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**Chief Executive**

## **CABINET AGENDA**

**Date:** Wednesday 24th February 2021

**Time:** 6.00pm NB Time

**Venue:** NB Remote Microsoft Teams

**This meeting will be webcast live on the internet.**

### **Membership:**

<b>Councillor Smith</b>	<b>Chairman - Leader of the Council</b>
<b>Councillor Stanley</b>	<b>Special Projects – Deputy Leader of the Council</b>
<b>Councillor Mrs Egan</b>	<b>Place - Housing</b>
<b>Councillor Hart</b>	<b>Place – Infrastructure</b>
<b>Councillor Isaacs</b>	<b>People – Community</b>
<b>Councillor Johnson</b>	<b>People – Health &amp; Wellbeing</b>
<b>Councillor MacLean</b>	<b>Growth – Strategic Planning</b>
<b>Councillor Sheldon</b>	<b>Environment</b>
<b>Councillor Mrs Thornton</b>	<b>Economic Development Delivery</b>
<b>Councillor Varker</b>	<b>Resources</b>

**Cabinet Enquiries:**

**Ann Horgan ext. 2413**  
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**Reference:**

**8/2020/2021**

**Publication Date:**

**Tuesday 16th February 2021**

**AGENDA**  
**PART I**  
**(Business to be taken in public)**

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- 1. Apologies**
- 2. Members' Interests**
- 3. Minutes**  
To approve the Minutes of the meeting held on 20th January 2021.
- 4. Forward Plan**  
To review the Forward Plan.
- 5. New Housing Management System Project Plan Revision**  
*(Report of the Cabinet Member Housing)*
- 6. Housing Revenue Account (HRA) – 2021/22 Rent Levels, Revenue Budget and Capital Plan for 2021/22 and 2020/21 Revised**  
*(Report of the Cabinet Member Resources, Cabinet Member Housing,)*
- 7. Policy Framework and Budget Setting for 2021/22**  
*(Report of the Cabinet Member Resources)*
- 8. Matters to be referred from /to Policy & Scrutiny Committees**
- 9. Matters to be referred from /to the Standing Committees**

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**PART II**  
**(Business to be taken in private)**  
**(Item to be considered with the press and public excluded from the meeting)**

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There were no items at time of publication of this agenda.

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**INFORMAL**  
**CABINET SESSION**

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There will be no informal session as a Special Council meeting is to take place to approve the budget.



## CABINET



**20th JANUARY 2021**

### **PRESENT:**

Councillor Smith  
Councillor Stanley  
Councillor B Egan  
Councillor Hart  
Councillor Isaacs  
Councillor Johnson  
Councillor MacLean  
Councillor Sheldon  
Councillor Mrs Thornton  
Councillor Varker

Chairman – Leader of the Council  
Special Projects – Deputy Leader of the Council  
Place - Housing  
Place Infrastructure  
People – Community  
People – Health & Wellbeing  
Growth – Strategic Planning  
Environment  
Economic Development Delivery  
Resources

### **ALSO PRESENT:**

Councillors Acott, Anderson, Blackwell, Cutler,  
E Egan, Mumford, Riley, Thomas and Tucker

### **APOLOGIES:**

None

### **151. COUNCILLOR BRIAN WOOD R.I.P.**

Before commencing the business of the meeting, the Leader of the Council announced the sad news of the death of Brian Wood, former Mayor and Councillor for St George's Ward. Councillor Wood served as Mayor for the year 2017-2028. The Leader on behalf of all present offered sincere condolences to his wife Anne, his children and to all Brian Wood's family and friends. A short silence was held in his memory.

### **152. MEMBERS' INTERESTS:**

During consideration of Minute 155 Planning Policy Update the Councillor Smith, the Chairman declared an interest under the Councillor Code of Conduct by reason of his ownership of factory premises in the vicinity of south of Roscommon Way.

### **153. MINUTES:**

The Minutes of the Cabinet meeting held on 18.11.2020 were approved as a correct record.

### **154. FORWARD PLAN**

To comply with regulations under the Localism Act 2011, the Leader presented a revised Forward Plan to the meeting which outlined key decisions likely to be taken within the next quarter of 2020. The Plan was reviewed each month. Two items were included for consideration at the next meeting – Report on ASELA Joint Committee and a report on the Housing Management System.

Under this item an update was provided regarding actions taken last week following the heavy rain and flooding in the Borough.

Cabinet was reminded that Essex County Council (ECC) was the lead local flood authority with responsibility for responding to the flooding in the Borough. Members were reminded to raise any flooding issues with their ECC Councillors for attention by the flood authority.

Cabinet was also provided with an update on implementation of the Covid national vaccination programme within the Borough.

Two Centres were now in operation at the Paddocks, Canvey Island and at the Benfleet Clinic. There were some parking issues reported at the Benfleet Clinic which had now been resolved with additional parking provided at Jotmans School. Positive feedback had been received for the two sites with good processes and arrangements in place. In order to avoid queues and overcrowding when attending, residents were reminded to continue to follow the Covid-19 and Social Distancing Regulations.

Reference was made to a scheme established using funds available for local action available to Essex County Councillors which had been used Benfleet County Council members to assist residents who were unable to get to the Benfleet Clinic. It was suggested that Canvey County members might implement a similar scheme for Canvey residents in difficulty accessing the vaccination centre at the Paddocks Canvey Island.

Cabinet and Councillors acknowledged the good work of the staff and volunteers at both vaccination sites.

**Resolved –** To note and approve the Forward Plan.

#### **155. PLANNING POLICY UPDATE:**

Cabinet considered and discussed a report advising on the findings of the Local Plan Authority Monitoring Report, the Brownfield Land Register, and the Housing Delivery Test Action Plan. Copies of the Authority Monitoring Report, the Brownfield Land Register and Housing Delivery Test Action Plan were circulated with the agenda.

The Authority Monitoring Report covered two years to 1.4.2020 and consequently did not take account of the impacts of Covid-19 on the Borough. The Council's resources were focused on the Regulation 19 Local Plan in the previous year and an Authority Monitoring Report was not prepared for 2018-2019, although the core information was collated separately.

Key matters arising from the report:

1. The provision of new employment development to the south of Charfleets Industrial Estate was counteracted by the loss of employment development elsewhere resulting in only a marginal increase of employment floorspace over the period 2018-2020.
2. There remained around 38,000 sqm (net) of employment floorspace with extant planning consent within the supply at April 2020.

