend-on-Sea has grown, but our sense of togetherness has grown with it. That means there's a culture of serving the community, getting involved and making a difference, whether you're a native or a newcomer, young or old. This is a place where people know and support their neighbours, and where we all share responsibility for where we live. Southend in 2050 is a place that we are all building together – and that's what makes it work for everyone.

Opportunity and Prosperity

By 2050 - Southend-on-Sea and its residents benefit from being close to London, but with so many options to build a career or grow a business locally, we're much more than a commuting town. Affordability and accessibility have made Southend-on-Sea popular with start-ups, giving us the edge in developing our tech and creative sectors, whilst helping to keep large, established employers investing in the borough. People here feel valued, nurtured, and invested in. This means that they have a love of learning, a sense of curiosity and are ready for school, employment, and the bright and varied life opportunities ahead of them.

Connected and Smart

By 2050 - Southend-on-Sea is a leading digital city and an accessible place. It is easy to get to and get around, with easy parking for residents, visitors, and businesses. Everyone can get out to enjoy the borough's thriving city centre, its neighbourhoods, and its open spaces. Older people can be independent for longer. It is also easy to get further afield with quick journey times into the capital and elsewhere. Our airport has continued to thrive, opening new business and leisure opportunities overseas – but it has done so in balance with the local environment.

Southend-on-Sea - it all starts here.

1.5 Implementing the Ambition

The Council is continuing to develop shared ownership of the Southend 2050 ambition and the first phase of the planned programme of outcomes. Given the need to prioritise the response to the pandemic some aspects of the original plans and the sequencing of activities have had to change. It is still the intention that, wherever possible, measures to achieve the outcomes are co-designed and co-delivered with residents and partners. This has resulted in the development of more innovative partnership arrangements with stakeholders and shifting our culture so that council staff have an engagement role in their day-to-day job. However, the momentum of this programme has slowed given the local challenges and practical obstacles that the pandemic has caused.

Detailed reports which covered the initial assessment, response, and impact of COVID-19 on the finances and operations of the Council have been presented to Cabinet on 9th June[2] and 15th September 2020[3].

It is within this context that the Council remains committed to delivering the overall medium-term ambition but had to recognise that tactically in the short term the pandemic has presented challenges that required an immediate response to support our residents, businesses, communities, and our workforce.

The Council remains committed to using an Asset Based Community Development (ABCD) methodology to promoting the sustainable development of our communities in the medium term. This will continue to build on how the council works with residents and stakeholders, and revise the Council's approach to leadership, management of assets, funding streams, commissioning, and workforce development.

This approach will include more shared posts, shared commissioning and the co-location of services and staff, along with the development of our locality approach. It will promote a more fluid and creative way for citizens to share their ideas on priorities and solutions, while also valuing and strengthening the more formal consultation processes. The Council believes that this is even more important post COVID-19 to re-imagine the relationships and contacts with communities. The Council will use these principles and learning over the last 12 months to develop future ways of working (FWOW) for its workforce in 2021/22

To further enhance our approach to partnerships, community engagement and citizen empowerment, the Council is still committed to investing into a new community builders' scheme on a test and learn basis. Community builders will be embedded into the heart of the local community and will have preventative conversations with neighbourhoods about what matters to them as well as helping people to build and connect using their personal strengths and with natural support through local assets and relationships. Community builders will be an enabler to support early, preventative action BY citizens to help to deliver on our Southend 2050 outcomes. The principles of how this will operate in practice post COVID-19 is under review.

[2] https://democracy.southend.gov.uk/documents/s39051/Report%20of%20Chief%20Executive.pdf
[3] https://democracy.southend.gov.uk/documents/s40798/3%20-%20-%20Report%20-%20Covid-19%20Finance.pdf

1.6 Aims and Purpose of the Medium Term Financial Strategy (MTFS)

In the context of the challenges and unprecedented circumstances, the purpose of the MTFS is to try and provide a clear strategic framework and encourage a forward-looking approach to support medium term financial stability and longer-term sustainability. It is integral to the Southend 2050 ambition, delivery of associated priority outcomes and economic recovery priorities in an affordable and sustainable way over the next five-year period. It aids robust and methodical planning as it forecasts the Council's financial position, considering known pressures, highlighting major issues affecting the Council's finances, including international, national, regional, and local factors.

It helps the Council to respond, in a considered manner, to pressures and changes caused by many internal and external influences. This is particularly important during a period when the Council still faces unprecedented challenges and uncertainty. The MTFS recognises the key role that financial resources play in the future delivery of services and in enabling the effective planning, management and delivery of priorities that contribute to the outcomes contained in Southend 2050 and roadmap phases.

The strategy concentrates on the key principles that will provide a strong and sustainable direction for the medium term. An overarching MTFS is not only good practice but is required to provide the strategic financial framework for the authority at a time of considerable pressure and change. It will be needed to help to navigate the route for the organisation and local area to come through COVID-19 stronger, deliver key priorities and ongoing efficiency gains, provide closer budget scrutiny, effective management of financial pressures, national policy changes or political change.

The MTFS takes a holistic view of all prevalent issues and requirements so that it is realistic and reduces the risk of a significant budget gap occurring late in the budget setting process. It includes revenue and capital expenditure and income for the General Fund and the Housing Revenue Account, reserves, financing of capital, treasury management and partnerships. This is to ensure that the Council sets a comprehensive, affordable, and sustainable budget. The new CIPFA Financial Management Code is now compulsory from 2021/22 and having a viable and robust MTFS is a minimum requirement.

The key overriding aim of the MTFS is therefore: ***To provide a financial framework within which financial stability can be achieved and sustained in the medium term to deliver the Council's key strategic outcomes, priorities, and sustainable services.***

The parameters set by the five-year planning period of the MTFS are used to inform the development of the budgets for the General Fund, Housing Revenue Account, and the capital investment programme for the first year of that planning period. This is to make sure that, in setting the budget, decisions are not taken that could create problems in future years and that the financial consequences of those decisions are sustainable and fully understood.

The MTFS is crucial to the setting of a robust budget by considering the likely effect of identified budget pressures and the associated risks materialising. It facilitates the modelling of the impact of different planning assumptions and scenarios on the budget gap to inform decision-making and provides greater confidence that the budget is both affordable and realistic.

Due to the huge health and economic challenges caused by COVID-19 and to a lesser extent but still of huge significance the uncertainties and potential future impact of Brexit, the Government issued a financial settlement for the Local Government Sector for 2021/22 only.

Given these unprecedented times the MTFS should be viewed as the Council's provisional assessment based on the best knowledge and intelligence currently available, rather than cast iron accurate medium-term forecasts.

1.7 Financial Resilience and CIPFA's Index

Financial resilience and future sustainability are important considerations. We are an ambitious Council that is committed to continually improving our performance and delivering better outcomes for local residents through our Southend 2050 programme.

Our desire to improve, learn and provide value for money is also predicated on acting responsibly and ensuring our plans are affordable and sensible. Our approach and evidence of our relative financial strength is illustrated independently by CIPFA's recently published Financial Resilience Index for 2021.

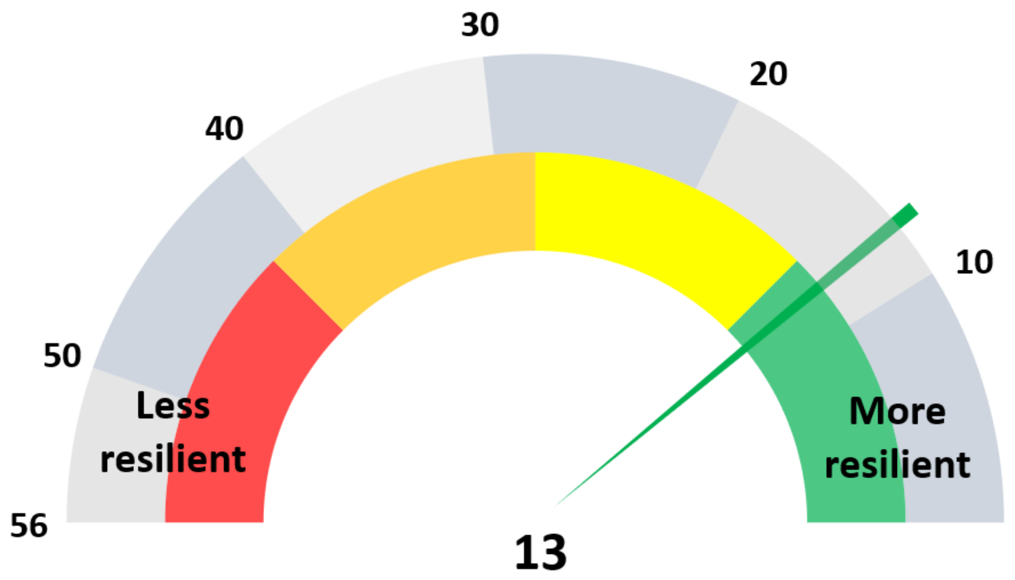


Figure 3 Southend's performance in CIPFA's Financial Resilience Index for 2021

Southend is 13^{th} out of 56 unitary authorities when ranked across the 16 indicators of financial stress within CIPFA's Financial Resilience Index for 2021.

We are in a relatively strong financially resilient position – the only real factor that is highlighted of potential higher risk within CIPFA's Index is the ratio of interest payable to net revenue expenditure. We believe that our approach is sustainable and is appropriate and proportionate in the context of our ambitious capital programme. Our plans and commitments are managed at a prudent level by using our healthy level of reserves to allow cash balances to be used instead of external borrowing wherever suitable.

1.8 Strategic context

The MTFS is closely aligned to several other strategies and plans which impact on the direction of the Council and must reflect and be informed by the drivers and priorities within them. The following diagram (Figure 4) shows the links to these other strategies and plans.

MEDIUM TERM FINANCIAL STRATEGY – LINKS TO OTHER STRATEGIES AND PLANS

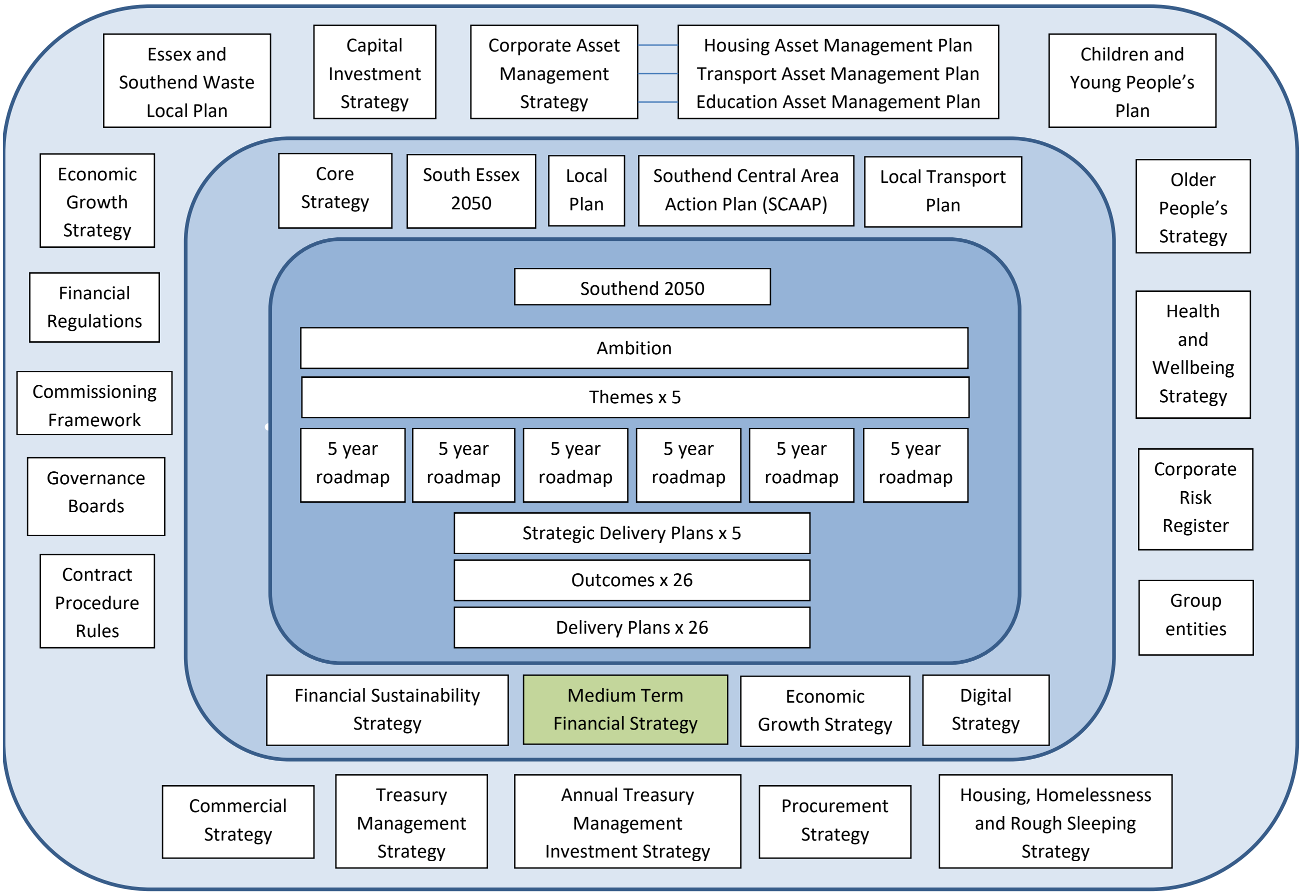


Figure 4 MTFS Links to Other Strategies

1.9 Key Assumptions

Local authority budgeting is by its very nature difficult to forecast with absolute certainty since there are so many variables that need to be considered and assessed. Table 1 summarises a range of assumptions that have been used to drive all applicable aspects of the financial planning process.

Table 1 Summary of Key Assumptions

Item	2021/22	2022/23	2023/24	2024/25	2025/26
Council Tax Increase	1.99%	1.99%	1.99%	1.99%	1.99%
Social Care Precept Increase	2.00%	1.00%	0.00%	0.00%	0.00%
Council Tax Base (No of 'Band D' Equivalents)	58,630.49	58,923.64	59,218.26	59,514.35	59,811.92
Revenue Support Grant (RSG)	£6.1M	-	-	-	-
Business Rates Retention Scheme	£38.1M	£53.7M	£54.8M	£55.9M	£57.0M
Business Rates Multiplier	1.50%	1.50%	2.00%	2.00%	2.00%
Use of Collection Fund Surplus	£1.500M	£1.000M	£1.000M	£1.000M	-
Public Health Grant*	£9.699M	-	-	-	-
Consumer Price Index (CPI)	0.60%	1.20%	1.60%	2.00%	2.00%
Retail Price Index (RPI)	1.20%	1.70%	2.20%	2.70%	3.00%
Pay Award	0.00%	2.00%	2.00%	2.00%	2.00%
Incremental Progression	1.00%	1.00%	1.00%	1.00%	1.00%
Superannuation Rate	22.20%	22.20%	23.60%	23.60%	23.60%
National Living Wage (Adult Social Care Providers - Cumulative)	£2.190M	£3.285M	£4.380M	£5.475M	£6.570M
Waste Disposal Contract (Renewal 2023)	(£0.8M)	(£0.8M)	-	-	-
Social Care Grant	£6.0M	£4.9M	£4.9M	£4.9M	£4.9M
Better Care Fund – SBC allocation	£6.614M	£6.614M	£6.614M	£6.614M	£6.614M
Improved Better Care Fund	£7.568M	£7.568M	£7.568M	£7.568M	£7.568M
Fees & Charges increase yield	2.00%	2.00%	2.00%	2.00%	2.00%
Investment Income (Ave)	1.19%	1.21%	1.25%	1.29%	1.29%
PWLB Borrowing Rates (Long Term - GF) (Ave)	3.64%	3.56%	3.54%	3.51%	3.39%
PWLB Borrowing Rates (Long Term - HRA) (Ave)	4.16%	4.09%	4.09%	4.09%	4.06%
PWLB Borrowing Rates (Long Term Consolidated) (Ave)	3.76%	3.69%	3.66%	3.64%	3.53%
HRA Rent Increases	1.50%	2.20%	2.60%	3.00%	3.00%
Dedicated Schools Grant (DSG)	£55.6M	£55.6M	£55.6M	£55.6M	£55.6M

**Public Health Grant is assumed to be included within the Business Rates Retention Scheme from 2022/23.*

Council Tax, Social Care Precept and Council Tax Base

The increase in Council Tax is assumed to be 1.99% for each year from 2021/22. It is assumed that the adult social care precept will increase by 2% in 2021/22 and 1% in 2022/23, no increases for the adult social care precept have been included for future years.

The Council Tax base for SBC has decreased for the first time ever in its history as a direct result of the impact of COVID-19. The Council Tax base for 2021/22 was approved by Cabinet on 14th January 2021 and set at **58,630.49** (equivalent Band D properties) including Leigh-on-Sea Town Council. It has been assumed that from 2022/23 the Council Tax base will increase by 0.5% per year.

Revenue Support Grant, Business Rates Retention, Business Rates Multiplier and Collection Fund

The local government finance settlement for 2021/22 indicated that the Revenue Support Grant (RSG) will be the 2020/21 figure, increased in line with the Consumer Price Index (CPI). It is now uncertain whether all RSG will be subsumed into the 75% Business Rates Retention Scheme from 2022/23. The Business Rates figure for 2021/22 has been calculated by using a combination of the fixed top-up payment the Council receives from Government and a local assessment of the net amount likely to be raised locally that the Council will be able retain. This local element is assumed to grow by 1.5% in 2020/21 and 2021/22, then 2% in subsequent years.