3. Deprivation levels in Castle Point did not change between 2015 and 2019. 5 local areas are within the 20% most deprived areas in the Country. 13 local areas are within the 40% most deprived.
4. There was growth in the provision of commercial uses such as offices and shops, and community uses such as schools within the Borough. However, most of the growth in these uses occurred outside town centre locations.
5. At April 2020, vacancy levels in town centres across Castle Point were low, especially if compared to larger centres nearby such as Basildon and Southend.
6. 71 homes (net) were delivered in 2019-2020. This compared to a target of 353 homes as determined by the Standard Methodology where a Local Plan was not adopted.
7. Only 44% of the homes required in Castle Point were delivered over the last three years. The Presumption in Favour of Sustainable Development as set out in Paragraph 11 in the NPPF applied in an area where delivery falls below 75% of the requirement.
8. Assuming the adoption of the Local Plan, housing delivery rates were projected to be higher in future years, with a five-year supply existing from 2023 onwards.
9. 3 No affordable homes were delivered in the 2019-2020 year. Only two affordable homes were delivered in 2018-2019. These were delivered by the Council.
10. Six Section 106 Agreements/Unilateral Undertakings were entered in the 2019-2020 year. These would provide £13,595.60 towards the Essex Coast RAMS and £706,603.13 towards affordable housing provision off-site and 12 Affordable Housing units on-site. There was a single obligation of £7,360 for healthcare. There were no other contributions towards other infrastructure requirements.
11. At the start of the 2019 financial year the Council held £414,837 in S106 monies. Over the course of 2019/20 the Council gained a further £34,524 in S106 monies but spent £219,987. This was spent on environmental enhancements, affordable housing (4 units) and industrial estate signage.
12. At the end of the year the Council held £229,374. A significant proportion of this money is for healthcare and specified environmental projects. There are time limits associated with the spend of £178,058 of the money held.

These outcomes highlighted the need for the Council not only to deliver more homes, but to do so in a way which delivered more affordable homes for local people, to deliver homes supported by infrastructure and environmental improvements through the more robust use of S106 Agreements and CIL, once adopted. It also highlighted a need to focus on aligning employment development with the employment needs of local people to improve local prosperity and reduce deprivation.

Cabinet noted that the Council only reported on S106 Agreements and S106 monies in which it was involved. Where monies sit with the County Council, these were reported through the County Council Infrastructure Funding Statement. The Council collected S106 money on behalf of third parties, in particular the NHS bodies.

The Council first approved the Brownfield Register in December 2017. The 2020 Brownfield Register (BLR) The only changes made were statements of fact. Because of these factual changes the total number of sites listed in the register in Part 1 had increased to 59. As the additional sites in the BLR were factual updates from allocated local plan sites and sites with planning permission these were already accounted for within the housing trajectory, the additional sites would not increase housing supply, any new planning permissions for new dwellings would be picked up in the next housing trajectory review.

As with previous registers no sites are considered appropriate for Permission in Principle Part 2 of the Register. If in future registers new sites were identified, which were not local plan allocations or had the benefit of planning permission, and if any sites were appropriate for consideration for Permission in Principle, a Council decision would be required.

Where a Local Planning Authority has failed the Housing Delivery Test (HDT) by not delivering at least 95% of its housing requirement over the past three years it was required to prepare an HDT Action Plan. Only 44% of the homes required in Castle Point were delivered over the last three years.

The principle action proposed for addressing the under-delivery of housing in Castle Point was the adoption of the Local Plan. However, as progress was made towards the adoption of the Plan other actions such as the ongoing work of the Local Plan Delivery Board, using Planning Performance Agreements to work with developers, infrastructure planning and working to accelerate housing delivery with Homes England would also play a role in increasing delivery rates.

As the Local Plan would continue to progress towards adoption throughout 2021, the HDT Action Plan attached was intended to cover the period to April 2022, with no update proposed in the 2021 year

Cabinet and Councillors discussed and raised questions regarding the report.

**Resolved:**

1. To note the findings of the Authority Monitoring Report.
2. To note the Brownfield Register 2020/21 and that any sites proposed for future registers and or the proposed inclusion of sites for Part 2 Permission in Principle will be reported to Cabinet as part of the approval process.
3. To note the Housing Delivery Test Action Plan to cover the period to April 2022.

**156. GETTING BUILDING FUNDING: LABWORTH CAR PARK REMODELLING AND RESURFACING PROJECT UPDATE**

The report advised Cabinet of the outcome of the Council's application to the South East Local Enterprise Partnership (SELEP) for Getting Building funding; the outcome of the procurement for the Labworth car park remodelling and resurfacing works; and the timetable for the works and the operational arrangements whilst the works were being undertaken. W & H Road had been awarded the contract for the work.

Cabinet and Councillors discussed and raised questions regarding the report.

**Resolved:** to note the contents of this report.

#### **157. HEALTH AND WELLBEING UPDATE**

Cabinet received a report providing a comprehensive update on the work being done to improve the health and wellbeing of the residents of Castle Point, both directly and also in partnership, specifically through the Castle Point & Rochford Health and Wellbeing Board. It recognised that responsibility for health and wellbeing did not simply lie with the health bodies. It required an integrated approach that factors in health and wellbeing to strategy and policy making across all parts of the Council and its partners and included the work undertaken by the voluntary sector to improve the health and wellbeing in the community.

The Covid-19 crisis had magnified the importance of an integrated approach across all sectors. So, it was important that the Council continued to recognise and support the joined up working across the healthcare and voluntary sector.

The report concluded that although Castle Point Borough Council did not have the statutory responsibility for health and wellbeing, it was clear much of the Council's work both directly and indirectly impacted on the overall health and wellbeing of residents. Through the development of the new Health and Wellbeing Strategy and by ensuring that health and wellbeing considerations run through the new Corporate Plan 2021-24, the Council would continue to focus on and deliver positive outcomes for the residents of Castle Point.

**Resolved:**

1. To note the content of the report and recognises the role of the Council in improving the health and wellbeing of the residents of Castle Point.
2. To commit to supporting the ongoing work of the Castle Point & Rochford Health & Wellbeing Board and; ensuring that health and wellbeing considerations continue to be reflected in the Council's work and future plans.

#### **158. FINANCE UPDATE**

Cabinet considered a report providing Cabinet with the latest 2020/21 forecast in respect of the General Fund; updating on developments of a financial nature, which might impact on the Council's financial plans in respect of either the General Fund, Housing Revenue Account (HRA) or Capital Programme. Cabinet were also informed of developments in relation to the impacts of COVID-19 on the Council and the assistance received from Government.

Cabinet recorded their thanks and appreciation to the Head of Customer and Digital Services, revenues and benefits staff and all those involved in processing so efficiently COVID grant assistance for the community and businesses.

**Resolved:**

1. To note the report and financial forecast at Appendix 1.
2. To note and agreed the changes to the Housing Revenue Account Capital Programme at Appendix 2.

Note at conclusion of this item the Leader made a statement attached to these Minutes regarding the Council's commercial asset the Knightswick Centre and car park referred to in the Financial update report.

#### **159. ANNUAL TREASURY MANAGEMENT REPORT**

The Cabinet considered and scrutinised the annual treasury report which was a requirement of the Council's reporting procedures. It covered both the treasury activity and the actual Prudential Indicators for 2019/20.

The report met the requirements of both the CIPFA Code of Practice on Treasury Management and the CIPFA Prudential Code for Capital Finance in Local Authorities. The Council was required to comply with both Codes through Regulations issued under the Local Government Act 2003.

##### **Resolved:**

That following scrutiny to approve the Treasury Management Activity Report for 2019/20, including the prudential indicators reported in Annexe D to the report.

#### **160. HOUSING PROGRESS – REPORT BACK ON GAS SERVICING, MAINTENANCE, REPAIRS AND ELECTRICAL TESTING TENDER**

Cabinet were provided with details of the tender process and the procurement of a contractor by the Housing Service for the delivery of the Gas Servicing, Maintenance, Repairs and Electrical Testing Contract.

South Essex Homes (SEH) provide property management services in their capacity as Managing Agent for Castle Point Borough Council, including procuring contracts for the delivery of the service. For the procurement of contracts that were subject to the OJEU threshold rules South Essex Homes used external specialists and appointed external consultants to deliver such procurement

Faithorn Farrell Timms (FFT) were appointed by South Essex Homes to act as their procurement agent for the Gas Servicing and Electrical Testing Contract.

All stages of the evaluation were set out in the ITT documents issued to the contractors.

A full report prepared by FFT on behalf of SEH, detailing the tender evaluation process and evaluation scoring matrix for the Gas Servicing and Electrical Testing contract was set out in Confidential Appendix A before the Cabinet

In summary, the initial stages of evaluation assess compliance with methodology and instructions regarding submissions additionally the requirement to sign and return a Form of Tender. Following satisfactory completion of these checks the compliant tenderers move to the next stages of the evaluation which was detailed in the report before the Cabinet.

The evaluation process identified the highest scoring contractor as Aaron Services Limited.

Cabinet and Councillors discussed and raised questions regarding the report.



**Resolved:**

Subject to the issue of the Standstill Period pursuant to the Public Contracts Regulations 2015 and no legal challenge being received, the Cabinet agreed to award the Contract for Gas Servicing, Maintenance, Repairs and Electrical Testing to Council owned housing properties to Aaron Services Ltd.

**161. MATTERS REFERRED FROM / TO POLICY AND SCRUTINY COMMITTEES**

There were no matters.

**162. MATTERS REFERRED FROM / TO THE STANDING COMMITTEES**

There were no matters.

Chairman



# **Castle Point Borough Council**

## **Forward Plan**

**FEBRUARY 2021**

# **CASTLE POINT BOROUGH COUNCIL**

## **FORWARD PLAN**

**FEBRUARY 2021**

This document gives details of the key decisions that are likely to be taken. A key decision is defined as a decision which is likely:-

- (a) Subject of course to compliance with the financial regulations, to result in the local authority incurring expenditure which is, or the savings which are, significant having regard to the local authority's budget for the service or function to which the decision relates subject to a threshold of £100,000; or
- (b) To be significant in terms of its effects on communities living or working in an area comprising two or more Wards in the area of the local authority.

The Forward Plan is a working document which is updated continually.

<b>Date</b>	<b><u>Item</u></b>	<b>Council Priority</b>	<b>Decision by Council/ Cabinet</b>	<b>Lead Member(s)</b>	<b>Lead Officer(s)</b>
February 2021	<u>Budget and Policy Framework</u> To make recommendations to Council on the Council tax and budget setting.	All	Cabinet/ Council	Resources	Strategic Director (Resources)
February 2021	<u>Housing Management System Project Plan Revision</u> – to note & approve additional budget	Housing and Regeneration	Cabinet	Place – Housing Resources	Head of Housing
February 2021	<u>Housing Revenue Account Rent Levels 2021/2022</u> <u>Housing Capital Programme etc</u> – for approval	A Commercially and Democratically Accountable Council Housing and Regeneration	Cabinet	Place – Housing Resources	Strategic Director (Resources) Head of Housing
March 2021	<u>Housing Strategy</u> – revision for approval	Housing and Regeneration	Cabinet	Place – Housing	Head of Housing
March 2021	<u>Planning Policy Update</u> -to note	Housing and Regeneration	Cabinet	Growth – Strategic Planning	Head of Place & Policy
March 2021	<u>Economic Development Update</u> – to note	Housing and Regeneration	Cabinet	Economic Development Delivery	Head of Place & Policy
March 2021	<u>Litter Strategy</u> – for approval	Environment	Cabinet	Place - Infrastructure /Environment	Head of Environment

March 2021	<u>Land at Eastern Esplanade Canvey Island – Site of former Chapman Sands Sailing Club - to note</u>	Housing and Regeneration	Cabinet	Leader of the Council	Solicitor to the Council
March 2021	<u>ASELA</u> – appointment of a joint committee to give formality to the Memorandum of Understanding	A Commercially and Democratically Accountable Council Housing and Regeneration	Cabinet	Leader of the Council	Chief Executive

**CABINET**

**24th February 2021**

**Subject: New Housing Management System Project Plan Revision**

**Cabinet Member: Councillor Mrs B Egan – Place - Housing**

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**1. Purpose of Report**

- 1.1 To update Cabinet on the initial project evaluation findings from the Housing Management System (HMS) upgrade project.**
- 1.2 To seek approval for additional budget provision for extended delivery timeframe and further system development requirements.**

**2. Links to Council's priorities and objectives**

- 2.1 The Housing service is explicitly linked to Council's priority of Housing & Regeneration.**

**3. Recommendations**

- 3.1 That Cabinet notes the extended timeframe for the implementation of the HMS project.**
- 3.2 That Cabinet approves the expenditure as set out for the additional project support costs required for delivery of the HMS project.**
- 3.2 That Cabinet approves the additional expenditure for the elements as set out for Housing Benefit Entitlement functionality, System Reporting and Third-Party Interface Consultancy costs.**

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**4. Background**

- 4.1 Cabinet will be aware from previous Cabinet reports that the existing Housing Management System has been in place since April 1999 and is therefore, by today's technological standards, out of date and does not offer the required features and functionality for modern working practices to enable an enhanced customer experience with on line services, self-service options and real time interfaces with contractors.**

The lack of features and flexibility results in significant inefficiencies and necessitates 'work arounds' and over reliance on spreadsheets to supplement the information and analysis required by the service

In July 2019 Cabinet approved the procurement of a new Housing Management system and associated indicative expenditure as detailed in the Cabinet report.