The planned use of collection fund surpluses has been programmed into the MTFS from 2021/22 – 2025/26. A prudent view has been taken based on Council Tax increases and forecasts of housing completions, changes in discounts awarded and exempt properties, whilst also considering the effect of the current economic climate on collection rates. Given the reported local impact on collection rates in 2020/21 and the predicted deficit due to COVID-19, the overall collection fund position will be reviewed as part of the final outturn and formal closure of the accounts for 2020/21.

From 2022/23 onwards there is huge uncertainty over what the Government will do in terms of introducing a business rates reset, developing the business rates retention scheme and the potential to remove the ring fence on Public Health Grant and include it as part of the retention scheme, as well as the implications of the Health and Social Care White Paper and anticipated social care reform proposals. In the absence of any other information, it is assumed that the same level of funding will be embedded into whatever the new system will be. The MTFS will be updated as soon as any more detailed information becomes available.

Public Health Grant

The Public Health Grant was introduced in 2013, when the responsibility for commissioning public health services moved from the NHS to local authorities. The aim was to protect and improve the nation's health and wellbeing while reducing health inequalities, both at a national and local level. This grant has been confirmed as ring-fenced until 2021/22. Southend's grant allocation in 2020/21 was £9.699M and it has been confirmed that this will remain at the same level in 2021/22.

Table 2 outlines the areas that Public Health Grant has been invested in, as well as the grant levels received over the last five years.

Table 2 Public Health Grant Investment

Public Health Themes	2017/18 £000s	2018/19 £000s	2019/20 £000s	2020/21 £000s	2021/22 £000s
Children 0-19	3,167	3,190	2,992	3,199	3,377
Health Protection	504	472	424	459	586
NHS Health Checks	172	192	139	165	155
Obesity and Physical Activity	168	127	77	132	81
Other Public Health Services	1,269	1,368	1,354	1,641	1,695
Sexual Health Services	1,549	1,415	1,528	1,554	1,469
Smoking Cessation	331	278	254	115	55
Substance Misuse	2,552	2,420	2,444	2,434	2,281
Total	**9,712**	**9,462**	**9,212**	**9,699**	**9,699**
Grant Level Change	***-***	***(250)***	***(250)***	***487***	***-***
% (Reduction)/Increase		***(2.57%)***	***(2.64%)***	***5.29%***	***0.00%***

Consumer Price Index (CPI) and Retail Price Index (RPI)

Estimates of future indices of inflation is shown in the key assumptions table. From an MTFS perspective inflation increases have only been provided for major contractual commitments, utilities, and business rates. Services are expected to absorb any other price inflation within their existing cash limited resources.

Pay Award, Incremental Progression and Superannuation Rate

Provision has been made for a Pay Award increase of a minimum of £250 for anyone on a salary below £24,000 and 0% for anyone else. From 2022/23 to 2025/26 provision has been made for a Pay Award increase of 2.0% for each year. Provision has also been included for the estimated cost of staff progressing through spinal column points of their respective grade.

The financial impact of the latest 2019 triennial actuarial valuation of pensions has been built into the MTFS. This has been achieved by calculating the Employers Superannuation rate to reflect the right level of contributions required to be paid into the Essex Pension Fund. The next review is scheduled in 2022. Pension Fund calculations are notoriously complex and can be volatile due to the many contributing factors. In 2023/24 a 1.4% increase in the Superannuation Rate has currently been included as part of a prudent assessment at this early stage of financial planning. Potentially given some of the recent coverage in the professional press around mortality rates and the immediate impact of COVID-19, together with the more longer-term implications, the estimated liabilities within the Pension Fund could be reduced. The impact will be factored into the next triennial review which could result in a positive financial benefit for the Council.

National Living Wage

An uplift will be paid to all our Social Care providers to ensure that they have the appropriate funding to pass on the estimated National Living Wage increase to their Care Workers each year. The cumulative cost is shown in each year in the key assumptions' summary table. The Council still retains the ambition of obtaining the Real Living Wage accreditation which will hopefully benefit local working people.

Waste Disposal Contract

This major contract is up for renewal in 2023. The Council continues to benefit from the extension to the Joint Working Agreement with Essex County Council. The MTFS will be updated accordingly to reflect our future waste disposal liabilities. The cost is expected to rise from 2023, so a prudent approach is currently planned.

Social Care Grant

The MTFS assumes that the level of Social Care Grant notified for 2021/22 (£5.953M) will not continue into 2022/23 and will instead fall back to the 2020/21 level (£4.861M) and continue at the same level for 2023/24 – 2025/26.

Better Care Fund (BCF) and improved Better Care Fund (iBCF)

The Better Care Fund (BCF) commenced in 2015 and is a major national investment programme spanning NHS and local government which seeks to ensure closer integration between health and social care services. Our local arrangements are framed within a formal agreement with Southend Clinical Commissioning Group (CCG) for a pooled budget under Section 75 of the National Health Service Act 2006. A new improved Better Care Fund (iBCF) was introduced in 2017/18 and this is paid direct to the Council with a condition that it is pooled into the local BCF plan. In 2018/19, the government introduced Winter Pressures funding, which is also paid direct to the council on the condition of it being pooled into the local BCF plan. From 2020/21, the Winter Pressures funding has been rolled into the iBCF.

The BCF element for both Southend Borough Council (SBC) and Southend CCG is expected to increase by 5.3% to £6.614M and £7.680M respectively for 2021/22. There is no certainty of the level of funding available through the BCF arrangements beyond 2021/22. Southend-on-Sea iBCF allocation for 2021/22 has been provisionally set at £7.568M (includes what was previously Winter Pressures funding). In the absence of any further information available for the future, it is assumed within the MTFS that both funding streams will continue at the same level until 2025/26.

The following table (Table 3) summarises the Council's core BCF and iBCF allocations, the CCG's BCF allocation and the total BCF/ iBCF in the pool for 2018/19 – 2021/22.

Table 3: BCF/iBCF Allocations

	18/19 £000s		19/20 £000s		20/21 £000s		21/22 £000s	
Allocations	**BCF**	**iBCF**	**BCF**	**iBCF**	**BCF**	**iBCF**	**BCF**	**iBCF**
SBC	5,860	5,429	5,950	6,744	6,273	7,568	6,614	7,568
CCG	6,523	0	6,925	0	7,301	0	7,680	0
Totals	**12,383**	**5,429**	**12,875**	**6,744**	**13,574**	**7,568**	**14,294**	**7,568**

Fees & Charges increase yield

It is assumed that the overall level of income generated will increase by 2% each year from 2021/22 to 2025/26. Substantial changes in tariffs are currently recommended as part of the 2021/22 budget for Car Parking charges including the creation of the new Southend Pass.

Investment Income (Ave)

The Council earns income by investing its surplus cash in a mixture of short-, medium- and long-term investments, as set out in the Annual Treasury Management Investment Strategy. The amounts available for investment and the length of time they are available 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.

PWLB Borrowing Rates (Long Term - GF) (Ave), (Long Term - HRA) (Ave) and (Long Term Consolidated) (Ave)

The ambitious capital investment programme, although partly funded by grants, other external contributions, capital receipts and revenue funding (such as Housing Revenue Account reserves), requires an increase in borrowing as set out in the Treasury Management and Capital Investment Strategies. The MTFS allows for the provision to repay this borrowing and the increased costs of interest payments required.

Sensitivity Analysis

The following table (Table 4) provides an illustration of the financial impact of changes in assumptions to some of the key income and cost drivers in the budget for 2021/22. The cumulative impact on the potential budget gap would be significant.

Table 4 Illustration of Sensitivity Analysis (Cost/Income)

Assumption in MTFF for 2021/22	Change in assumption	Effect on the budget gap for 2021/22
Council Tax increase of 3.99%	Council tax increase of 2.99%	Increase of £0.845M
0% pay award	Pay award of 1%	Increase of £0.880M
Inflation for contractual goods and services at 2%	Inflation for contractual goods and services at 3%	Increase of £0.300M
Fees and charges yield increased by 2%	Fees and charges yield increased by 1%	Increase of £0.300M

The following table (Table 5) provides an illustration of the financial impact of changes in demand forecasts for key services in 2021/22.

Table 5 Illustration of Sensitivity Analysis (Demand Changes)

Demand Factor	Change in Forecast	Effect on the budget gap for 2021/22
Growth in Older People (65+) population	+1%	Increase of £0.255M
Growth in Transitions	+1%	Increase of £0.168M
LAC Residential Placements	+ 1 place	Increase of £0.220M
LAC External Foster Care Placements	+ 1 place	Increase of £0.050M

Planned mitigations to offset some, or all, of the impact of growth in demand above the forecast include:

Older People 65+
Promotions of independence.
Minimise incidence of low-level home care.
Promotion of the Strength Based Approach.

Transitions
Review level of care once transition cases have turned 18.
Promotion Learning Disability pathways to independence.

Historical Funding Analysis of the General Fund Revenue Budget

To highlight the current direction of travel, Figure 5 illustrates how the budget has been funded over the last six years (since 2016/17). This shows an overall reduction year on year (except for 2020/21) and a significant real terms reduction in central government funding streams over this period.

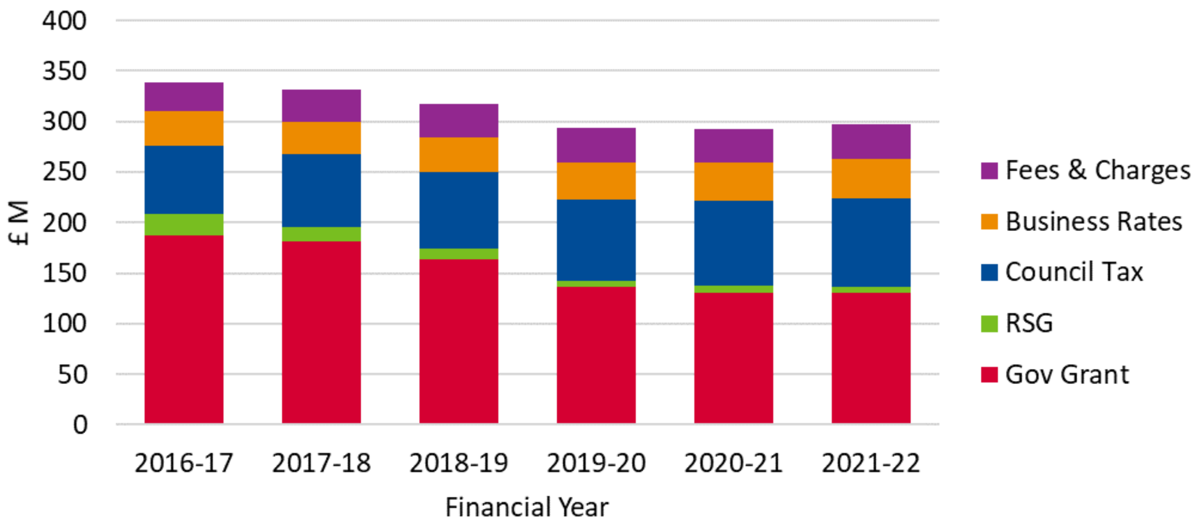


Figure 5 Sources of Funding

Housing Revenue Account (HRA) Rent Increases

From 2012/13 the HRA became self-financing and is no longer subject to the HRA subsidy regime. Under self-financing, the HRA funds its expenditure, including its capital expenditure, from its income streams (primarily tenant's rents). Some grant funding may be available to support capital expenditure within the HRA going forward, but there is no assumption of external financing built into forward projections.

In October 2017, the government announced its intention to set a long-term rent deal for both local authority landlords and housing associations. This would allow annual rent increases on both social rent and affordable rent properties of up to CPI as measured in September each year plus 1 percentage point from the financial year 2020, for a period of at least five years. This equates to a 1.50% rent increase in 2021/22 and for financial planning purposes the MTFS assumes tracking of CPI +1% through to 2025/26.

Dedicated Schools Grant (DSG)

The Department for Education (DfE) announced in September 2019 “that the funding for schools and high needs compared to 2019/20, will nationally rise by £2.6 billion for 2020/21, £4.8 billion for 2021/22, and £7.1 billion for 2022/23”. Our local Education Board has agreed allocations for 2021/22 within the context of Southend’s share of this increase funding plan, which is an equivalent local total increase of £13.4M to our Dedicated Schools Grant (DSG) for 2021/22. It is important to also note that £6.4M of the £13.4M increase relates to previous teacher pay award and employer pension grants previously paid outside of the DSG but are now baselined from 2021/22 within the DSG. The £55.6M shown in the summary of key assumptions table is Southend Borough Council’s estimated share of the total funding for 2021/22. It is currently impossible to predict changes into the future, so the assumption at this stage is that it will stay at this same level through to 2025/26.

Analysis of the £13.4M increase, shows that £10.2M is awarded to the Individual Schools allocations (Schools block). £5.8M relating to the proportion of previous teacher pay and employer pension contribution grants, and £4.4M driven by both an increase for pupil numbers on local schools’ roll (particularly our Secondary Sector) and National Funding Formulae (NFF) declared per pupil price increases. An additional £3M has been awarded to our high needs block, £0.5M of which relates to the previous teacher pay and employer pension contribution grants and the remaining increase of £2.5M, is due to the DfE under the NFF for 2021/22 increasing the high needs funding gains increase cap to 12% from 2020/21.

Consideration needs to be given to the fact that with this funding increase the Government were in January 2020 proposing revised teacher pay scales with an increased minimum starting salary to be phased in and increased over the next 3 years 2020/21 to 2022/23. The government have since notified Local Authorities by letter in December 2020, that they are now proposing a delay to that progression given the intended public sector pay freeze following COVID-19 for 2021/22.

The DSG for 2021/22 is now also in its fourth year of total funding allocations set under a revised NFF. This includes proposed funding levels for individual school allocations. It remains, a government ambition that all individual school allocations will be fixed as per the NFF, however in 2021/22 it remains a local decision as to whether a local authority (in consultation with its School Forum/Education Board) choose to adopt. Given this context, the Council and our Education Board have continued the strategic decision to align individual school allocations to the principle decisions of the NFF, so should the government impose a hard NFF for individual school allocations in future years, our local schools are already aligned to this funding trajectory. The DfE have reported that this is in line with most other local authorities.

Historically, our high needs block funding (also recognised as a national issue), has been under considerable financial pressure which had impacted negatively on DSG reserve balances. As a result of robust recovery planning by the Council working with our local Education Board and further national funding awarded, our local high needs block funding and opening DSG reserves are now in a much more sustainable funding position.

In 2021/22, the DfE also announced (under NFF) a further 20% funding reduction to the DSG Central Historic Commitment Block element, which is also expected to further reduce at 20% each year from the previous year's allocation. The original funding allocation in 2019/20 was £905,000 (pre-funding cuts), and this is funding that has historically been used to support Council expenditure, providing it serves the benefit of an educational purpose. The Council has formulated a plan to mitigate this expected loss over the next 3 years 2021/22 to 2023/24, further planning will be needed to cover the expected and remaining continued losses from 2024/25.

1.10 Corporate Assurance and Risk Management

The Council's Corporate Risk Register sets out the key risks to the successful delivery of the Council's Corporate Southend 2050 Ambition and Outcomes.

The Council's governance framework supports the delivery of the ambition, to ensure that these are:

- Effective, but as simple as possible and easy to understand.
- Joined up and complementary, not conflicting with each other.
- Designed around customers.
- Making best use of technology and digitally enabled where this makes sense.
- Compliant with legislative requirements and ensuring that resources are used efficiently and effectively.
- Driving the desired outcomes.

The Council has identified core principles at the heart of its Risk Management Framework, these include that:

- Risk management is a positive value-added activity, focused on achievement and successes, not a negative bureaucracy – by changing the perception and raising awareness officers will have increased confidence when managing operational risks.
- All staff are responsible for risk management and resources that support the framework are there to 'support and challenge' not 'own and do'.
- Wider councillor involvement in identifying and monitoring the most strategic risks the organisation faces would add value, whilst the roles of the Audit Committee, Scrutiny and Cabinet are critical to the robustness of the overall framework.
- The Southend 2050 ambition and outcomes need to drive the Council's budget and financial management arrangements, performance management of the outcome delivery plans and risk management framework.
- By getting the conversations happening with the right people, at the right time and in the right place, the required thinking can be applied and the processes to capture, document and report risk will be simple and become business as usual.

- The framework ensures joined up Strategic, Operational, Programme and Project Risk Management whilst recognising the differences between them.

The Council's Corporate Risk Register identifies the key risks/opportunities as:

Cross Cutting:

- Risk that the COVID-19 pandemic causes an outbreak of ill-health in the Borough resulting in health and care services being unable to cope with the volume of cases, and significant disruption to the operational activities of the Council and other public service organisations in the Borough.
- Risk that failure to address the financial challenge by effectively managing the growing demand for services, managing the costs of the COVID-19 response, and enhancing local income streams as part of recovery will threaten the medium to long term financial sustainability of the Council, leading to a significant adverse impact on Council services and the ability to deliver the outcomes desired by the Council, to address the financial position.
- Risk that the impact of the implications arising from the terms of the UK's exit from the EU, will hamper the ability of the Council to deliver its ambition and priority outcomes for local residents.
- Risk that failure to address and engage with the different models and public service governance arrangements being discussed will result in the organisation and the borough being left behind and ultimately unable to deliver the Council's ambition and outcomes.
- Risk that the Council will not have the appropriate staffing resources, with the right skills, doing the right things, working in the right places through collaborative teams. This is impacted by the significant changes to ways of working implemented in response to COVID-19 and the risks that these do not operate effectively, leading to a lack of workforce capacity causing a failure to effectively address the challenges posed by COVID-19 in the short term and achieve the Council's desired outcomes in the longer term.
- Risk of a cyber security event causing significant operational, financial, and reputational damage to the Council, caused by:

  - failure to ensure the Council has a coherent and comprehensive approach to cyber security and data protection, including strategy, tools, and processes
  - a data breach
  - remote working creating a wider footprint for attack.