Following a tender process Cabinet then agreed in March 2020 to award the contract for provision of a new Housing Management System to Civica CX.

## **5. Project Plan review background**

- 5.1 In September 2020 a Project Manager was appointed to oversee the implementation of the HMS project. The role of the project manager includes analysing and managing project risk, cost estimating and controlling and ensuring that deadlines can be met.

It is inevitable that some assumptions have to be made in project planning at tender stage. The first activity, therefore, that the Project Manager was required to undertake was to comprehensively review the project plan to firm up precise resource requirements, task durations and dependencies.

The March paper to Cabinet stated that the 'ambitious implementation plan' would 'be subject to review once specialist project management resources have been appointed'. This detailed examination of the project plan was to ensure timeframes are realistic, resourcing is sufficient and there is adequate contingency built in to ensure delivery.

### **5.2 Project Plan Review findings**

The examination of the Civica CX project plan has identified that it contained a number of flawed earlier assumptions around the delivery of certain activities to be delivered and consequently the resources required.

For example:

- Insufficient time allowed for User Acceptance testing (UAT).
- The same resource being identified to deliver both training and UAT.
- Dependencies missing causing tasks to be running concurrently in error.

Those assumptions could not therefore be relied upon and required amendment.

### **5.3 Amendment to project timeframe**

In the tender process Civica CX estimated the duration of the project to be 18 months.

The Cabinet Paper in March 2020 reflected that 18-month time frame and additionally factored in a 6-month contingency period to ensure delivery. An overall (potential) 24-month timeframe. These timeframes were used in setting the budget requirements.

Following the review, the timeframe was challenged with Civica and they accepted that some assumptions did not adequately allow for delivery within those timeframes

and that the baseline project duration would in fact be 24.75 months and not the 18 as originally suggested.

Whilst the baseline duration is broadly in line with the overall project duration and costs as agreed at Cabinet, it would not be prudent to undertake a project of this scale without sufficient contingency built in. With the additional requirement for 6 months contingency, the revised overall, potential timeframe is increased from 24 months to 30.75 months.

#### **5.4 Alternative options**

As part of this work a full review of the initial project scope was undertaken to look at any potential time savings that could be realised by descoping the original project and therefore potentially bringing the project back in alignment with the original timeframe. Descoping options were not considered to be viable. They significantly reduced the quality of the system that would be implemented, reduced functionality and negated the overall system benefits. Additionally, it brought with it additional costs and risks associated with lack of integration and having to maintain and run older systems concurrently to continue to manage certain areas of work.

Alternative arrangements for project manager and support roles, such as direct appointments, were considered earlier in the project. There were no cost savings to be made and additional risks were present in that instance should staff members leave. This is therefore not considered a viable alternative option.

It is recommended that the original scope of the project and related benefits remains the preferred option, that the approach to Project Management and use of the preferred tenderer remains the same and that the increased timeframe is included in the project.

#### **5.5 Impact on resources and cost**

The costs for Civica CX delivering the contract remains the same. There is no increased cost and Civica have confirmed this in writing.

However, the extended 6.75-month timeframe requires additional costs in relation to project management and supporting the current system for a longer period.

##### **Cost implications**

Capital: Project management: £63,844.

Capital: Project Support Officer: £19,687.

Total additional capital costs £83,581, all of which is additional spend.

The original budget contained six months contingency and there has been no change to this. It has been included in line with the previous programme and is a recommended contingency for a project of this size. It would be inappropriate to use the contingency to offset the revision to the timetable as it would not allow for any contingency should issues arise during the implementation.

#### **5.6. Additional current HMS costs**

Due to the delay in the project it will be required to retain the OHMS system for longer resulting in ongoing costs of £17,300 per year in 21/22 and 22/23, a total revenue cost of £34,600.



## **6. Further Review findings**

In addition to the amendments required to the timeframe as set out above, the detailed examination of the project plan in the initiation stage of the project has identified further matters for consideration as set out below at sections 7 – 10.

## **7. Housing Benefit Entitlement functionality**

It has been identified that additional functionality in relation to HB entitlements can be implemented within Civica CX which will deliver enhanced service and automate processes.

The enhanced functionality allows for automatic information sharing in relation to changes in tenants' circumstances and automatic recalculation to changes in Housing Benefit entitlement and automatic direct debit adjustments.

The Civica CX functionality is included and can be implemented with no additional resource costs from Civica, subject to a change control request to add this to the scope. However the Council does not have a licence for this element of the interface with the 'Open Revenues' system and therefore additional costs would be incurred.

### **7.1 Alternative options**

This additional functionality could remain excluded from the project scope; however the initial one-off licence fee and then subsequent annual costs are relatively small in comparison to the system benefits that can be achieved and the overall non-cashable savings that will result. It is recommended that this element be included.

### **7.2 Savings**

The net time saving gained by automating both elements is estimated at 10 hours a week or 520 hours a year which equates to an annual saving of £8,768.

It should be noted that this is not a hard-cashable saving but a time resource saving which could be redirected to other work of value.

### **7.3 Cost Implications**

Capital: Licence: £9,000

Revenue: Annual support: £2,250 pa

This is all expected spend there is no contingency element.

## **8. System reporting**

Civica's CX solution includes a reporting suite with a large number of template report definitions. There are a number of 'common templates' in the system however to ensure these templates meet the business needs and match our working practices further configuration is required.

In addition to the configuration work required to the common templates there are a number of new reports that are also required that relate to new elements of functionality for example Anti-Social Behaviour, Customer Relationship Management (CRM) or the tenant portal.

In drawing up the tender scope, it was recognised that external skill and resource would be needed to deliver reporting and when tendering for the project

management resource it was a requirement for tenderers to have the requisite Microsoft SQL skills (SQL Server Reporting Services (SSRS) and SQL Server Integration Services (SSIS) ) to deliver reporting services.

- 8.1 Whilst at the time of the Cabinet report in March last year it was not possible to give precise figures associated with the reporting element, as the detailed scoping of the work had not yet been undertaken, it would have been possible to consider an estimated figure and make provision for that, subject to the comprehensive work to follow.

The report to Cabinet in March did not however take the reporting element into account and did not allow any contingency (other than the overall project contingency) for the reporting work that was required.

The resource required to deliver this has therefore not been allowed for in the current budget.

As referenced above the costs of system reporting functions were not fully understood at the time of contract award. The full scoping has now been completed and the costs associated have been identified.