  Opportunity to build resilience by ensuring that staff have the necessary digital skills.
- Risk that a failure to comply with responsibilities as a Data Controller (under DPA/GDPR or equivalent) leads to personal data being compromised, resulting in harm to individuals, loss of trust from residents, businesses and others, regulatory action, financial penalty, and reputational damage.

Safe and Well:

- Risk that the Council will not be able to effectively deliver its statutory safeguarding responsibilities because of a lack of understanding, resources and the additional challenges posed by lockdown because of COVID-19, and that this causes a failure to deliver the outcomes anticipated for the vulnerable people that need support.
- Risk that failing to implement changes needed to reduce the Borough's carbon footprint will cause an inadequate contribution to the reduction in carbon emissions required. This will result in a significant adverse impact on the Borough, and if the climate adaptation measures being implemented are also inadequate, there will be further implications for the Council in needing to respond to climate events in the Borough.
- Risk that the health inequalities, particularly the physical and emotional health and wellbeing of residents, will increase due to the impact of COVID-19 and the associated restrictions that have, and will, need to be implemented in response to the pandemic.

  In the longer term that the implementation of the Mid and South Essex Health and Care Partnership (STP) proposals, and implementation of the Localities Model does not result in effective health and social care outcomes for local residents resulting in increased health inequalities, worsening health outcomes and significant cost increases.
- Risk that failure to address the threats to children, particularly the vulnerable that face the greatest exposure to those threats, causes significant problems for those children, resulting in worsening outcomes for those in need of that support.
- Risk that a failure to implement plans to address rising homelessness and failure to implement the Housing, Homelessness and Rough Sleeping strategy will lead to further street and other homelessness, increased use of temporary accommodation and an inability to meet rising housing demand over the next 20 years, leading to worse outcomes for residents and an inability to deliver better outcomes for the Borough as desired by the Council.

  Risk is increased by the impact of COVID-19 on those previously just about managing no longer being able to manage, causing an increase in homelessness.
- Risk that difficulties being experienced in the adult social care market will cause provider failure and further difficulty in meeting increasing demand for support, resulting in worsening outcomes for those in need of that support. The impact of COVID-19 has heightened these risks in the short term.

  Opportunity has been identified to reduce the number of people in residential care, using reablement and the community to support people to stay at home for longer.

Pride and Joy:

- Risk of contractor failing to meet contractual requirements to effectively manage waste arrangements results in a loss of service quality and additional financial liability for the Council.

  Additional risk that the council will not have suitable arrangements in place for October 2023 when the current contract ends.

  Further risk that the enhanced service being sought from the revised future arrangements will not provide a solution that will deliver the outcomes in respect of adaptation to climate change and recycling that is being sought by the Council.

Opportunity and Prosperity:

- Risk that not achieving the development and delivery of the house building pipeline through effective engagement and arrangements with the market and developers that have been impacted by COVID-19, will result in an inability to deliver the anticipated housing supply, causing additional pressure on the housing market and an impact on the delivery of the desired outcomes of the Council.
- Risk that failure of partners to progress major infrastructure developments (e.g., Queensway, Seaways, Fossett Farm and Airport Business Park) will result in not achieving delivery of the plans and necessary sequencing of developments, resulting in the dependencies for the chain of regeneration not being delivered and the opportunities for improvement of the borough and delivery of anticipated outcomes not being achieved, as well as significant financial and reputational damage to the Council.
- Risk that the competing demands and needs of residents and visitors will impact on the Borough's ability to meet the needs of its residents or provide a suitable destination for visitors, and that COVID-19 will impact on the ability of the borough to provide an attractive proposition for visitors, reducing visitor numbers with a resultant impact on the economic strength of the borough and employment opportunities for school leavers.
- Risk that the impact of COVID-19 lockdown reduces economic activity causing a reduction in employment opportunities for 18–25-year-olds and an increase in unemployment across the borough, particularly at the end of the furlough scheme. The impact is likely to be experienced unevenly across sectors with the retail, hospitality, leisure, and tourism areas being adversely affected causing further risk to traditional shopping centres and the town centre, as well as a further increase in income inequalities and disparity between different parts of the Borough.

  However, the phased reduction in lockdown provides the opportunity to attract new businesses and employers into the borough, providing new and additional employment that can contribute to the delivery of the ambition and outcomes for the borough.

Connected and Smart:

- Risk that failure to meet Government requirements and deadlines and make sufficient progress in producing a Local Plan will lead to Secretary of State intervention, resulting in reputational damage to the Council and the potential imposition of unwanted planning policies, causing an inability to deliver upon the Council's outcome priorities that are dependent on the Local Plan shaping and influencing the proposals for developments that are brought forward in the future.

2 Draft Horizon Scanning

2.1 Key Statistical Headlines

For Southend Borough residents/service users:

- 13.6% of Southend's men and 23.4% of women are economically inactive, with average weekly earnings for men £650 and £605 for women.
- 40% of Southend's residents live in areas considered to be in the most deprived 30% in the country, with 9 neighbourhoods (lower super output areas) falling into the 10% most deprived in the UK.
- 6 of Southend's 17 wards have a higher population of children living in poverty than the England average, two of these are in the worst 20% of wards in the country. These are Victoria and Kursaal.
- Kursaal, the most deprived ward, ranks 136th most deprived area in England (of 32,844 areas).
- Life expectancy is 11.1 years lower for men and 9.7 years lower for women in the most deprived areas of Southend compared to the least deprived areas.
- 2% of West Leigh residents indicated they were in bad health, compared to 8% in Kursaal and 6% for Southend as a whole.
- Kursaal ward had a borough election turnout of 25%, compared to 42.5% in West Leigh (average overall turnout 31.74%), highlighting lower civic participation in deprived areas.
- Residents living in the East Central locality are significantly less satisfied with their local area (55%), (90% in West and 74% for the borough), feel significantly less safe and cite crime and anti-social behaviour as something they dislike more, than residents elsewhere in the borough.
- A minority of residents (21%) agree that they can influence decisions that affect their local area. More than twice this number (57%) disagree.

2.2 World, National, Regional and Local Policy Drivers

Key drivers which are likely, or have the potential, to impact on the Council's financial position include:

World/National drivers

- The ongoing impact of COVID-19 on national and local government finances, as outlined previously in section 1.
- The levels of global economic growth and impact on the national economy. World output shrank by 4.3% in 2020, over three times more than during the global financial crisis of 2009. The forecast modest recovery of 4.7%, which is expected in 2021, would barely offset the losses sustained in 2020.

- Levels of UK economic growth. UK output (GDP) fell by a record 10% in 2020, with forecasts of a further significant slump in early 2021, with an expectation from the Chancellor that it will not return to its pre-crises size until the end of 2022.
- The ongoing impact of Brexit, in terms of reduced economic growth, and with businesses who export particularly affected.
- The Health and Social Care White Paper and related changes to the Better Care Fund and funding of public health services, along with a new assessment framework for adult services, changes to the configuration of governance and commissioning of services.
- Any impact of the long promised proposed reform of social care provision and funding.
- Changes to, and potential fundamental reform of, business rates.
- The anticipated Recovery & Devolution White Paper, favouring combined authorities, with directly elected mayors to support the levelling up agenda, and, where there is local support, reform of local government structures.
- The independent review of children's services, which promises radical change.
- On-going impact of climate change and need to meet the Council's declaration of a climate emergency and its commitment to Southend being net-zero on carbon emissions by 2030.
- Impact of the Planning White Paper and related measures, that would see an expectation of more homes built.
- Ongoing and increasing service pressures from increased demand for services, notably in relation to children's and adult services. In the context of Covid, this relates, to on-going management of the disease, mental health services, and related structural inequalities.
- General inflation assumptions. A sharper than expected economic recovery could lead to cost pressures, higher inflation, and a possible increase in interest rates. Energy prices, supplier prices with increased demands on councils to deliver government priorities, wages and new trade arrangements may also impact.

Regional drivers

Basildon, Brentwood, Castle Point, Rochford, Southend-on-Sea, Thurrock, and Essex County Council – have developed a long-term growth ambition (SE2050), that underpins strategic spatial, infrastructure and economic priorities across the sub-region. The authorities formed the Association of South Essex Local Authorities (ASELA), in 2018, and have taken SE2050 forward through a Joint Strategic Plan (JSP), the South Essex Plan and a Growth and Recovery Prospectus, setting out their ambition for the area and ask of Government.

Focusing on jobs, blue green infrastructure, digital connectivity, and accelerating housing delivery, ASELA is taking forward 10 delivery programmes, based around:

- Creative industries
- Green Technology
- A New Generation University
- Digital Network
- Active Travel Network
- Integrated & Sustainable Transport System
- Accelerated Infrastructure Housing
- SE Estuary Park & Pathways
- Sustainable Energy
- Stimulating Economic Recovery

ASELA aims to put the sub-region in a strong position to shape and influence wider plans and strategies, such as, the Thames Estuary 2050 Commission and the London Plan, and Government and other investment priorities.

Local drivers

Other local drivers include:

- Increasing demand for services with a population projected to increase from 183,100 to 192,200 by 2025, an increasingly aging population due to grow from 19% to 23% by 2030 and a higher birth rate.
- The need for an anticipated 22,000 homes by 2030 and the increasing demand for new school places.
- New priorities of future Council administrations, with local elections due in 2022, 2023 and 2024.
- The impact of any failure to meet anticipated efficiencies from new ways of working, service re-organisations or poor budget management in places.
- The need to achieve more income from fees and charges is not always attainable, with anticipated levels of income subject to a range of factors that vary between services.
- The impact of becoming a National Living Wage employer and seeking to achieve real living wage accreditation.

3 The Financial Challenge

3.1 COVID-19 Impact on Planning and Resources

Given the unprecedented and constantly changing events in 2020/21 the development of the Medium Term Financial Strategy has been challenging, particularly with the decision by the UK Government to only announce a single year financial settlement for 2021/22.

To illustrate the sheer scale and impact of just the financial cost of the pandemic, Figure 6 provides an indication of the level of Government support, provided to Southend-on-Sea in 2020/21 prior to the end of January 2021, either directly to the Council or to be passported on to local eligible businesses and residents.

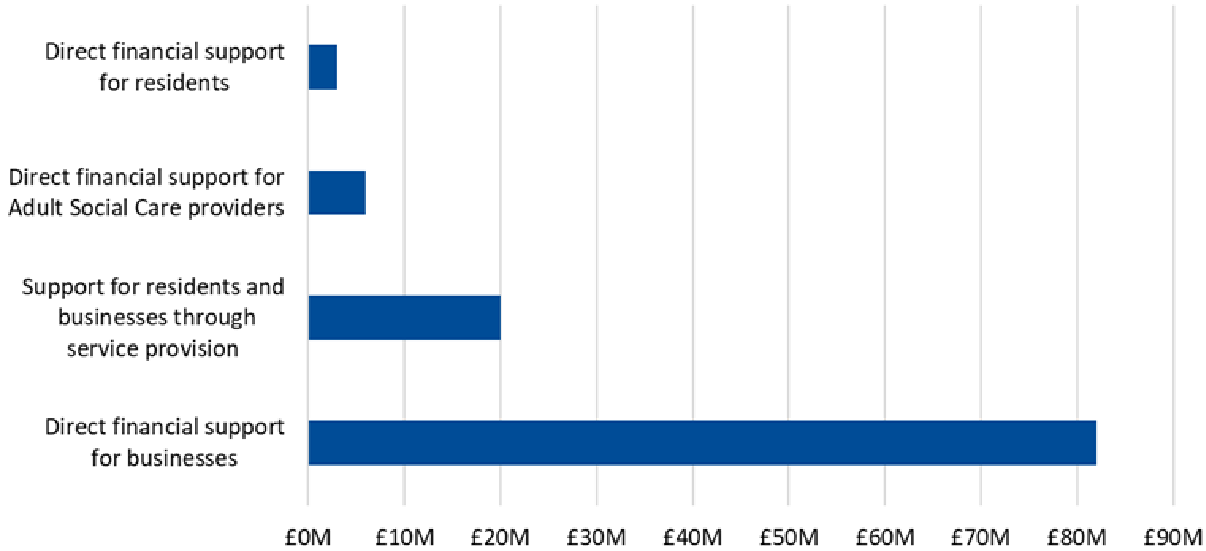


Figure 6 Distribution of £111M of Government Support for COVID-19

The financial landscape and operating environment for all public services and particularly for local government remains challenging and uncertain. Although our new 10-year Financial Sustainability Strategy was only developed and approved in February 2020, we are now proposing to review it again after the next Comprehensive Spending Review in the Autumn of 2021. This will enable us to reassess, at a high level, our ambition, approach, desire, and commitment to ensure that Southend-on-Sea Borough Council remains financially stable and resilient for the future.

Careful consideration of the direct impacts of COVID-19 on the Council's finances will be undertaken as part of the 2020/21 year-end closure programme. This will include a comprehensive review of the level of bad and doubtful debts across all income streams to ensure the right level of provision is in place.

Despite the scale of the challenges the Council remains committed to continue to develop a longer-term view of the use of its resources and financial planning arrangements. This approach and thinking helped with mobilising the Council's efforts to support the local economy, initially to survive and then hopefully to recover from the pandemic.

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 to invest in priorities that make a real positive difference to local residents, businesses, and visitors. The year 2020/21 has been dominated by the impact of the pandemic so 2021/22 is now clearly an important transitional year in our journey towards becoming a more outcome focussed organisation where our resources are prioritised accordingly.

3.2 Forecast Financial Position 2021/22 to 2025/26

Southend-on-Sea Borough Council continues to deal with many of the same financial challenges as most other upper tier Authorities across the country. Most local authorities are experiencing increasing demand for key priority social care services which is placing a strain on available resources. A survey carried out prior to the COVID-19 outbreak identified that around 90% of Councils were highlighting increasing demand and were also overspending in meeting the needs of children and families.

The costs associated with maintaining quality in our services and environment for local residents, businesses and visitors continues to be very challenging. Over 60% of the Council's net budget is spent on providing support for 'people-based services', such as social care, but the housing growth in the area also brings additional challenges for other key services such as increased waste collection, disposal and highway maintenance. We are proud to be a tourist destination of choice and were welcoming well over 7 million visitors each year, prior to the pandemic, but this clearly has an impact on our infrastructure and environment, which needs to be carefully managed and resourced. Preparation for these demands and economic opportunities returning as the area recovers from the impact of COVID-19 is important.

Taking a pragmatic and realistic assessment of the impact and implications of COVID-19, the Council's current forecast financial position is detailed in the following chart for each of the next five years. It has been calculated based on the best information currently available and the series of assumptions that were outlined in Section 1.8. An updated assessment will be made each year during annual budget setting to reflect any significant changes to our operating environment, identification of new pressures, updated forecasts, policy, or Council strategy changes. All known factors have been built into the financial modelling to ascertain the forecast financial position.

Figure 7 illustrates the funding gap to 2025/26 as reported to Council in February 2021.

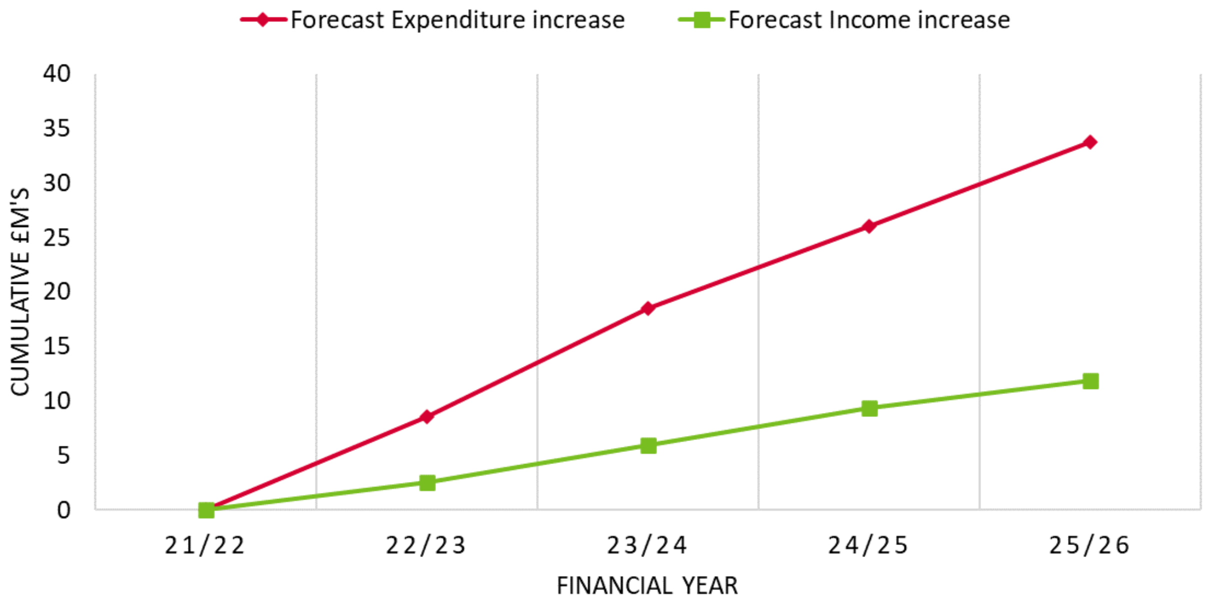


Figure 7 Forecast Funding Gap

Overall, we are confident that the Council remains in a strong and resilient financial position, despite the potential economic scarring of COVID-19 and the impact of the more traditional range of local demand and spending pressures. This is evidenced and supported by CIPFA's Financial Resilience Index 2021 and a range of other factors. When compared to our statistical neighbours, we believe that from a financial resilience perspective we would currently be placed in the top quartile of all upper tier local authorities in the country. We aim to stay there.

3.3 CIPFA's New Financial Management Code – Self Assessment

Good financial management is an essential element of good governance and longer-term service planning, which are critical in ensuring that local service provision is sustainable. CIPFA published (October 2019) a new Financial Management Code (FM Code) which is designed to support good practice in financial management and to assist local authorities in demonstrating their financial sustainability. It essentially sets the standards of financial management for local authorities.

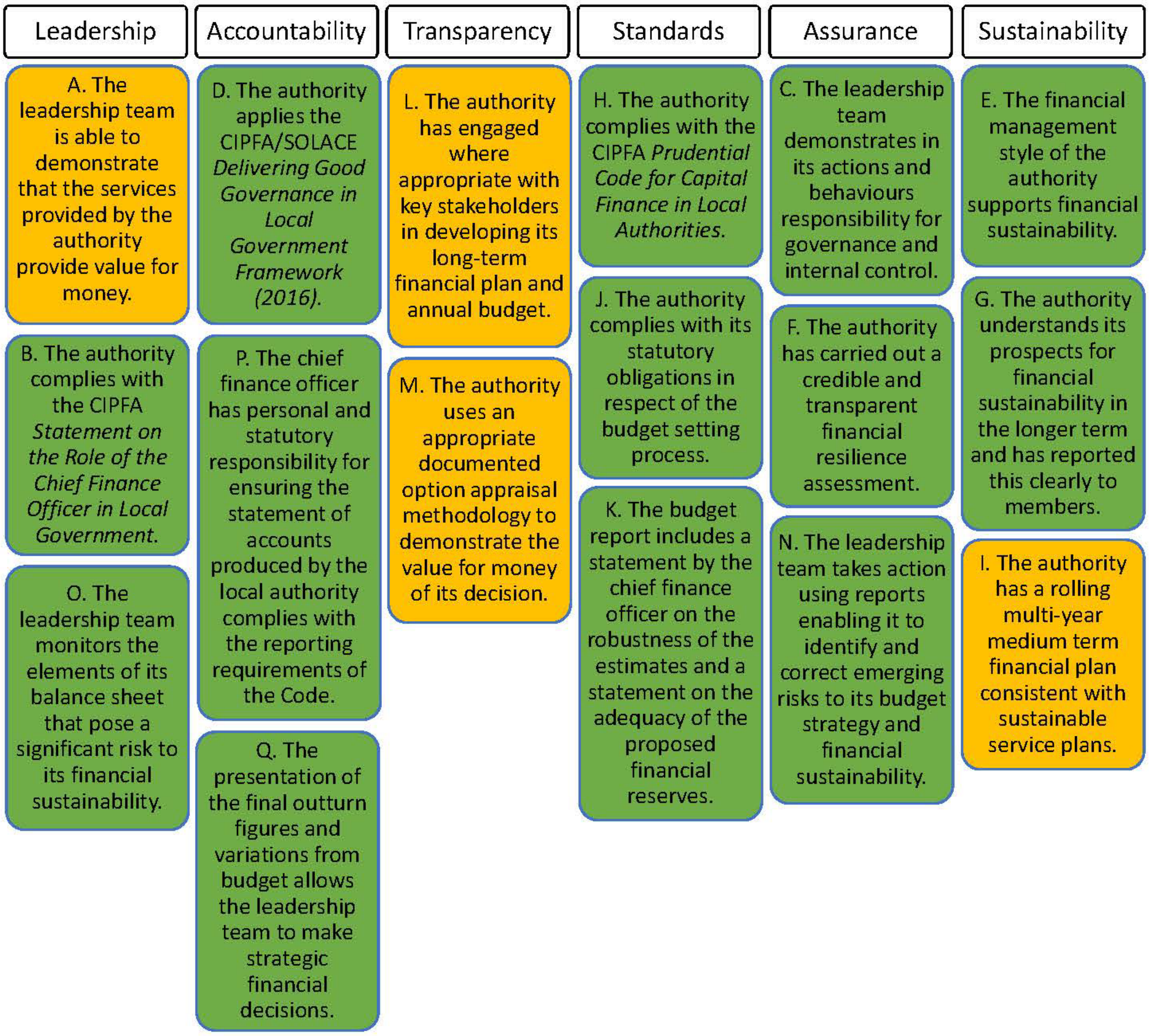
It is based on a series of principles which are supported by specific standards which are considered necessary to provide the strong foundation to:

- Financially manage the short, medium, and long-term finances of a local authority.
- Manage financial resilience to meet unforeseen demands on services.
- Manage unexpected shocks in their financial circumstances.

Figure 8 shows a summary of the headline six core principles of the FM Code and the subsequent 17 minimum standards (A-N) that came into effect from 1st April 2020 with the first full year of compliance being the 2021/22 financial year.

During 2020/21 the Council planned to undertake a self-assessment against each of the 17 standards contained within the FM Code. Due to the impact of COVID-19 there was a delay in completing this task, but the evidenced based officer self-assessment was undertaken by staff in finance and internal audit prior to the end of the financial year and the outcome is represented by the colour coding diagram illustrated at Figure 8 CIPFA Financial Management Code – Self Assessment. Our RAG rated approach of the **17** standards resulted in **13** components (Rated Green) assessed as fully compliant, **4** components (Rated Amber) assessed as complying with minimum standards but requiring some improvement to demonstrate full compliance and **0** components (Rated Red) assessed as not compliant.

A summary report on this self-assessment and accompanying Action Plan is scheduled to be taken for consideration and approval to our Audit Committee on 28th April 2021. The outcome of this self-assessment will also feature within the Council's Annual Governance Statement for 2020/21. It is also the intention to include an appropriate objective for all officers within the Council's Senior Leadership Group for 2021/22 to highlight the requirement to be accountable for demonstrating strong financial acumen and evidencing value for money outcomes from the services that they individually lead.



(The capital letter references shown are as set out in the Code.)

Figure 8 CIPFA Financial Management Code – Self Assessment

3.4 Financial Sustainability Strategy 2020 - 2030

The statutory local authority budget setting process continues to be on an annual basis, but a longer-term perspective is essential to demonstrate financial sustainability. Short termism runs counter to both sound financial management and sound governance. To highlight the importance of this issue and to provide a clear high level strategic framework, the Council developed a new Financial Sustainability Strategy for 2020 – 2030 that was endorsed in February 2020.

The MTFS is fully aligned with this strategy and effectively provides a more detailed phased plan of activity and considerations to ensure we maintain long term financial sustainability. Given the unforeseen and unprecedented impact of COVID-19 the Council has now committed to reviewing this strategy again in the Autumn of 2021.

3.5 Commissioning Framework for Delivering Better Outcomes

Commissioning is the process by which we understand the collective approach needed to deliver the Southend 2050 outcomes and what we need to do with others to make them happen. In practice, this is not in-sourcing or out-sourcing but clearly **'right-sourcing'**.

Our goal is to drive a robust and balanced framework for commissioning into the fabric of the organisation. Designed alongside the 'creating the conditions' work, our commissioning framework will embed the values and behaviours required in everything we do as an authority through a set of core principles.

Supported by a **theory of change approach** (see Figure 9), our commissioning practice will define long, medium, and short-term goals and then map backwards to identify the necessary preconditions for success.

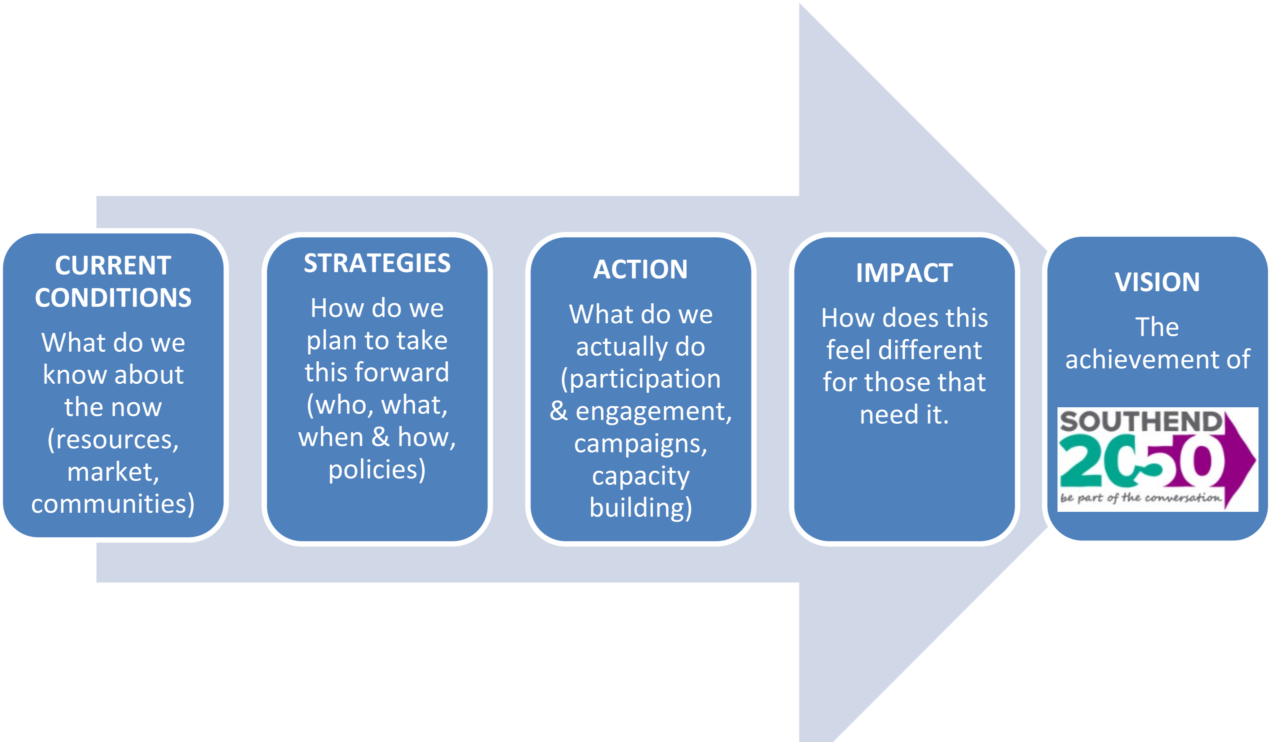


Figure 9 Theory of Change Approach

Continuously driving the delivery of the Southend 2050 Ambition, our approach will be steeped in evidence of the current conditions whilst our strategies, engagement and action planning will remain focused on the achievement of a positive impact for the communities of Southend.

These principles and what they mean in practice are outlined in our Commissioning Framework, the purpose of which is to ensure that:

- We are consistently commissioning to high standards, making the best use of the tools and resources available.

- We utilise best practice, Statutory Guidance, and legislation (e.g., The Social Value Act) to best effect to achieve our ambition.

- We are accountable for ensuring that these principles are embedded in the organisation.

- We each recognise and respect the important roles we play in ensuring that these principles are reflected through our commissioning activities.

- Our assurance processes for commissioning are robust and agile to best support achievement of our ambitions and outcomes.

3.6 Getting to Know Your Business Programme

The Council introduced a new ‘Getting to Know Your Business’ programme in 2020/21. The first phase of this programme has helped to establish a baseline for all services in terms of their costs, income generation potential, value for money and relative performance. This data has been used to highlight key lines of enquiry where benchmarking suggested that either our costs or income levels are above or below average. The Council was supported in developing this analysis by Grant Thornton LLP, who also provided an independent review of our medium-term financial assessment by using their specifically designed Forecasting Model for local authorities.

This combined assessment, together with a comprehensive ‘strategic-fit’ review against our Southend 2050 ambition, 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 the recommended budget package and council tax setting proposal for 2021/22.

Another new development includes the introduction of a high-level future Budget Transformation Programme for 2022/23 – 2025/26. These ideas will be scoped and developed further during the first quarter of 2021/22 to support the Council’s future financial sustainability ambition and to prepare for what will undoubtedly be a very challenging Comprehensive Spending Review in 2021 for the Local Government Sector.

3.7 Value for Money Commitment

The Council is continually striving to improve all aspects of the organisation in terms of its efficiency, economy, and effectiveness. Our goal is also to improve the wellbeing and productivity of all our staff by investing in technology, encouraging innovation, creativity, and future modern ways of working via our WorkLife (FWOW) initiative. The impact of COVID-19 has strengthened our determination to pursue this commitment with even greater vigour.

It is important to demonstrate to the local taxpayer that the Council provides value for money and to evidence that it is an important consideration in everything that we do. A key dimension of the new 'Getting to Know Your Business' programme is for our business leaders to acknowledge and understand that they are all custodians of public money and they need to run their services and operations as effectively and efficiently as possible, always striving to improve.

We hold memberships to CFO insights and Place Analytics, run by Grant Thornton's Public Services Advisory team and subscribe to LG Futures Financial Intelligence Toolkit. This package of information helps us to learn what other Local Authorities are doing, how we compare with them and assists in providing valuable intelligence, insight, and challenge to our range of services.

We also consider and analyse all relevant available benchmarking information, including demand data, cost drivers, outputs, outcomes, and income generation perspectives. This will continue to inform our 'Getting to Know Your Business' programme and provides support for all Directors and Service Managers to help them understand where their service is relatively positioned from both a performance and finance perspective.

A programme of major service redesign is already in place to help us meet the evolving needs of our residents, improve their customer experience, whilst also enabling them to be more independent and our communities more self-sufficient and sustainable. This helps to target resources where they are needed most. These overall arrangements will continue to be enhanced in 2021/22 to encourage a more commercial and business focussed approach. Our ambition is to strive for the best blended approach of commercial acumen with a strong public sector ethos.

To inform and highlight our relative success in delivering the full range of unitary authority services locally with less resources – Figure 10 shows the core spending power per dwelling for all England and illustrates our position based on the spending power per dwelling against our nearest statistical neighbour comparator group.

We have the 10th lowest spending power per dwelling – which means that we have less comparable resources available to meet the relative needs of our local residents, when compared with similar local authorities. Taking in isolation this does not mean that Southend-on-Sea provides better value for money services, but it must be an important consideration.

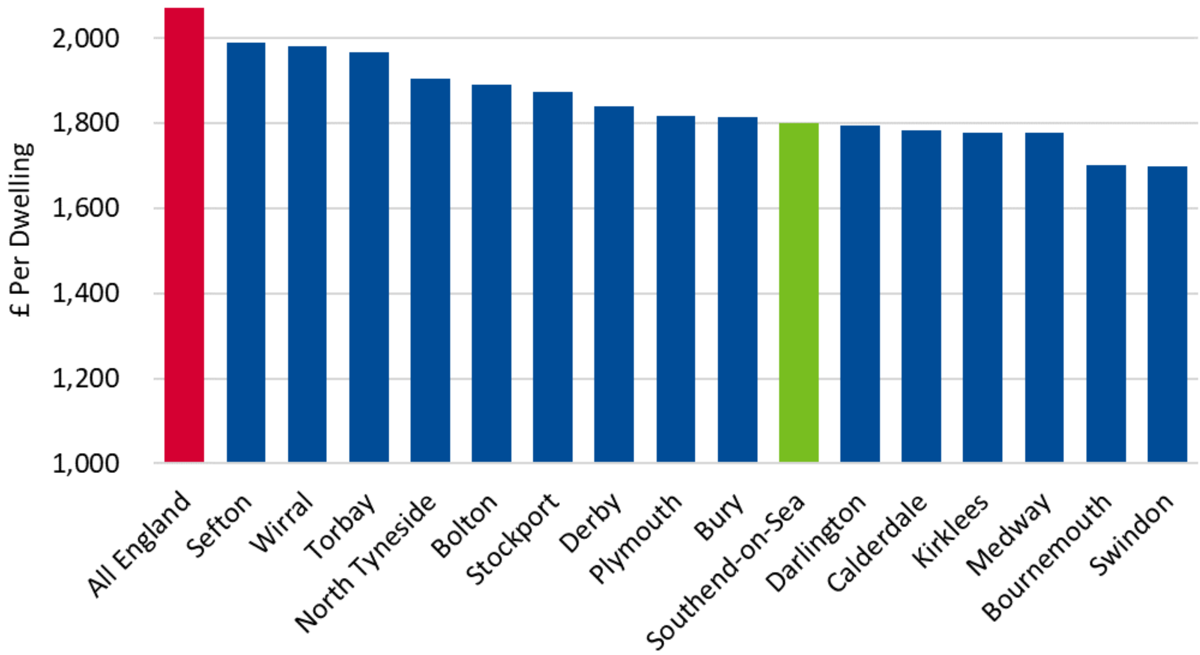


Figure 10 Core Spending Power per Dwelling 2021/22 [4]

Equally from a local perspective we are also determined to minimise the financial burden on the local council taxpayer for Southend-on-Sea where we can. Figure 11 illustrates the level of council tax (Band D equivalent) charged by Local Authorities from our nearest geographical neighbours in Essex for 2020/21. This is an important factor when considering Southend-on-Sea's commitment to providing value for money services that meet the needs of our local residents. It is also worth noting that 70% of properties in the Borough are in Council Tax bands A to C.