- 8.2 It is estimated that around 100 reports will be required, most requiring configuration and a number to be built from scratch. The time taken for these tasks will vary from a couple of hours in some cases to 3-4 days in others depending on the complexity. Additionally, further small changes tend to be required after sight of the first iteration all of which again needs to be factored in. An average of 1 day per report has been assumed.

Total days required has been assessed as up to 100 days. The level of resource required will depend on the complexity of the report. This may not always be known at the outset until the work is being undertaken but will vary between a junior and senior resource at £300 / £675 a day respectively.

A worst-case scenario estimate of total costs is therefore £67,500, assuming 100 days of the more senior resource. This is unlikely but it is prudent to allow for the more extreme eventuality.

### 8.3 **Alternative options**

In terms of alternative approaches to delivering reporting, CPBC has reviewed this and does not have the necessary skills or capacity to perform this role, so would need external support in some form. Alternative costs have been provided from suppliers in the region of £1,000 a day so the proposed pricing comes in significantly below other market rates.

### 8.4 **Cost Implications**

Capital: Report configuration and delivery: £67,500

Expected vs contingency spend has been assessed as 60/40 respectively:

Expected spend: £40,500

Contingency spend: £27,000

## **9. Third Party Interface Consultancy costs**

There are two interfaces with non-Civica systems that are required to be configured as part of the project.

The Civica side of the integration is included in the project costs. The Council element the work has been identified to be carried out by internal staff members who are sufficiently experienced and able to support the integration configuration work required.

However, this presents potential single points of failure should those staff members not be able to fulfil that undertaking and does not factor in a contingency for any issues arising that would require support from the software providers and therefore a potential cost for their Professional Services (PS).

Whilst not anticipated to be required it would be prudent to allow provision for a number of days of PS costs if required.

### **9.1 Alternative options**

The budget could remain excluded from the budget scope, but the risks associated with that are significant in the event of staff unavailability. It is recommended that this element be included.

### **9.2 Cost Implications**

Capital: Professional Services: £15,000, all of which is contingency.

## **10. Data line**

The current budget has a contingency cost for a data line at £8,000 one off and £4,500 per annum over 11 years. This is no longer required.

### **10.1 Savings**

Capital: (£8,000) one-off

Revenue: (£47,250) support

## **11. Assurances:**

Given the increased costs associated with the revised options the overall business case has been reviewed and the tender submissions have been revisited to ensure that this remains the most cost-effective solution. The revised costs for implementation are still substantially less than the costs for the nearest bid, which was over £380,000 more than the Civica CX bid over the tender evaluation period of four years, so the conclusion is that continuing with Civica as the supplier, even with the increased costs associated with the revisions to budget in relation to the extended timeframe still represents the most cost effective way for CPBC to deliver the original scope of the project and realise all the expected benefits.

The detailed review and the revision of the project plan has now taken place, which was not possible prior to previous Cabinet papers. This review was undertaken with the full awareness of the resource availability and constraints and with experience of other CX implementations.

A Project Board has been established to oversee the project. The project board are required to formal sign off of the project documentation, including the Project Initiation Document (PID), Project Plan, risk log and other related documents.

Project management assurance is additionally provided by Internal Audit.

All resourcing conflicts have been removed and the revised plan is now considered to be realistic and deliverable.

## 12. Corporate Implications

### a. Financial Implications

Whilst there are significant additional costs now required to complete the full implementation of the system, the new system is still considered essential and these additional costs are necessary. The additional costs detailed above are summarised in table one below:

<b>Table 1</b> Changes to Budget System Lifetime Costs	Capital			Revenue			Overall Total £
	Expected £	Cont. £	Total £	Expected £	Cont. £	Total £	
Project Management	63,844	-	63,844	-	-	-	63,844
Project Support	19,687	-	19,687	-	-	-	19,687
HB Entitlement	9,000	-	9,000	22,500	-	22,500	31,500
System Reporting	40,500	27,000	67,500	-	-	-	67,500
Third Party Interfaces	-	15,000	15,000	-	-	-	15,000
Data line Saving	(8,000)	-	(8,000)	(47,250)	-	(47,250)	(55,250)
Additional OHMS costs	-	-	-	34,600	-	34,600	34,600
<b>Total</b>	<b>125,031</b>	<b>42,000</b>	<b>167,031</b>	<b>9,850</b>	<b>-</b>	<b>9,850</b>	<b>176,881</b>

The impact these additional costs have had on the total project budgets are shown in the following tables. Table two shows the total costs over the expected 10-year life of the system.

<b>Table 2</b>	Original budget £	Additional expected spend £	Additional contingency £	Total Additions £	Revised budget £
Capital	593,217	125,031	42,000	167,031	760,248
Revenue	36,311	9,850	-	9,850	46,161
<b>Total</b>	<b>629,528</b>	<b>134,881</b>	<b>42,000</b>	<b>176,881</b>	<b>806,409</b>

As previously, it is still proposed to fund the capital costs over a 10-year period (that being the expected life of the system). Table three below shows the annual impact of the additional costs.

<b>Table 3</b>	Original budget £	Additional expected spend £	Additional contingency £	Total Additions £	Revised budget £
Capital	59,322	12,503	4,200	16,703	76,025
Revenue	3,631	985	-	985	4,616
<b>Total</b>	<b>62,953</b>	<b>13,488</b>	<b>4,200</b>	<b>17,688</b>	<b>80,641</b>

These additional costs have been considered and built into the Housing Revenue Account budgets presented for approval elsewhere on the agenda for this meeting.

**b. Legal implications**

Procurement guidelines have been fully complied with and where necessary contract change notices and contract extensions will be issued.

**c. Human Resources and Equality**

There will not be any changes to the implications on staff resources. There remains significant work from teams as part of the implementation of the system.

**d. Timescale for implementation and risk factors**

The work to progress the Civica CX HMS system is currently underway. The revised timeframes are as set out above.

HMS is a critical business system which needs implementing effectively and maximisation of its features and functionality. Failure to do so at this time would result in future failures in reporting, service delivery, ineffective system integration, use of 'work arounds' and inefficiencies in working practices.

**14. Background Papers:**

17th July 2019 Cabinet Agenda item 9(b) Planned procurement of a new Housing Management System.

18th March 2020 Cabinet Agenda item 7(a) Procurement of a new Housing Management system.