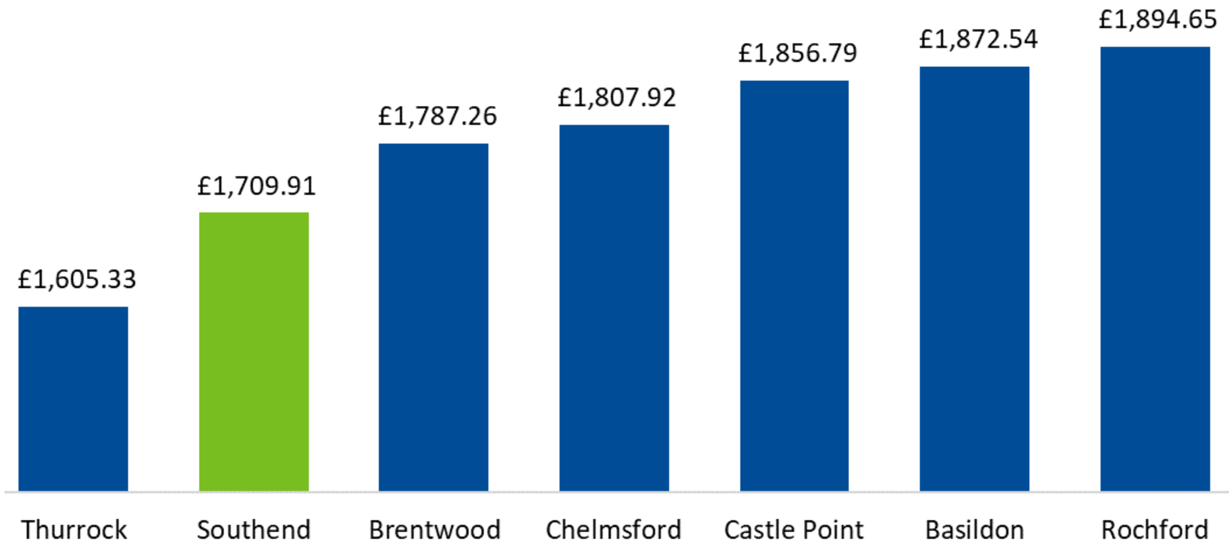


Figure 11 Council Tax Comparison - Band D 2020/21

[4] Data source: https://www.gov.uk/government/publications/core-spending-power-final-local-government-finance-settlement-2021-to-2022

3.8 Alternative Delivery Vehicles and Governance Arrangements

By establishing ourselves as a commissioning council to deliver better outcomes it has also changed the way we work and invest. This new approach is evident by our adoption of a broader 'best fit' model of both service and delivery vehicles. We explore and then select the best set of arrangements to deliver our priorities in the most effective and efficient way. Getting the right outcome for the right people at the right price.

We have created several companies, joint ventures, and trusts that we believe are the right vehicles to deliver our priorities in their areas. This organic growth into a group structure has taken place over recent years. The Council currently directly owns six companies, participates in two joint ventures established as legal entities and is sole trustee to eight charitable trusts. We are also engaged in several partnerships and associations with other organisations.

To provide a common unified formal governance structure between the Council and its group of companies and its joint ventures, and to ensure proper exercise of its role as trustee, the Council established a Shareholder Board in November 2017. This ensured that not only good proportionate governance is discharged but also that the objectives of Southend 2050 are embedded and aligned within these delivery vehicles.

Each entity has its own internal governance arrangements. The wholly owned companies have governance arrangements in compliance with the Companies Act. The joint ventures essentially follow these same arrangements and the Trusts, although subject to the Charities Acts, are not managed as separate entities but managed as part of the Culture service area and work in compliance with the Council's own good governance arrangements.

3.9 Financial Pressures and Key Service Demand Trajectories

As well as the obvious specific financial challenges and uncertainties that have been caused by COVID-19, there are several more traditional financial pressures faced by the Council. These are reported to the Corporate Management Team, Councillors, and other stakeholders as part of the budget monitoring and performance reports on a regular basis. A number of these are demand led pressures which are generally replicating the challenges faced by most upper tier local authorities right across the country. It is important that these pressures are identified, key drivers behind demand trends are understood and wherever possible mitigated to ensure sound financial and service resilience in these difficult times.

Social Care – Children

One of the key pressures our Local Authority has been facing over the last five years (which is also a recognised national issue) is the increased demand on our Looked After Children (LAC) budget, combined with higher costs of external care placements. Figure 12 shows our LAC numbers since 2010, whilst we have seen a recent decline in the overall LAC numbers since the peak of October 2019, Table 6 illustrates that we have still seen a continual increase for the last five years. This trend is exacerbated by greater reliance on both external residential care and external foster care placements. This is a more expensive service provision, and if that trend were to continue this would add further financial pressure. This was highlighted within the sensitivity analysis presented earlier in this strategy document.

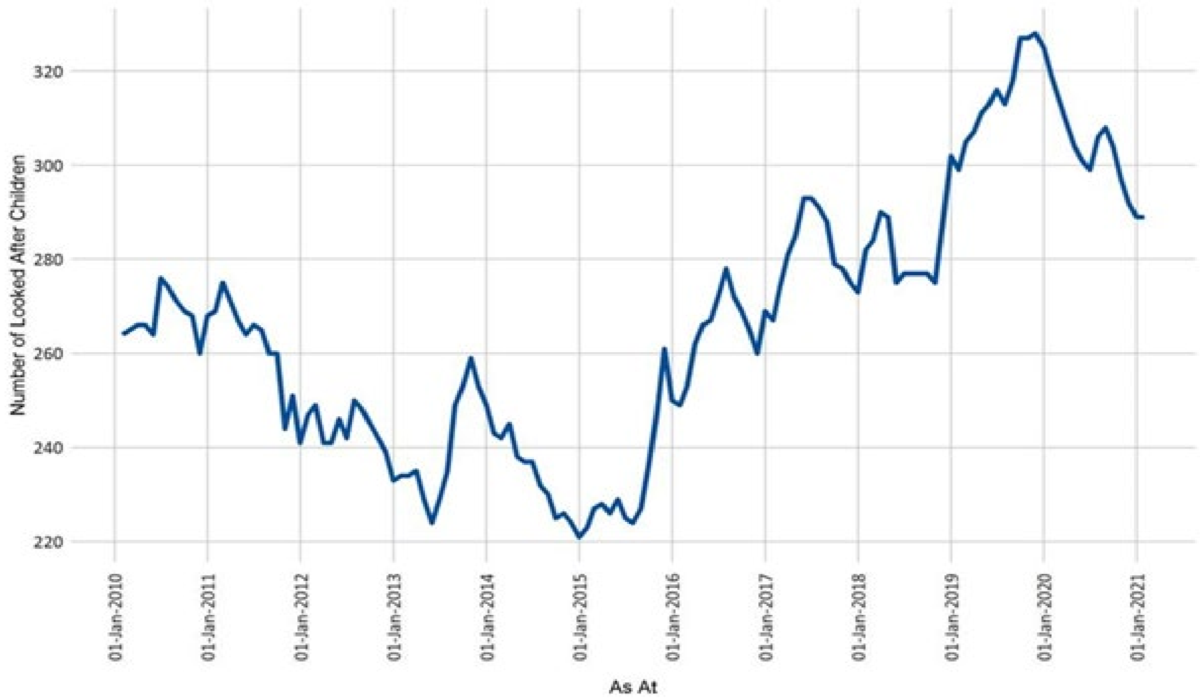


Figure 12 Numbers of Looked After Children Historical Trend

Table 6 Recent Changes in LAC numbers

As at	31st March 2017	31st March 2018	31st March 2019	31st October 2019*	31st March 2020	31st October 2020
Total LAC Numbers	**282**	**295**	**308**	**330**	**311**	**298**
% growth / (reduction) from previous		5%	4%	7%	(6%)	(4%)
Of which are:						
External Residential Care placements	**16**	**23**	**28**	**30**	**28**	**29**
% growth / (% reduction) from previous		44%	22%	7%	(7%)	4%
% of total LAC	**6%**	**8%**	**9%**	**9%**	**9%**	**10%**
External Foster Care placements	**33**	**28**	**28**	**51**	**60**	**66**
% growth / (% reduction) from previous		(15%)	0%	82%	18%	10%
% of total LAC	**12%**	**9%**	**9%**	**15%**	**19%**	**22%**

***** 31st October 2019 peak LAC numbers***

Although not an exact science we have also attempted to use this historical data and appropriate trends to establish a potential future forecast, illustrated in Figure 13. The Council have created a further £2.5M contingency in 2021/22, financed by earmarked reserves to provide additional resilience for a sustained level of external care demand. Whilst the long-term strategy remains to reduce reliance on external care placements and increase our inhouse foster care provision.

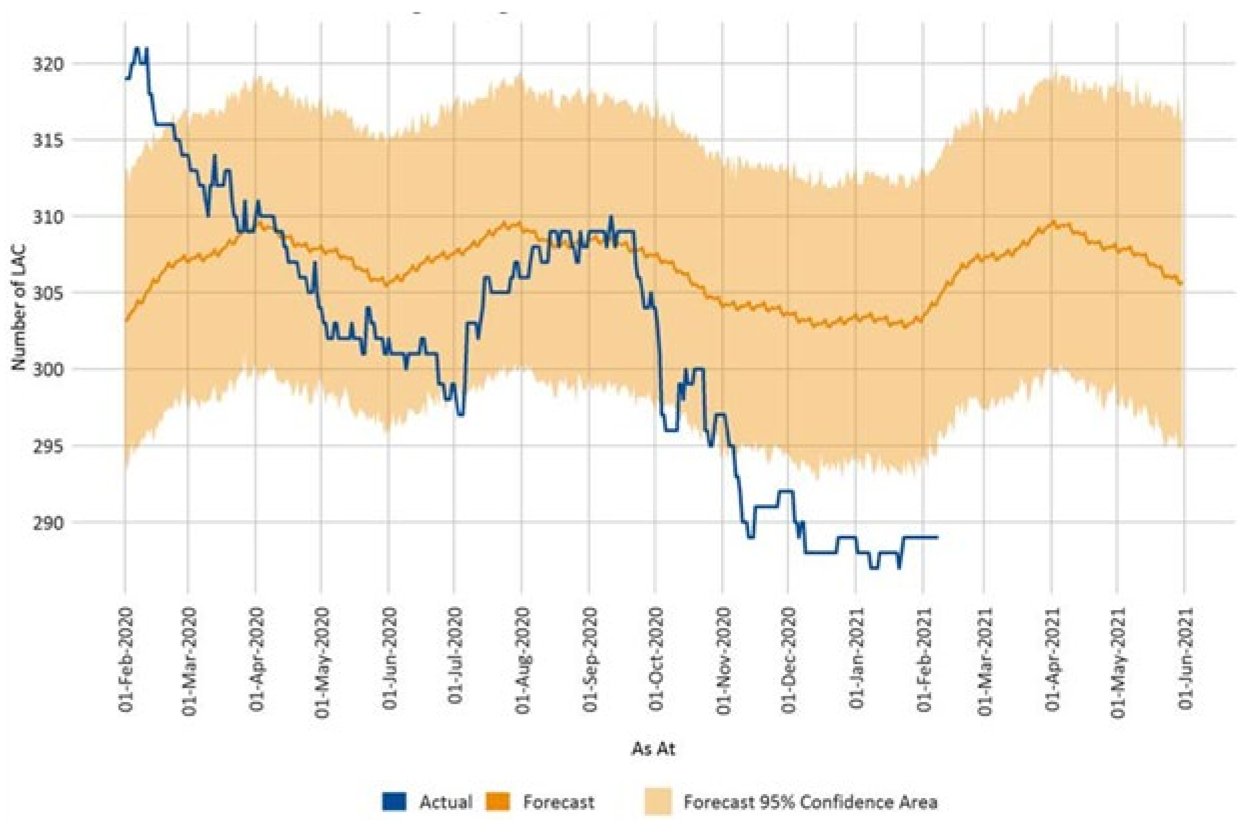


Figure 13 Number of LAC by Day with Forecast

Housing and Homelessness

Southend-on-Sea Borough Council did not use any bed and breakfast accommodation until 2017/18 when the Homelessness Reduction Act was implemented. Historically, we used our hostels for temporary accommodation, but demand has continually increased to such an extent that we now must use bed and breakfast accommodation, as well as the council's temporary accommodation, to discharge our duty. The lack of affordable housing in the private sector makes it harder to move households on from temporary accommodation.

The local response to COVID-19 has had a huge impact on the number of households in temporary accommodation. All shared space hostels such as the Church Winter Night Shelter, HARP sit up service, Off the streets were closed due to the risk of spreading the virus. Responding positively to this situation and new Government policy, we had to place those people plus all rough sleepers in some form of temporary accommodation.

Figure 14 highlights the scale of the challenge and shows the number of households placed in temporary accommodation from 2009 to 2020. As at end of January 2021, there were 269 households in temporary accommodation.

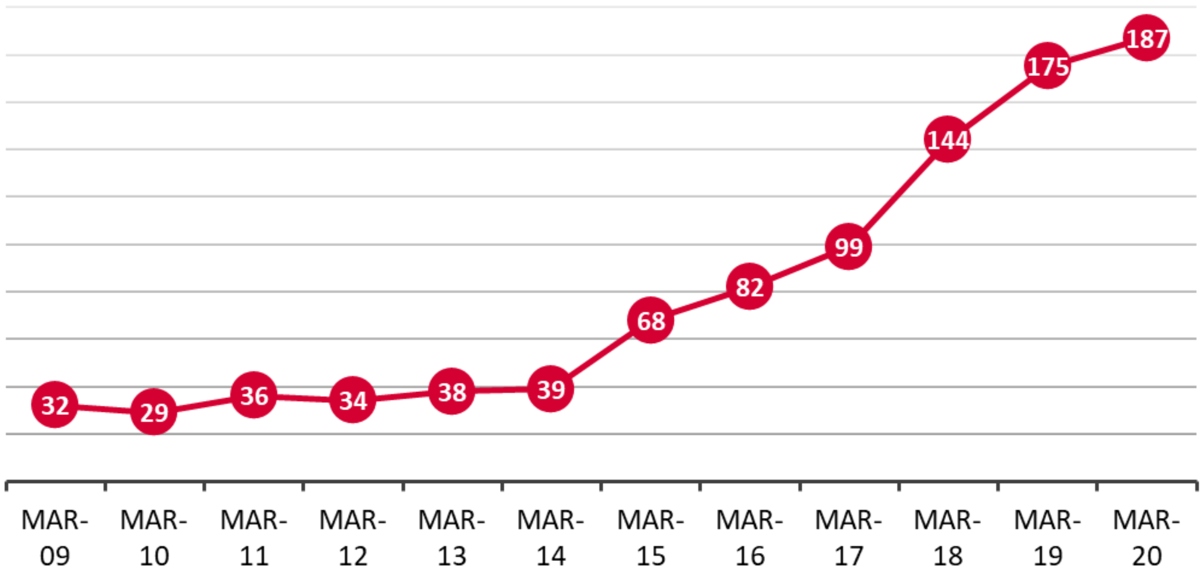


Figure 14 Number of Households in Temporary Accommodation

To help with this challenging issue we have been successful in bidding for extra resources from the enhanced homelessness/rough sleepers initiative that was launched by the government in January 2020. We secured £705,155 for 2020/21.

Social Care – Adults with Learning Disabilities

One of the main demand pressures in adult social care is the increasing number of adults with learning disabilities. The two main sources for the increases are through transitions from Children's services or because of a breakdown in historical family arrangements where parents or relatives are seeking more help and support, in some cases they are no longer able to look after them. This has resulted in an increase in the number of permanent supported living and residential placements. It is anticipated that this is likely to continue, adding to the existing pressures across adult social care services.

Figure 15 illustrates the potential forecast increase in the number of clients with learning disabilities that may require permanent supported living and residential placements.

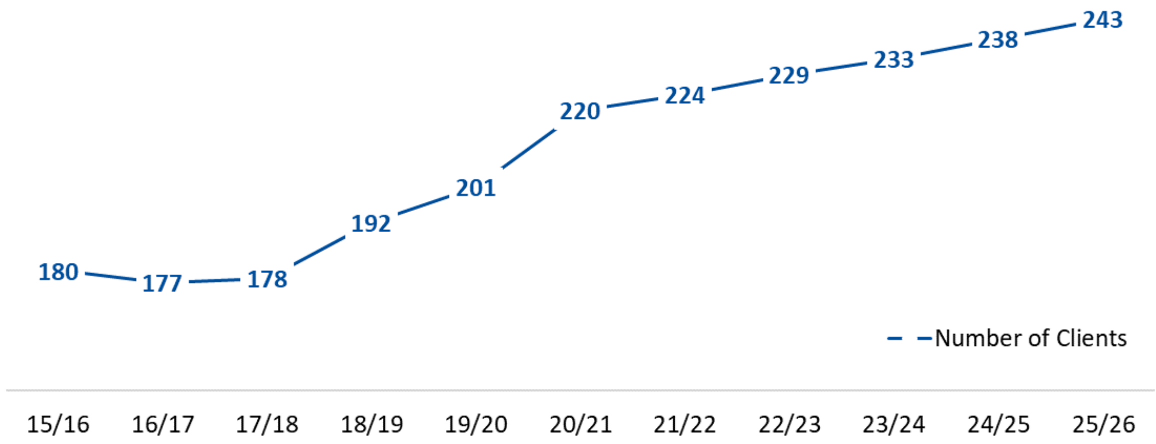


Figure 15 Learning Disability Supported Living and Residential Placements.

Infrastructure and Environment – Visitors

Southend-on-Sea continues to be an attractive tourist destination for both day-trippers and overnight stays, with an increase of 15% in visitor numbers over the five years prior to the COVID-19 pandemic (Figure 16). It is currently anticipated that ‘staycation’ breaks will see a significant increase in the summer of 2021 due to the possibility of travel restrictions and quarantine requirements. Visitors bring with them a great economic benefit to the Borough, but this also has an impact on our infrastructure and environment, which needs to be carefully managed and resourced.

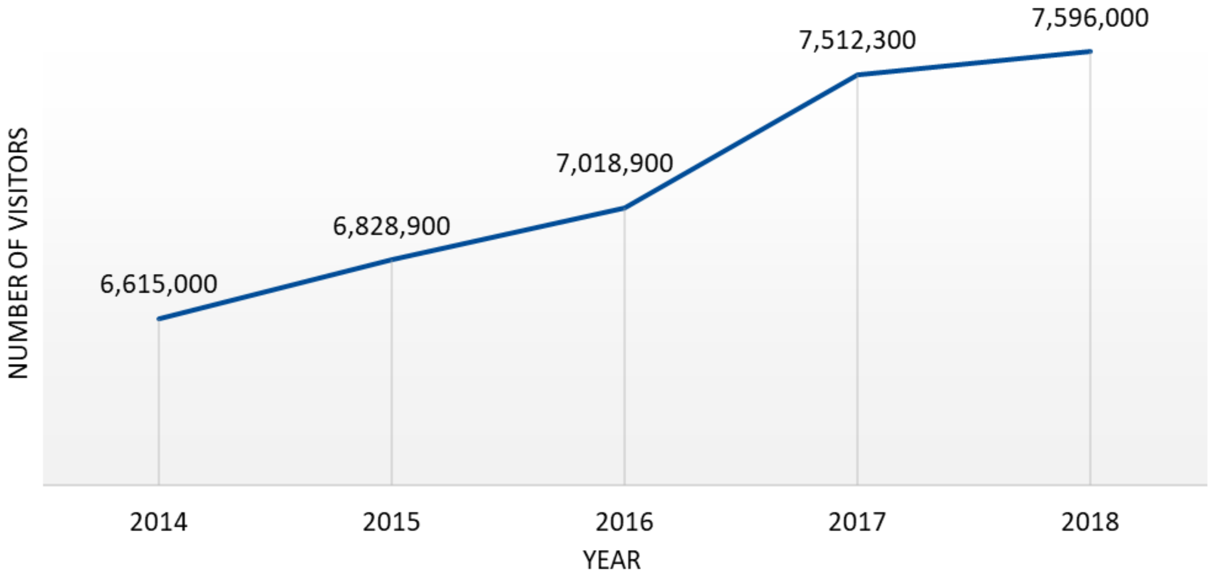


Figure 16 Number of Visitors to Southend per year

Technology – Transition to the Cloud

The Council currently operates a data centre housed in the Civic Centre which is set to reach its end-of-life in April 2023. The transition to a Cloud based model has begun which will facilitate the ability to develop our services innovatively, provide the ability to shift and flex capacity in line with the emerging demands of the organisation and reduce the risk of issues within replacing our own data centre. This process will result in dual running of both solutions for a period but will provide greater resilience and security. As we transition our expenditure from capital to revenue due to the reduction in our physical assets, the Cloud based solution will provide better value for money in the long term.

3.10 New Budget Transformation Programme

As part of our commitment to embed a more longer-term view of our financial planning arrangements, we included within the budget approval for 2021/22 a new high-level future Budget Transformation Programme for 2022/23 – 2025/26.

This list of potential areas for review was primarily generated by the baselining and benchmarking work undertaken as part of our ‘Knowing Your Business’ Programme. These ideas will be scoped and developed further during the first quarter of 2021/22 to support the Council’s future financial sustainability ambition.

Highlighting forward planning items like this and opening discussions earlier with local Councillors and interested stakeholders is not only more transparent but also enables better consideration and evaluation of options.

Clearly difficult local choices and decisions will still have to be taken but engaging earlier should help with formulating better solutions, more informed options appraisal, and more effective evaluation of impacts.

3.11 New Investments

The level of resources available for revenue and capital investment are subject to extensive challenge and prioritisation to ensure that investment is designed to have a positive impact and is aligned to deliver Southend 2050 outcomes and the current phases of the road map.

For revenue prioritisation of proposed investment, careful assessment was given to the current demands and pressures for existing local priority services, the future requirements needed to continue to respond positively to the pandemic and to a range of initiatives that are not only aligned to our 2050 priorities but would also have a big value for money impact in providing better outcomes for local residents.

For capital prioritisation of proposed investment this is achieved through application of the Capital Investment Strategy 2021/22 – 2025/26. 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 desired outcomes. It includes an overview of the governance processes for consideration, prioritisation, and approval of capital investment.

Table 7 is a summary of the investments included within the 2021/22 budget grouped by investment theme.

2050 Theme	Revenue (one year) £000s	Capital (5 year) £000s	One-off £000s	TOTAL £000s
Pride and Joy	400	-	230	**630**
Safe and Well	4,088	-	675	**28,888**
Active and Involved	-	-	35	**35**
Opportunity and Prosperity	-	-	575	**575**
Connected and Smart	1,025	21,000	101	**51,126**
Enabling	2,609	-	540	**3,149**
Total	**8,122**	**21,000**	**2,156**	**84,403**

Table 7 Investments by 2050 Theme

3.12 Income Generation and Commercial Opportunities

Complementing the new 'Getting to know Your Business' programme is a requirement to undertake a comprehensive review of all potential income streams and commercial opportunities where appropriate. Development of a new Commercialisation Strategy is under consideration and training and awareness sessions which share best practice and highlight commercial success from both within and outside the organisation is continuing.

All service leads and managers will be supported to gain a better understanding of the financial performance of their business areas. This will include highlighting what scope there is for reducing subsidy, managing demand, exploring new income and commercial opportunities to ensure the best value for money is delivered for the residents of Southend-on-Sea. The governance of these new arrangements has been strengthened by the creation of a new Sustainability Group, which will meet monthly to assess and track progress and is chaired by the Council's S151 Officer. It will also have senior representation attending from all major service areas. The wider Senior Leadership Network are striving to improve efficiency, productivity, and performance to get the most impact and better outcomes from each £1 that is invested locally.

Service leads will take full ownership and accountability for the fees and charges generated, support and benchmarking intelligence will be provided to give assurance that the charges are appropriate, proportionate and are applied correctly.

Fees and charges are received from a wide range of services and the following pie chart illustrates (Figure 17) the varied scale of where this income is generated from in relation to the 2021/22 budget.

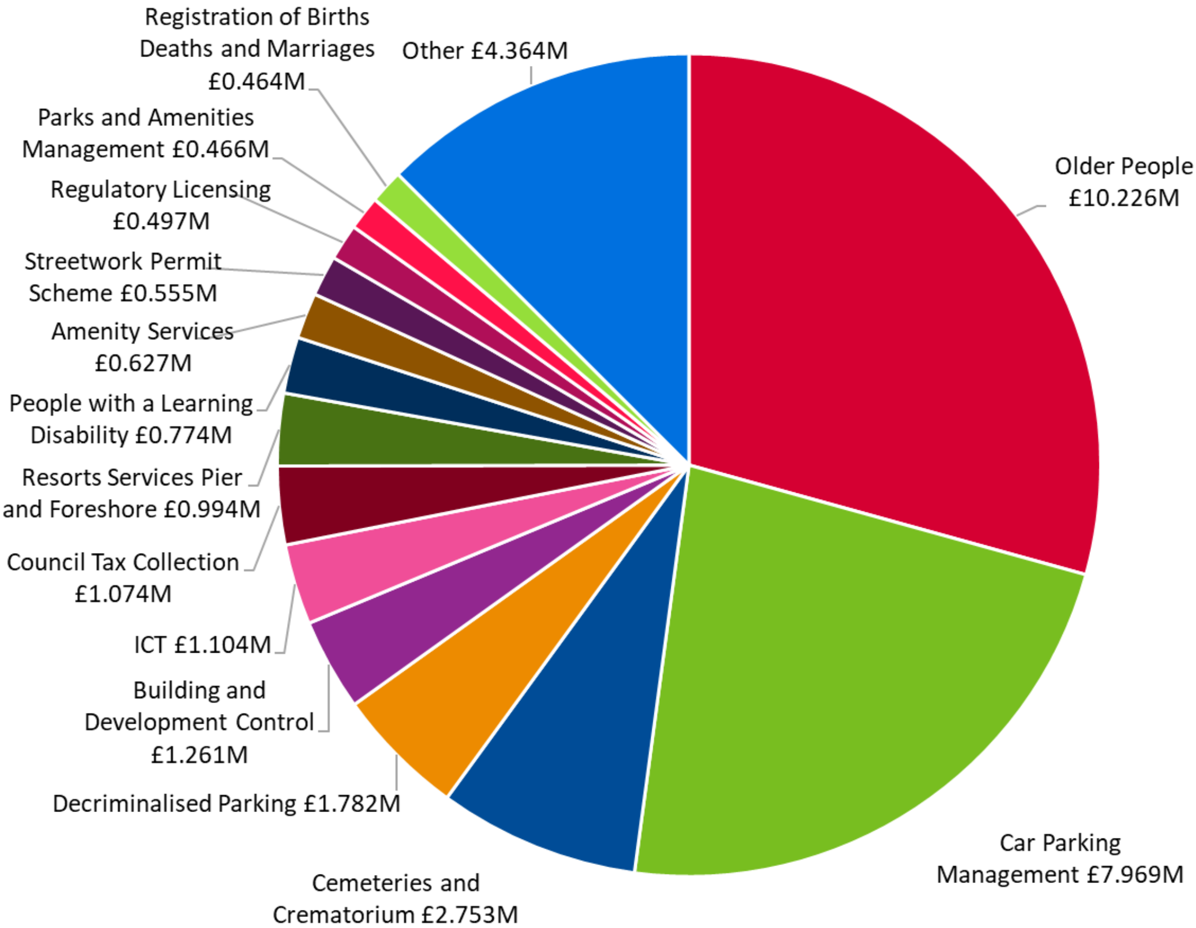


Figure 17 Breakdown of Fees and Charges

3.13 Council Tax

There is a proposed **3.99%** increase in Council Tax for 2021/22 (which includes **2%** for adult social care). For planning purposes an increase of **1.99%** has been assumed for all future years, together with a **1%** increase included for adult social care in 2022/23 only. Changes in the number of households affect the tax base for Council Tax purposes, as does the number of Council Tax Support claimants. The Council Tax base for 2021/22 is **58,630.49** (equivalent Band D properties). Due to the impact of COVID-19, this represents a slight reduction in the tax base for the first time in Southend-on-Sea's history.

The Medium Term Forecast assumes an increase in the Council Tax base of 0.5% per year from 2022/23 to 2025/26. The Council also plans to release phased accumulated collection fund surpluses over the five-year period. The scale of this plan will be reviewed following the finalisation of the outturn for 2020/21 and the full implications on collection rates, due to COVID-19 are fully understood.

Figure 18 illustrates the current forecasted level of Council Tax and Social Care Precept until 2025/26.

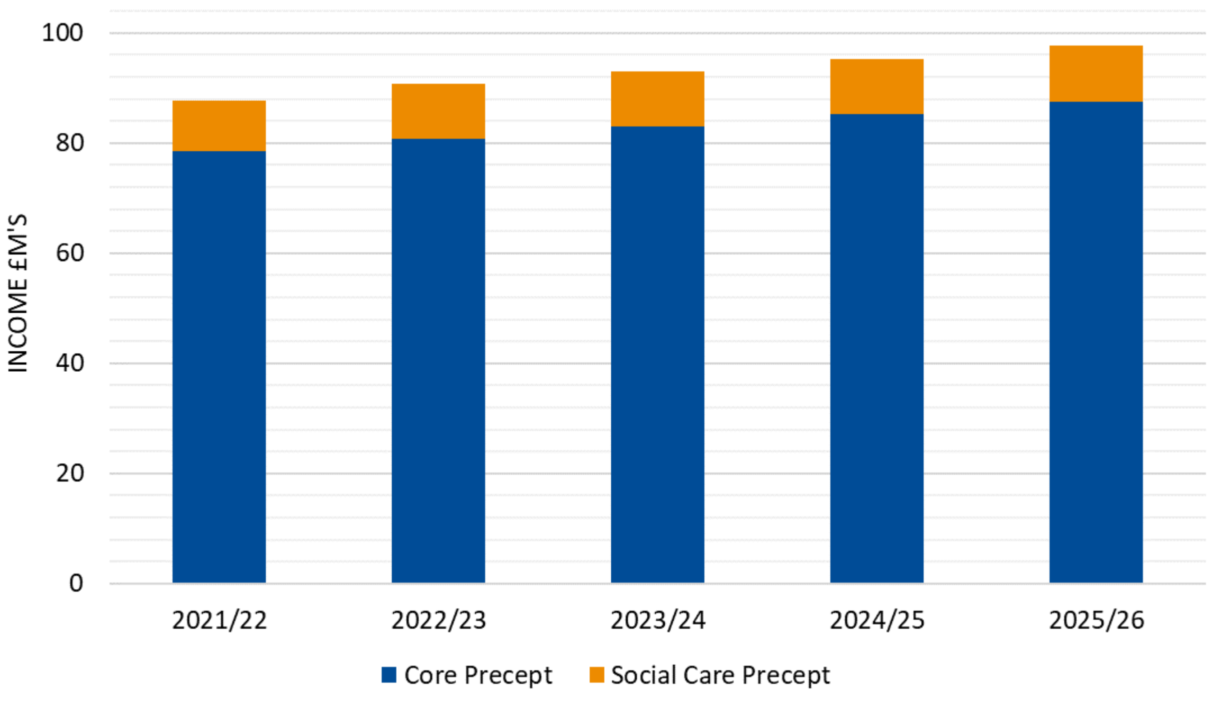


Figure 18 Income from Council Tax and Social Care Precept

3.14 Housing Revenue Account

The Housing Revenue Account is a ring-fenced account which stands apart from the General Fund, although there are charges between the two funds to reflect Service Level Agreements and corporate support services.

The HRA is the statutory “landlord” account for the authority. The Council is obliged by law to set rents and other charges at a level to avoid a deficit on the HRA balance. The HRA estimates have been prepared alongside South Essex Homes, and incorporate their management fee bid.

There is major investment via the HRA Capital Programme of £75.327M planned over the next five years. This will ensure that we maintain decent homes and improve those that need it. The types of works will include electrical wiring, bathroom installations, new roofs, new kitchens, new windows and door replacements and installation of new more economical and energy efficient boilers.

The Council has concluded a procurement exercise to choose a partner organisation with which to regenerate the Queensway estate. Swan Housing Association has been approved as the preferred bidder. The regeneration ambition will see the existing 441 predominately council owned homes redeveloped into a vibrant, mixed tenure community with enhanced public realm and facilities. This will mean that over time the estate will no longer form part of the HRA.

The MTFS assumes that this development would be broadly neutral at this stage. On the basis that lost rental income will be largely offset by a reduced need for management and maintenance liabilities. Some basic allowance has been made for a net loss in future years. Further work will be undertaken to understand the exact implications when the redevelopment proposal is finalised and phased, including how any decant process will work. The MTFS will be updated as soon as a better understanding of the exact timing of any impact is known.

In October 2017, the government announced its intention to set a long-term rent deal for both local authorities and housing associations. This allows rent increases up to the level of CPI measured in September each year plus 1 percentage point from 2020/21. This has resulted in a 1.5% rent increase for 2021/22. The MTFS demonstrates that the HRA is currently financially robust.

3.15 Asset Management Plan

The Corporate Asset Management Strategy (CAMS) sets out the way in which the Council makes decisions on asset related matters and identifies procedures and governance arrangements to monitor and improve the use of its assets to increase efficiency and maximise returns. The plan is reviewed annually alongside the MTFS and updated as appropriate.

The CAMS divides all the Council's assets into five investment blocks. These are:

- Operational assets – The Council’s operational buildings.
- Non-operational assets – The Council’ investment portfolio.
- Regeneration assets – Assets acquired or held to support regeneration.
- Surplus Assets – Assets which have no sound case for retention.
- Infrastructure required to deliver the Plan, notably ICT.

Some assets sit within specific policy and legislative frameworks or are important by virtue of specific features of Southend. These are housing, highways and transport assets, schools and children centres, car parks, listed buildings and designated areas, and the sea defences and cliffs.

The CAMS brings asset-related decision making (on acquisition and disposal) together with the procedures guiding investment through the Capital Investment Programme.