**Report Author:** Diane Logue - Head of Housing

**CABINET**

**24th February 2021**

**Subject: Housing Revenue Account (HRA) – 2021/22 Rent Levels, Revenue Budget and Capital Plan for 2021/22 and 2020/21 Revised**

**Cabinet Member: Councillor Varker - Resources  
Councillor Mrs B Egan – Place - Housing**

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**1. Purpose of Report**

**To present to Cabinet for consideration and agreement:**

- **Proposed rent levels for Council dwellings and garages for 2021/22.**
- **HRA Revenue budget for 2020/21 (revised) and 2021/22.**
- **HRA Capital Plan for 2020/21 (revised) and 2021/22.**

**2. Links to Council's priorities and objectives**

**The approval of the HRA Revenue and Capital budget supports the Council priorities of Environment, Housing and Regeneration, Health and Community Safety and A Commercial and Democratically Accountable Council.**

**3. Recommendations:**

- 1. A rent increase of 1.5% for all social rent HRA dwellings be agreed, resulting in an average increase of £1.34 per week.**
  - 2. A rent increase of 1.5% for all affordable rent HRA dwellings be agreed, resulting in an average increase of £2.63 per week.**
  - 3. Following a period of annual rent increases on garages it is proposed not to increase garage rents in 2021/22.**
  - 4. The HRA revenue budget for revised estimate 2020/21 and estimate 2021/22, as set out in Annexe A, is approved.**
  - 5. The HRA capital plan for revised estimate 2020/21 and estimate 2021/22, as set out in Annexe B, is approved.**
-

#### **4. Introduction and background**

4.1 Local authorities have freedom to manage and invest in their housing stock whilst maintaining a viable HRA Business Plan. Central control over rent setting continues which means that significant constraints still exist.

4.2 The rent setting framework sets out a common basis on which all rents in the social sector should be set. The aim is that social rents for similar houses in the same area should be the same, irrespective of the landlord. This is monitored via the use of two rent indicators.

- **Limit Rent:** This is set by the Government and defines the average rent beyond which rent rebate subsidy is not payable (known as rent rebate subsidy limitation).
- **Formula Rent:** This is based on a Government national formula for calculating social rents.

The "limit" rent will remain roughly equal to the formula rent. Whilst actual rents at the Council are slightly lower due to a number of properties that currently are not at formula rent, these will be moved to formula rent when current tenants move on. The Limit rent and Formula rent must be taken into consideration when the Council sets its actual rent for the forthcoming financial year, as shown in paragraph 5.1.

4.3 The financial impact over the four year period from 2016/17 to 2019/20 where the rent setting guidance required an annual decrease rents of 1%, has had an impact across the lifetime of the HRA business plan. As a result of work undertaken to phase capital repairs identified in the stock condition survey the business plan is sustainable, but it does identify periods where budget gaps exist. As a result detailed work has been undertaken and proposals to address these gaps have been prepared and are explored later in this report.

4.4 In April 2020 a five-year rent settlement came into effect at CPI + 1% rent increases being applied. This has been reflected in the proposed rents for 2021/22 in this report.

#### **Repairs and maintenance**

4.5 A programme of planned maintenance for 2021/22 has been prepared by South Essex Homes in conjunction with Housing Services. The programme is informed by a stock condition survey undertaken by South Essex Homes during 2018 and updated based on work undertaken. The condition survey assesses the capital and revenue investment requirements for the Council's housing stock over the next 30 years and informs the 30-year HRA Business Plan and detailed HRA budget.

4.6 The HRA budget includes provision in current and future years to reflect the ongoing Property Management Service currently provided by South Essex Homes.

4.7 The Capital Plan submitted for approval at Annexe B has also been prepared based upon the stock condition survey. Future development opportunities undertaken by utilising receipts from right to buy sales as well as other sources of



capital funding have been built into the Capital Plan. This includes the future schemes presented to Cabinet in October 2020 as well as the cost of completion of schemes during 2020/21.

- 4.8 Within the General Fund Capital Plan (see the overall Policy Framework and Budget Setting report) provision was made in 2020/21 for a 9 bedroomed development to be used for the provision of temporary accommodation, whilst provision has now been made for a 7 bedroomed development as presented to Cabinet in October 2020 in the financial year 2021/22. These are being partly funded from replacement housing receipts from right to buy sales with the balance being funded by Minimum Revenue Provision charges to the General Fund over a 20-year period.
- 4.9 The Capital Plan constitutes an affordable core plan that can be financed within the HRA business plan.
- 4.10 In April 2012 and as part of the implementation of HRA self-financing, a borrowing cap of **£37.5m** was placed on the authority, meaning that the authority could borrow up to a further **£1m**. The autumn 2018 budget announced that the borrowing cap would be removed so that local authorities would be permitted to undertake additional borrowing to enable investment in new homes, as stated in 4.7 above plans have been presented to Cabinet for a programme of new developments, additional borrowing to partly fund these, subject to viability, is anticipated. The first of the loans taken out in April 2012 is due for repayment in 2021/22, having reviewed the HRA Business Plan the Strategic Director (Resources) has determined that it is not necessary to take out new borrowing in 2021/22, but anticipates that in 2024/25 when the next loan is due for repayment it may be necessary to take out borrowing to replace this. Any additional borrowing will be subject to financial viability and be affordable within the 30-year HRA Business Plan.

#### **Basis for preparation of estimates**

- 4.11 Estimates have generally been prepared by the Housing Department and agreed with the Resources Department and are:
- based on the current staffing establishment and current service delivery.
  - based on out-turn prices, i.e. to include anticipated pay and price increases.
- 4.12 The estimates are submitted to Cabinet as officers' recommendations on the net spending necessary to deliver approved HRA policies and strategies in 2021/22. These estimates have been tested in the HRA business plan and have been shown to be sustainable over the Medium Term.
- 4.13 The Cabinet is encouraged to concentrate on the policy aspects of the estimates in order to link spending plans to Council policies and strategic objectives, e.g. appropriate resources are directed to housing management and maintenance services respectively.

## **5. Proposals**

### **HRA Social Rent**

- 5.1 The table below provides a comparison between Castle Point's "formula", "limit" and actual rents, based on a 1.5% increase in rent for all properties, applied based on September 2020 CPI of 0.5% + 1% as per the rent setting formula.

	Rent 2020/21 £	Increase £      %		Rent 2021/22 £
Formula rent	<b>89.54</b>	<b>1.34</b>	<b>1.50</b>	<b>90.88</b>
Limit rent	<b>89.60</b>	<b>1.28</b>	<b>1.43</b>	<b>90.88</b>
Actual rent	<b>89.50</b>	<b>1.34</b>	<b>1.50</b>	<b>90.84</b>

5.2 The increase on the three rental levels are all moving in unison with Actual rent still being below Limit rent thus minimising the risk of any Housing Benefit subsidy loss and below Formula rent indicating that there are still some unconverged rent levels being charged.

5.3 The proposed 2021/22 average weekly rent for Castle Point is **£90.84**, an increase of **£1.34** on the actual average 2020/21 rent of **£89.50**.

#### **HRA Affordable Rent**

5.4 Affordable rent properties are not subject to the Formula and Limit rent calculations but are subject to the government's rent policy. These rents are set locally below the maximum of the appropriate Local Housing Allowance (LHA) cap.

	Rent 2020/21 £	Increase £      %		Rent 2021/22 £
<b>Actual rent</b>	<b>175.02</b>	<b>2.63</b>	<b>1.50</b>	<b>177.65</b>

#### **Garage Rents**

5.5 It is not proposed to implement a rent increase for Council owned garages for 2021/22. The last increase applied was in 2020/21.

#### **Revenue and Capital Estimates**

5.6 Annexe A presents the HRA revenue estimates and Annexe B presents the HRA Capital Plan, the latter should be read in conjunction with the Corporate Capital Strategy section of the Policy Framework and Budget Setting report. There are columns on both annexes for:

- Actual expenditure / income for 2019/20.
- Original estimate for 2020/21 as approved by Cabinet on 19 February 2020, updated where applicable for any subsequent approved amendments since that date.
- Revised estimate for 2020/21 now submitted for approval.
- Estimate for 2021/22 now submitted for approval.

#### **HRA Reserves**

5.7 The advice of the Strategic Director (Resources) on HRA reserves is that a safe minimum level would be approximately **£531k** as at 31 March 2021 and **£540k** as at 31 March 2022. These are based on previous Government guidance for a minimum level of reserve for each property, uprated for inflation.

5.8 Whilst the HRA budget provides for levels of reserves at the end of 2020/21 and 2021/22 in excess of these balances, the ongoing impact of the four year annual rent reduction will ensure that reserves will reduce significantly over future years and in the medium to longer term will fall below the minimum level recommended. To ensure the sustainability of the HRA the Council will continue to model options

within the Business Plan including the level of future loans held, programming of capital works to meet decent homes and maximising income within the rent setting guidance issued by MHCLG.

- 5.9 The HRA also maintains a separate earmarked reserve consisting of sums set aside for the scheduled repayment of debt in future years.

## **6. Corporate Implications**

### **a. Financial implications**

Financial implications are outlined in sections 4 and 5 above. Whilst HRA reserves for the period as reported above are currently at a satisfactory level, future levels will be monitored, and action taken to maintain the ongoing viability of the HRA.

### **b. Legal implications**

The HRA is “ring-fenced” by legislation and must therefore be self-financing. There is no general power to transfer surpluses to the General Fund or to meet a deficit by contribution from the General Fund.

The Council has a statutory duty to set a budget for the HRA that avoids a deficit. This includes provision for a prudent level of reserves to call upon in the event of unforeseen circumstances, emergency expenditure or major budget variations. Failure to maintain adequate reserves could possibly result in an additional mid-year rent increase; this may push rent levels above limit rents and thus result in the loss of rent rebate subsidy on part of the rental income.

### **c. Human resources and equality implications**

The Council has a responsibility to deliver the Government's Decent Homes Standard and to work towards the national provision of 1 for 1 replacement of homes sold through the Right to Buy. The 2021/22 Capital Plan is currently mainly prioritised towards those programmes of repair, maintenance and modernisation which tackle identified non-decency issues in the housing stock. But it may be required to support the development of new homes as well, utilising capital receipts and borrowing, in combination with additional funds being allocated from revenue.

### **d. Timescale for implementation and risk factors**

The proposed rent level for 2021/22 must be approved at this meeting so that the statutory notice to tenants is given in order for the new rents to be effective from 5<sup>th</sup> April 2021.

Preparation for implementation of the 2021/22 Capital programme will commence immediately following Cabinet's approval.

The implications of not approving the proposed programmes would be a failure in the Council's responsibility to tackle known non-decency issues in its stock.

The implication of not approving the recommended rent increases for dwelling rents would be that the Council would not receive additional income to the Housing Revenue Account. This would have a direct impact on service delivery. Furthermore, if the dwelling rent increase is not approved, the Council's actual rent levels would diverge further from social housing rent policy and due to the

restrictions on increases would result in ongoing lower income levels, with limited opportunity to recoup the lost income.

**7. Background Papers:**

HRA Business Plan and associated MHCLG guidance  
Housing Strategy and associated MHCLG guidance  
MHCLG guidance on the delivery of the Decent Homes Standard  
Direction on the rent standard from 1 April 2020 (MHCLG)  
Welfare Reform and Work Act

**Report Author:**

David Randerson – Housing Development and Finance Manager  
Chris Mills – Strategic Director (Resources)

## Housing Revenue Account - Revenue budgets

No	Housing Revenue Account summary	Note	2019/20 Actual	2020/21 Estimate	2020/21 Revised	2021/22 Estimate
			£000s	£000s	£000s	£000s
	<b>Income</b>					
	Gross dwelling rents		(6,908)	(6,908)	(6,944)	(7,105)
	Gross non-dwelling rents		(113)	(116)	(113)	(113)
	Charges for services and facilities		(657)	(627)	(640)	(610)
1	<b>Total Income</b>		<b>(7,678)</b>	<b>(7,651)</b>	<b>(7,697)</b>	<b>(7,828)</b>
	<b>Expenditure</b>					
	Supervision and management		2,623	2,631	2,658	2,659
	Repairs and maintenance		1,637	1,405	1,396	1,289
	Increased provision for bad or doubtful debts		95	25	80	80
	Rents rates taxes and other charges		215	161	215	205
	Sheltered housing transitional protection		5	7	0	0
	Depreciation and revaluation/impairment of fixed assets		1,755	1,834	1,858	1,904
	Amortisation Costs		0	0	0	36
2	<b>Total Gross Expenditure</b>		<b>6,330</b>	<b>6,063</b>	<b>6,207</b>	<b>6,173</b>
3	<b>Net cost of HRA services</b>		<b>(1,348)</b>	<b>(1,588)</b>	<b>(1,490)</b>	<b>(1,655)</b>
4	Total other operating Income and Expenditure	1	906	1,033	1,048	948
5	Total Net Statutory Adjustments	2	36	24	162	7,763
6	<b>(Surplus) on HRA services</b>		<b>(406)</b>	<b>(531)</b>	<b>(280)</b>	<b>7,056</b>
	<b>Reserves</b>					
	<b>HRA Main Reserve</b>					
7	Reserve balance brought forward		3,494	2,980	3,122	2,626
8	Surplus/(deficit) for the year		406	531	280	(7,056)
9	Transfer (to) / from HRA Earmarked Reserves		(778)	(778)	(776)	6,000
	<b>Reserve balance carried forward</b>		<b>3,122</b>	<b>2,733</b>	<b>2,626</b>	<b>1,570</b>
	<b>HRA Earmarked Reserves</b>	3				
10	Reserve balance brought forward		5,446	6,224	6,224	7,000
11	Net transfer to / (from) HRA Earmarked Reserves		778	778	776	1,000
12	Loan Repayments made		0	0	0	(7,000)
	<b>Reserve balance carried forward</b>		<b>6,224</b>	<b>7,002</b>	<b>7,000</b>	<b>1,000</b>
	<b>Notes</b>					
1	Various including interest payable and receivable and asset valuation adjustments					
2	Various statutory adjustments and reversals, to ensure that rental income is not affected by income and expenditure relating to non-current assets, such as gains and losses on revaluations and disposals, and other similar items. Includes repayment of first HRA self-financing loan and contributions to capital for new build housing developments					
3	HRA earmarked reserves including a specific reserve for sums set aside for future repayment of loans and first repayment of loans in 21/22					