The CAMS was comprehensively reviewed and updated for the period 2015 – 2025 and was approved at the Cabinet meeting in September 2015 to provide high-level strategic focus to enable flexibility over the plan period and to reinforce the current Vision and Strategic Aims of the CAMS that all the Council's assets are corporately held and managed strategically to:

- Support Southend 2050 Ambition, political recovery priorities and efficient and effective service delivery.
- Support regeneration and development and enable the Council to achieve its agreed Outcomes.
- Rationalise, develop, and improve the portfolio to underpin the capital investment programme and revenue budget through development, commercialisation, property acquisition and disposals.
- To enable co-location and integration with partners.

The CAMS is updated to reflect the current guidance on commercial property acquisitions meaning any such acquisitions will need to be made for service delivery or as part of the Council's wider regeneration, transformation, economic recovery, development, and growth ambitions and to support the recovery aims of the Council. Income can be generated through these however it would not be the primary purpose of the investment.

The CAMS also supports the Council's high priority major projects such as, and including Better Queensway, Airport Business Park, Care and Learning Disability re-provision.

Some further updates will be published during 2021/22 as follows:

- Timescale for the plan 2020-2030.
- Setting out ongoing property related COVID-secure and response measures.
- Updates to reflect the current demographics, Southend 2050 position, roadmap, and direction of travel.
- Updates to reflect structure and governance arrangements as required.
- To update the schedule of charges relating to property transactions.
- To keep up to date the Property Metrics section.

- To distribute responsibility clearly and more appropriately for assets (e.g., footpaths, non-adopted roads, watercourses) to ensure these are managed efficiently in the most appropriate section of the business.
- Update to the Disposal of Open Space guidance to include appropriation of open space.

3.16 Capital Investment Programme

Capital expenditure is incurred on the acquisition or creation of assets, or expenditure that enhances or adds to the life or value of an existing fixed asset which is needed to provide services such as housing, schools, and highways. Fixed assets are tangible or intangible assets that yield benefits to the Council generally for a period of more than one year, e.g., land, buildings, roads, vehicles. This contrasts with revenue expenditure which is spending on the day to day running costs of services such as employee costs and supplies and services. Capital grants, borrowing and capital receipts can only be spent on capital items and cannot be used to support the revenue budget. However, it should be noted that revenue funding can be used to support capital expenditure.
The Capital Investment Strategy covers all capital expenditure and capital investment decisions, not only as an individual local authority but also those entered under group arrangements. It sets out the long-term context in which decisions are made with reference to the life of the projects/assets.

It is a key document and 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 desired outcomes. It includes an overview of the governance processes for approval and monitoring of capital expenditure and how investment decisions take account of stewardship, value for money, prudence, sustainability, and affordability. It also provides an overview of how associated risk is managed and the implications for future financial sustainability.

The capital investment programme is prepared and developed in accordance with the Capital Investment Strategy. In turn, the Capital Investment Strategy has been written in the context of Southend 2050 and the five themes and all capital investment is therefore driven by the aim of contributing to the delivery of the ambition and the desired outcomes.

The resulting new investment into the capital investment programme of the next five years is shown at Section 3.10.

The proposed total capital investment programme over the next five years is illustrated in Figure 19.

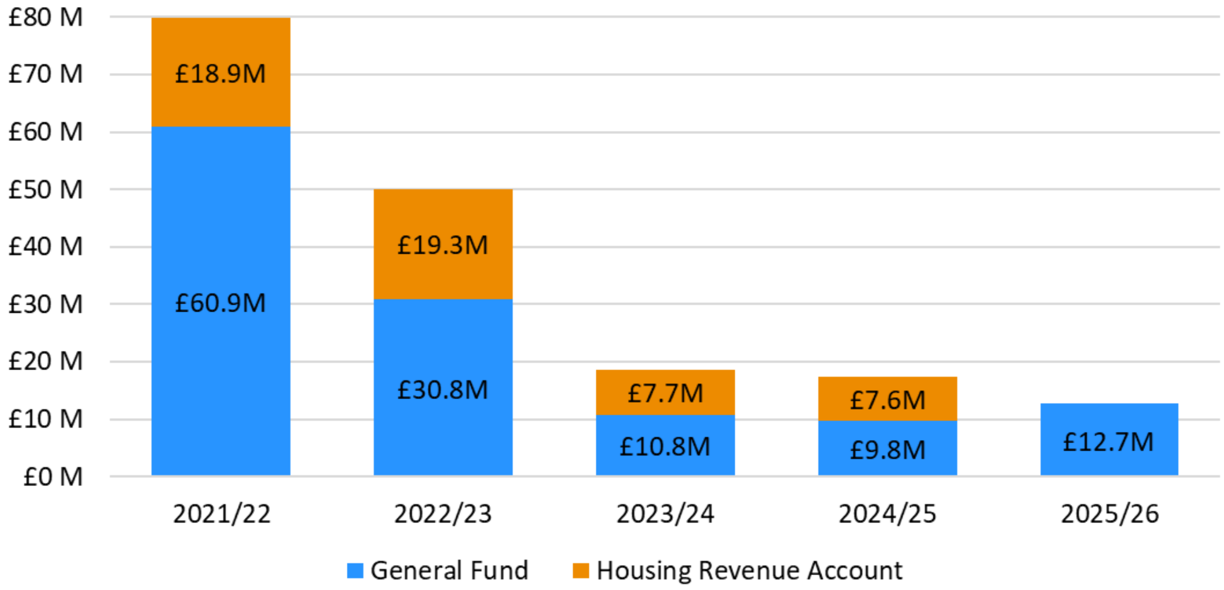


Figure 19 Proposed Capital Investment Programme

3.17 Treasury Management Strategy

The Treasury Management Strategy is an area of activity which 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.

In compliance with the CIPFA Treasury Management Code of Practice the Council's treasury management strategy comprises:

- the Treasury Management Policy Statement.
- the Treasury Management Strategy.
- the Annual Treasury Management Investment Strategy.

The purpose of the Treasury Management Policy Statement is to set out the scope of the Treasury Management function, the policy on borrowing, debt restructure, investments, delegation, and management of risk.

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.

The purpose of the Treasury Management Strategy is to set out how the budgeted financing costs can be achieved. It covers the prospects for interest rates and the strategy on borrowing and debt restructuring.

The purpose of the Annual Treasury Management Investment Strategy is to set out the investment objectives and the policies on the use of external fund managers, on the investment of in-house managed funds and on the use of approved counterparties.

The Audit Committee have responsibility for the scrutiny of the Treasury Management Strategy. The policy is approved by Council in advance of the year to which it relates. It is then monitored regularly and updated, as appropriate, to reflect changing circumstances and guidance with updates approved by Council as and when required.

It is projected that surplus cash balances will average £113m (of which £47m is the estimated sum of medium term and long-term funds managed by external fund managers) during 2021/22 based on information currently available and historical spending patterns.

3.18 Minimum Revenue Provision Policy

The Minimum Revenue Provision (MRP) is an amount to be set aside for the repayment of debt. Each Local Authority has a general duty to charge an amount of MRP to revenue which it considers to be prudent, with responsibility being placed upon the full Council to approve an annual MRP policy statement.

3.19 Prudential Indicators

The Prudential Code is the key element in the system of capital finance that was introduced from 1st April 2004 as set out in the Local Government Act 2003.

Individual authorities are responsible for deciding the level of their affordable borrowing, having regard to the CIPFA code, (which has legislative backing). Prudential limits apply to all borrowing, qualifying credit arrangements (e.g., some forms of lease) and other long-term liabilities. The system is designed to encourage authorities that need, and can afford to borrow for capital investment, to do so.

Under the Local Government Act 2003 each authority can determine how much it can borrow within prudential limits (unsupported borrowing). The Government does have powers to limit the aggregate for authorities for national economic reasons, or for an individual authority. Most of the capital expenditure will continue to be directly supported by Government through capital grant or by Council unsupported borrowing.

Figure 20 shows the Council’s level of external gross debt compared to its agreed borrowing limits and the estimated Capital Financing Requirement (the Council’s theoretical need to borrow).

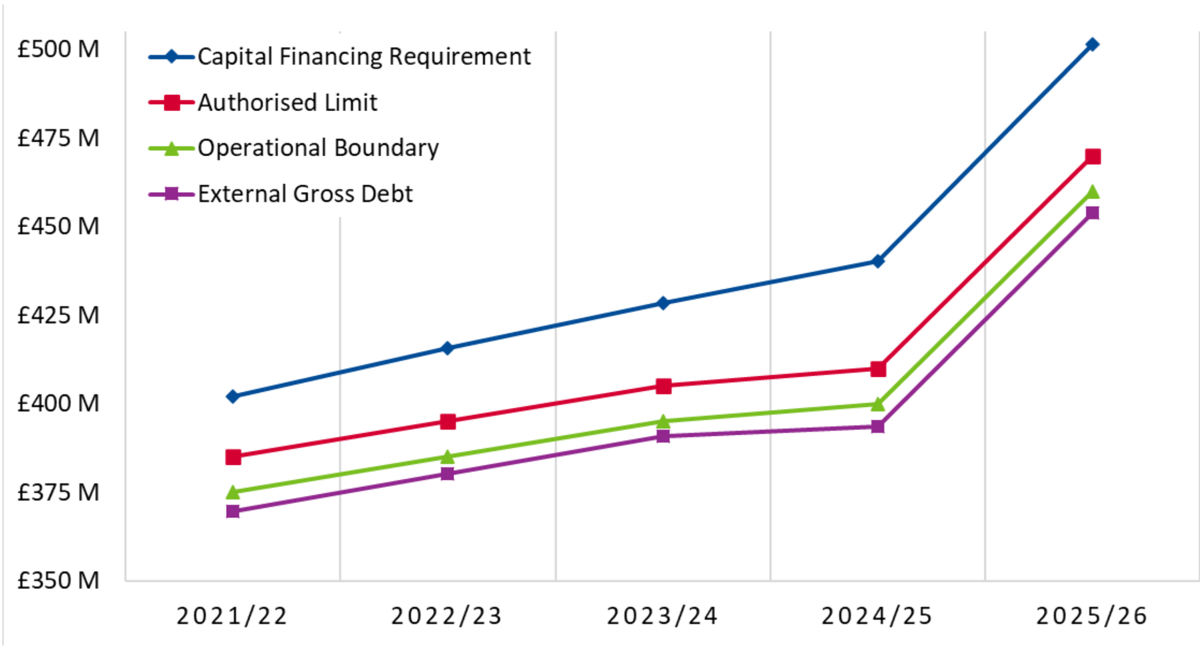


Figure 20 Borrowing levels and limits.

The operational boundary is how much gross external debt the Council plans to take up and reflects the decision on the amount of debt needed for the Capital Investment Programme for the relevant year. The authorised limit is higher than the operational boundary as it allows sufficient headroom to take account of unusual cash movements.

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 prudence, affordability, and sustainability.

Another objective of the Code is that treasury management decisions are taken in accordance with good professional practice and in full understanding of the risks involved and how these risks will be managed to levels that are acceptable to the organisation.

To demonstrate compliance with these objectives each authority is required to produce a set of prudential indicators. These indicators are designed to support and record local decision making and are not for comparison with other authorities. The setting and revising of these indicators must be approved by Cabinet and Council.

In setting or revising its prudential indicators, the local authority is required to have regard to the following matters:

- service objectives (e.g., strategic planning).
- stewardship of assets (e.g., asset management planning).
- value for money (e.g., options appraisal).
- prudence and sustainability (e.g., risks, whole life costing and implications for external debt).

- affordability (e.g., implications for long-term resources including the council tax).
- practicality (e.g., achievability of the forward plan).

3.20 General Fund Balance

In accordance with best practice guidance issued by CIPFA, the minimum level of General Fund balances is reviewed, and assessed on an annual basis. The Executive Director (Finance & Resources) recommends:

- An absolute minimum level of General Fund reserves of £8M to be maintained throughout the period between 2021/22 to 2025/26.
- An optimal level of reserves of £10M over the period to cover the absolute minimum level of reserves, in-year risks, cash flow needs and unforeseen circumstances.
- A maximum recommended level of reserves to £12M over the period to provide additional resilience to implement the MTFS.

This assessment has been derived at by taking a risk-based approach to the overall General Fund Revenue Account. Clearly given the unprecedented uncertainty and challenges caused by the pandemic, then it is even more important to give some confidence and assurance over the level of the General Fund Balance. This assessment includes as far as possible a review of income volatility and realism of income targets, interest rate exposure, third party provider risks, potential overspends in demand led areas such as social care and safeguarding for both adults and children and any other potential issues which may need to be taken into consideration.

3.21 Reserves Strategy

As well as maintaining a risk based General Fund Balance the Council also sets aside Earmarked Reserves (for these purposes earmarked reserves excludes school balances) for specific items.

Considering the increasing level of risk and uncertainty identified within the MTFS and the probability of resources being required to support service transformation and delivery, a full review of useable reserves and provisions has been undertaken.

Each year as part of closing the accounts a further view is taken on maintaining and strengthening, where necessary, those reserves specifically earmarked to support the highest areas of risk. This results in the rationalisation of reserves and provisions where possible and in some cases additional funding being set aside. This exercise will be particularly critical, due to the impact of COVID-19 in 2020/21 and the plans to support 2021/22's budget with £2.5M from reserves.

In relation to the adequacy of reserves (excluding the General Fund Balance summarised in Section 3.19), the Council's Section 151 Officer (Executive Director of Finance and Resources) recommends the following Reserves Strategy. The Strategy will be reviewed annually and adjusted in the light of the prevailing circumstances.

Housing Revenue Account Reserves

In relation to the Housing Revenue Account (HRA) in 2021/22 and the medium to long-term:

- Given the status of housing management provision the recommendation is that reserves be maintained at £3.0m.

This recommendation is based on and conditional upon:

- A 2021/22 budget agreed with South Essex Homes Ltd. to maintain a balanced HRA, together with the HRA's own MTFS for the period 2021/22 to 2025/26.
- Forward projections for the HRA beyond 2021/22 are remodelled to consider the impact of the Better Queensway regeneration and the updated stock condition survey.

Earmarked Reserves

A table of the earmarked reserves and their balances at 31st March 2020 to 31st March 2026 is shown in Annex 2. The balances at 31st March 2021 to 2026 are indicative, based on the assumptions in this report, and do not represent the probable figures that will be disclosed in future years Statement of Accounts. A summary of the forecast reserve balances to 31st March 2026 is shown below (Table 8) and illustrated in the following graph (Figure 21). We are forecasting that our total reserves will stay within a range of £63M to £70M over this timeframe.

Table 8 Earmarked Reserves

	31/03/21 £M	31/03/22 £M	31/03/23 £M	31/03/24 £M	31/03/25 £M	31/03/26 £M
General Reserves	11.000	11.000	11.000	11.000	11.000	11.000
Capital Reserves	26.505	22.596	21.758	20.567	21.192	21.817
Corporate Reserves	15.932	14.948	17.041	14.041	15.541	17.041
Grant Reserves	4.100	3.950	3.950	3.950	3.950	3.950
Insurance Reserves	5.963	5.963	5.963	5.963	5.963	5.963
Service Reserves	6.066	8.306	8.213	8.177	8.141	8.106
Total	**69.566**	**66.763**	**67.925**	**63.698**	**65.787**	**67.877**

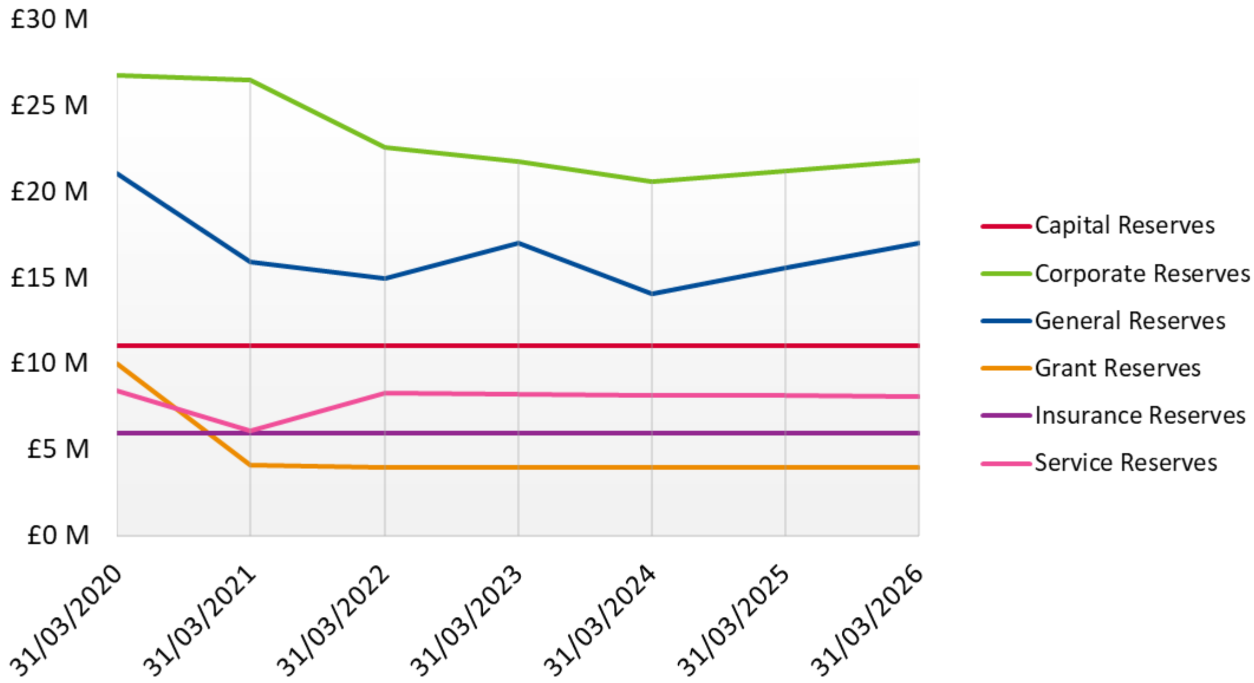


Figure 21 Forecast Earmarked Reserve Levels

3.22 Outcomes Based Planning and Budgeting

The Council began to introduce a new approach to Outcomes Based Planning and Budgeting in 2019/20 which looked at repurposing resources towards new agreed priorities and outcomes. 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 local residents, businesses, and visitors. Following the impact of COVID-19, the year 2021/22 is clearly an important transitional year in our journey towards becoming a more outcome focussed organisation where our resources are prioritised accordingly.

The Council has targeted its resources to deliver the Southend 2050 programme and roadmap phases and economic recovery priorities. Being a more outcome focussed organisation will enable us to direct our investment, resource and business planning to activity that will achieve better outcomes and change the conversation in the future to what to keep rather than what to cut.

3.23 Addressing the Budget Gap

The Council is currently predicting a cumulative budget gap of **£20.7M up to the end of 2025/26**. To address and close the budget gap over this period we must continue our drive towards financial sustainability for the future. As we work collaboratively with our partners, we may need to increase our focus on the delivery or joint commissioning of services in a targeted way to ensure that those in most need and who will receive the greatest benefit are the recipients of our services.

The approach to addressing this gap can be seen within several initiatives already in operation within the organisation including:

- Business as usual monitoring and budget reviews throughout the year.
- The full implementation of outcome-based budgeting.
- Link business planning and budgeting to focus on service outcomes.
- Effective and creative management of service demand.
- A review of major contracts.
- Full implementation of a new Commissioning Framework.
- Fully embed the new ‘Getting to Know your Business’ Programme.
- Exploring new commercial opportunities.
- Range of medium savings and income generation initiatives proposed.
- New Sustainability Group created to oversee and track progress.
- Future Business Transformation Programme proposed.

The forecast profiled budget gap in the Medium Term Financial Forecast over the next five years is summarised in Table 9.

Year	2021/22	2022/23	2023/24	2024/25	2025/26	Total
Budget gap	£0.0M	£7.3M	£5.2M	£3.5M	£4.7M	£20.7M

Table 9 Forecast Budget Gap

3.24 Budget Monitoring and Forecasting

The corporate budget performance report is a key tool in scrutinising the Council’s overall financial performance. It is designed to provide an overview to all relevant stakeholders. It is essential that the Authority actively monitors its budgets throughout the year to ensure that the overall financial position is robust and sustainable and that strategic objectives are being achieved.

In setting the annual budget and the MTFS the Council will ensure potential risks are assessed and managed so that their impact is minimised or accounted for either via Contingencies, Balances or Earmarked Reserves as is necessary. In year, the Council will monitor its revenue and capital budgets (including the HRA) monthly and report to Cabinet on a regular basis.

Whilst the responsibility lies with the Executive Director for Finance & Resources for reporting to Cabinet the financial position, the responsibility and accountability for the financial position and performance of the services lies with the budget holder.

These reports will be prepared for Cabinet at regular intervals throughout the financial year and will provide an opportunity to highlight major variations from the approved spending plans enabling corrective action to be taken where necessary.

All budget holders are responsible for ensuring external income is maximised for their service and for seeking out new opportunities to generate income. If the budget holder cannot resolve issues within their own service area budgets these should be dealt with by Service Directors and the Executive team.

Where pressures are identified appropriate recovery plans are required to be agreed and implemented in year which look to address these issues and identify ongoing pressures that may need to be addressed as part of setting the budgets over the medium term.

The Council has an established and respected finance business partnering service to support and advise Directors and Service Managers with the financial management requirements of their services.

The focus of the Finance Business Partnering function in supporting services is to:

- Look at a specific business problem and propose solutions based on research and insight.
- Perform and analyse benchmarking against other areas and services to drive business decision making.
- Work with business intelligence to understand activity and cost drivers.
- Support services to look at the totality of investment against objectives.
- Support services to focus on being sustainable.
- Support services in developing business cases.
- Work to better understand, manipulate, and extract better outcomes from contracts – improving deliverables and forward planning procurement exercises.
- Perform sensitivity analysis across whole systems to understand links between variables and support to make optimal interventions.
- Support with project managing change through greater involvement in strategic decision making.

4 Conclusion

This MTFS provides a robust framework for setting the budget for 2021/22 and to help to ensure that the Council remains financially sustainable over the medium term. The current forecast position is based on the best information currently available and is challenging but should be achievable.

The Council has seen a sustained reduction in general grant funding over the past decade whilst also experiencing major increases in demand for a range of priority local services that it delivers. The increased uncertainty over the levels of future national financial settlements, together with estimating how quickly and to what extent the local area recovers from COVID-19 makes business and financial planning very difficult. This strategy and the range of assumptions included will be updated as soon as new information becomes available.

Positively the Council has a clear 2050 ambition, strong collegiate leadership, residents, and communities are engaged, resources are prioritised towards achieving better local outcomes and the organisation in these unprecedented circumstances has set a robust, resilient, and sustainable budget.

Southend-on-Sea Borough Council is in a strong position to influence, shape and redesign services both locally and regionally to make a real positive difference to the lives of Southenders.

Annex 1

Medium Term Financial Forecast
2021/22 to 2025/26

	2021/22		2022/23		2023/24		2024/25		2025/26	
	£000s		£000s		£000s		£000s		£000s	
Base Budget										
From prior year	130,428		135,847		145,446		148,786		152,205	
LESS										
Appropriations to / (from) reserves in prior year	10,361		303		(1,162)		4,227		(2,089)	
Revenue Contributions to Capital	(363)		(1,409)		(1,463)		(1,816)		0	
Less other one-off expenditure / (savings)	(9,084)		(81)		1,265		(3,000)		1,500	
Adjusted Base Budget		131,342		134,660		144,086		148,197		151,616
Appropriations to / (from) reserves		(303)		1,162		(4,227)		2,089		2,090
Revenue Contributions to Capital (Funded from Earmarked Reserves)		1,409		1,463		1,816		0		0
Other one-off / time limited expenditure bids		81		(1,265)		3,000		(1,500)		(1,500)
Inflation and other increases		2,750		3,750		3,750		3,750		3,750
Capital Programme Costs		91		724		959		1,076		852
Corporate Cost Pressures		564		(35)		742		(40)		22
Directorate (Savings) / Pressures										
Ongoing Executive Directorate investment	5,356		3,050		3,850		3,050		3,050	
Budget reductions proposed	(4,155)	1,201	(2,367)	683	(618)	3,232	(917)	2,133	(475)	2,575
Better Care Fund										
Funding to Support Social Care and benefit Health	(13,358)		(13,358)		(13,358)		(13,358)		(13,358)	
Expenditure relating to the BCF and IBCF	13,358	0	13,358	0	13,358	0	13,358	0	13,358	0
Public Health										
Projected Grant Income *	(9,525)		0		0		0		0	
Projected Expenditure	9,525	0	0	0	0	0	0	0	0	0
Housing Revenue Account										
Projected Expenditure	33,374		33,282		26,167		26,583		26,635	
Projected Income	(29,102)		(30,355)		(31,085)		(31,951)		(32,804)	
Contributions to / (from) HRA Earmarked Reserves	(4,272)	0	(2,927)	0	4,918	0	5,368	0	6,169	0
Dedicated Schools Grant										
Projected Grant Income	(55,475)		(55,475)		(55,475)		(55,475)		(55,475)	
Projected Expenditure	55,475		55,475		55,475		55,475		55,475	
Pupil Premium received from Government (indicative)	(1,892)		(1,892)		(1,892)		(1,892)		(1,892)	
Pupil Premium Expenditure	1,892	0	1,892	0	1,892	0	1,892	0	1,892	0
Projected General Fund Net Expenditure		137,135		141,142		153,358		155,705		159,405
Changes in General Grants		(1,288)		11,604		628		0		0
Budget Requirement		**135,847**		**152,746**		**153,986**		**155,705**		**159,405**
Funded By										
Council tax increase (1.99% in 21/22, 1.99% onwards) (taxbase +0.0% 2021/22 and +0.5% p.a future years)		(78,576)		(80,721)		(82,937)		(85,210)		(87,542)
Social Care Precept (2.0% in 21/22, 1% in 22/23, 0% onwards)		(9,060)		(9,989)		(10,039)		(10,089)		(10,139)
Business Rates		(38,129)		(53,736)		(54,810)		(55,906)		(57,024)
Revenue Support Grant **		(6,082)		0		0		0		0
Collection Fund Surplus		(1,500)		(1,000)		(1,000)		(1,000)		0
Capital Reserve		(2,500)		0		0		0		0
Total Funding		**(135,847)**		**(145,446)**		**(148,786)**		**(152,205)**		**(154,705)**
Funding Gap		**0**		**7,300**		**5,200**		**3,500**		**4,700**

Funding Gap (Cumulative)	**0**	**7,300**	**12,500**	**16,000**	**20,700**

Core Precept	78,576	80,721	82,937	85,210	87,542
Social Care Precept	9,060	9,989	10,039	10,089	10,139
Band D Council Tax					
Council Tax for a Band D Property	1,494.72	1,539.45	1,570.05	1,601.28	1,633.14
% Increase in Council Tax	3.99%	2.99%	1.99%	1.99%	1.99%
Council Tax Base					
Council Tax Base	58,630	58,924	59,218	59,514	59,812
Increase in Tax Base on prior year	-0.09%	0.50%	0.50%	0.50%	0.50%

* The assumption has been made that the ringfence is removed after 2021/22, this change in reflected in the figures for general grants and business rates for 2022/23.
** The assumption has been made that this grant will form part of the business rate baseline assessment from 2022/23 onwards.

NB: Due to rounding, numbers presented throughout these tables may not add up precisely to the totals indicated.

Annex 2

Earmarked Reserves	Balance 1/4/20 £000s	To Reserves £000s	From Reserves £000s	Transfers £000s	Balance 1/4/21 £000s	To Reserves £000s	From Reserves £000s	Transfers £000s	Balance 1/4/22 £000s	To Reserves £000s	From Reserves £000s	Transfers £000s	Balance 1/4/23 £000s	To Reserves £000s	From Reserves £000s	Transfers £000s	Balance 1/4/24 £000s	To Reserves £000s	From Reserves £000s	Transfers £000s	Balance 1/4/25 £000s	To Reserves £000s	From Reserves £000s	Transfers £000s	Balance 1/4/26 £000s
Capital Reserves																									
Business World ERP Reserve	132			385	517				517				517				517				517				517
Capital Reserve	5,714		(363)	1,500	6,851		(3,909)	172	3,114	625	(1,463)		2,276	625	(1,816)		1,085	625			1,710	625			2,335
Interest Equalisation Reserve	4,211		(945)		3,266			699	3,965				3,965				3,965				3,965				3,965
MRP Equalisation Reserve	16,504	285	(918)		15,871			(871)	15,000				15,000				15,000				15,000				15,000
Queensway Reserve	235			(235)	-				-				-				-				-				-
Capital Reserves	**26,796**	285	(2,226)	1,650	**26,505**	-	(3,909)	-	**22,596**	625	(1,463)	-	**21,758**	625	(1,816)	-	**20,567**	625	-	-	**21,192**	625	-	-	**21,817**
Corporate Reserves																									
Business Rates Retention Reserve	4,283			(2,283)	2,000				2,000				2,000				2,000				2,000				2,000
Business Transformation Reserve	1,055		(1,159)	3,750	3,793		(1,201)	(497)	1,948		(285)		1,663				1,663				1,663				1,663
COVID-19 Recovery & Response	-				-			1,000	1,000				1,000				1,000				1,000				1,000
New Homes Bonus	5,326	1,370	(560)		6,136	1,340	(280)	(4,296)	2,900	628			3,528				3,528				3,528				3,528
Outcome Delivery Reserve	-		(250)	750	500		(250)		250		(250)		-				-				-				-
Pension Reserve	9,564	2,000	(4,350)	(5,214)	2,000	2,000			4,000	2,000			6,000	1,500	(4,500)		3,000	1,500			4,500	1,500			6,000
Rental Equalisation	850				850				850				850				850				850				850
Service Redesign Reserve	-	800			800			1,200	2,000				2,000				2,000				2,000				2,000
Corporate Reserves	**21,078**	4,170	(6,319)	(2,997)	**16,079**	3,340	(1,731)	(2,593)	**14,948**	2,628	(535)	-	**17,041**	1,500	(4,500)	-	**14,041**	1,500	-	-	**15,541**	1,500	-	-	**17,041**
Grant Reserves																									
Area Child Protection	32				32				32				32				32				32				32
COVID-19 Reserve	5,128		(5,128)		-				-				-				-				-				-
Dedicated Schools Grant	1,248				1,248				1,248				1,248				1,248				1,248				1,248
General Grants Carried Forward	2,119		(419)		1,707				1,700				1,700				1,700				1,700				1,700
Public Health Grant - DAAT	241		(35)		206				206				206				206				206				206
Public Health Grant - Public Health	1,235		(321)		964		(150)		764				764				764				764				764
Grant Reserves	**10,003**	-	(5,903)	-	**4,157**	-	(150)	-	**3,950**	-	-	-	**3,950**	-	-	-	**3,950**	-	-	-	**3,950**	-	-	-	**3,950**
Insurance Reserves																									
Insurance Reserve	5,963				5,963				5,963				5,963				5,963				5,963				5,963
Insurance Reserves	**5,963**	-	-	-	**5,963**	-	-	-	**5,963**	-	-	-	**5,963**	-	-	-	**5,963**	-	-	-	**5,963**	-	-	-	**5,963**
Service Reserves																									
Adult Social Care Reserve	235			(928)	(693)			2,693	2,000				2,000				2,000				2,000				2,000
Children's Social Care Reserve	-		(3,000)	3,000	-			2,500	2,500				2,500				2,500				2,500				2,500
Building Control Reserve	116			(116)	-				-				-				-				-				-
Cemeteries Reserve	39			(39)	-				-				-				-				-				-
Elections Reserve	162		(36)		126		(36)		90	107			197		(36)		161		(36)		125		(35)		90
Internal Audit Reserve	288				288				288				288				288				288				288
Local Land Charges Reserve	64				64				64				64				64				64				64
Schools Improvement	25		(200)	575	400		(200)		200		(200)		-				-				-				-
Social Fund	467		(350)		117		(117)		-				-				-				-				-
Specific Corporate Projects	730			(730)	-				-				-				-				-				-
Street Lighting Reserve	105				105				105				105				105				105				105
Supporting People Reserve	406		(90)		316				316				316				316				316				316
Voluntary Organisations Reserve	125			(125)	-				-				-				-				-				-
Waste Management Reserve	4,922				4,922			(2,600)	2,322				2,322				2,322				2,322				2,322
Welfare Reform Reserve	711			(290)	421				421				421				421				421				421
Service Reserves	**8,395**	-	(3,676)	1,347	**6,066**	-	(353)	2,593	**8,306**	107	(200)	-	**8,213**	-	(36)	-	**8,177**	-	(36)	-	**8,141**	-	(35)	-	**8,106**
Monies Held In Trust																									
Comp-3 When Children Reach 18	3				3				3				3				3				3				3
Emily Brigs Trust	17				17				17				17				17				17				17
Thorpe Smith Bequest	33				33				33				33				33				33				33
Monies Held In Trust	**53**	-	-	-	**53**	-	-	-	**53**	-	-	-	**53**	-	-	-	**53**	-	-	-	**53**	-	-	-	**53**
Total General Fund Earmarked Reserves	**72,288**	4,455	(18,124)	-	**58,823**	3,340	(6,143)	-	**55,816**	3,360	(2,198)	-	**56,978**	2,125	(6,352)	-	**52,751**	2,125	(36)	-	**54,840**	2,125	(35)	-	**56,930**
HRA Reserves																									
HRA Capital Investment Reserve	23,181		(34)		23,147		(4,332)		18,815		(2,987)	(2,387)	13,441	4,858		(1,313)	16,986	5,308		(1,036)	21,258	6,109		(875)	26,492
HRA Major Repairs Reserve	8,160		(850)		7,310		(763)		6,547	9		2,387	8,943	756		1,313	11,012	1,049		1,036	13,097	1,190		875	15,162
HRA Repairs Contract Pension Reserve	580	60			640	60			700	60			760	60			820	60			880	60			940
HRA Reserve	3,502				3,502				3,502				3,502				3,502				3,502				3,502
Total HRA Reserves	**35,423**	60	(884)	-	**34,599**	60	(5,095)	-	**29,564**	69	(2,987)	-	**26,646**	5,674	-	-	**32,320**	6,417	-	-	**38,737**	7,359	-	-	**46,096**
Total Earmarked Reserves	**107,711**	**4,515**	**(19,008)**	**-**	**93,422**	**3,400**	**(11,238)**	**-**	**85,380**	**3,429**	**(5,185)**	**-**	**83,624**	**7,799**	**(6,352)**	**-**	**85,071**	**8,542**	**(36)**	**-**	**93,577**	**9,484**	**(35)**	**-**	**103,026**

NB: Due to rounding, numbers presented throughout these tables may not add up precisely to the totals indicated.