## Housing Revenue Account - Capital Plan

No	Housing Revenue Account Capital Plan summary	Note	2019/20 Actual	2020/21 Estimate	2020/21 Revised	2021/22 Estimate
			£000s	£000s	£000s	£000s
1	<b>Annual Programmes for replacement and repair</b>					
	Disabled adaptations to council properties	1	134	120	135	140
	Central heating replacement	2	393	200	163	138
	Window Replacements		53	122	128	400
	Insulation		14	10	78	20
	Kitchen replacement and improvements	2	95	311	211	146
	Environmental improvements		0	50	30	50
	Roofing maintenance	2	82	229	40	288
	Electrical rewiring	2	39	38	42	42
	Chimney Replacement		0	14	0	21
	Replacement Doors		385	55	10	200
	Bathroom replacement and improvements	2	40	228	183	129
	Maintenance and redevelopment of communal areas	2	71	60	60	40
	UPVC fascias and soffits		76	70	0	70
	Wall finishes	2	0	99	99	81
2	<b>New Build construction and Periodic Programmes</b>					
	Affordable Housing		38	20	25	20
	New Build at Lawns Court		1	0	0	0
	New Build at Church Close	3	356	0	547	0
	New Build at Windsor Gardens	4	293	0	28	0
	Refurbishment of ex-wardens accommodation		40	0	0	0
	Purchase 60 North Avenue	5	294	0	0	0
	Demolition at Linden Way		0	0	43	0
	New Build at Link Road	6	0	0	30	605
	New Build at 54-60 Linden Way	6	0	0	30	901
	New Build at Cedar Road	6	0	0	30	0
	Fire and CO Detector installation	7	14	0	9	0
	Digital TV		2	125	6	150
	Lifts		0	15	15	0
	Unallocated Provision	8	0	100	20	20
	HMS Implementation	9	0	0	355	322
			<b>2,421</b>	<b>1,864</b>	<b>2,315</b>	<b>3,782</b>
	<b>Notes</b>					
1	Provision for adaptations from the Council's waiting list for council owned properties					
2	Changes resulting from the updated stock condition survey					
3	Budget approved by Cabinet June 2018					
4	Provision for new development agreed as part of report to Cabinet in January 2019					
5	Purchase of property for provision of temporary accommodation agreed at Cabinet September 2019					
6	Budget approved by Cabinet October 2020					
7	Programme completion in 2020/21.					
8	Unallocated provision used to support updated programmes					
9	Budget for replacement of existing Housing Management System approved at Cabinet in March 2020					
10	2020/21 Estimate figures include budgets rolled forward from 2019/20 approved by Cabinet in June 2020					

**CABINET**

**24th February 2021**

**Subject: Policy Framework and Budget Setting for 2021/22**

**Cabinet Member: Councillor Varker – Resources**

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**1. Purpose of Report**

- 1.1 This report (including the accompanying document which forms part of this report) submits proposals and recommendations for the Council's Policy Framework and Budget Setting for 2021/22. The Cabinet should consider these and make appropriate recommendations to Council at the meeting to be held later this evening.
- 1.2 All precepting organisations with the exception of Essex County Council (ECC) have confirmed decisions on their precepts for 2021/22 and these are included within section 15 of the accompanying report, together with the Borough Council's own information. Information in respect of ECC is (at the time of writing this report) unconfirmed but unlikely to change from that contained within this report. However, should a change occur it will be tabled on the night of the meeting.
- 1.3 On 4th February 2021, the Rt Hon Robert Jenrick MP made a written statement to Parliament confirming the publication of the 2021/22 Final Local Government Finance Settlement, which was debated in parliament on the 10th February 2021.

**2. Links to Council's priorities and objectives**

- 2.1 This report is linked to the Council's priority of A Commercial and Democratically Accountable Council. Sound and strategic financial management is essential in order to ensure that resources are available to support the Council's priorities and maintain or improve services.
- 2.2 This report is designed to provide Members with the latest information on the future cost of spending plans and levels of resources.

**3. Recommendations**

**Implementation of Council policies and related spending plans**

- 1. That the Cabinet approves the continued funding of priority projects and other items of discretionary expenditure, as set out in table 3.4.
- 2. That the Cabinet notes the cost pressures and budget increases (growth) as set out in table 3.5.
- 3. That the Cabinet note the efficiency savings, cost reductions and additional income summarised in table 3.6.

4. That subject to recommendations 1 to 3 above, the revenue spending plans for 2020/21 (revised) and 2021/22, set out in section 3, tables 3.1 (summary) and 3.2 (net services expenditure) of the accompanying report, are approved.

### **Capital spending plans and prudential indicators**

5. That the capital spending plan described in section 9 of the accompanying report (tables 9.2 and 9.3) is approved in respect of 2020/21 (revised) and 2021/22.
6. That as required by section 3 of the Local Government Act 2003, and the Prudential Code for Capital Finance in Local Authorities (the Prudential Code), the following Prudential Indicators are approved as set out in the appropriate sections of the accompanying report:

<b>Prudential Indicator - Reference to sections 9, 10 and 11 of accompanying report</b>	
Capital expenditure	Tables 9.2 and 9.3
Capital financing requirement (CFR)	Table 9.4
Authorised limit for external debt	Table 9.5
Operational boundary for external debt	Table 9.6
Ratio of financing costs to new revenue stream	Table 9.7 (a & b)
Gross external borrowing does not exceed CFR	Section 9 – para 51
Maturity structure of fixed rate borrowing - upper and lower limits	Table 10.2
Upper limits of fixed and variable interest rate exposures	Table 10.3
Maximum period and counterparty limits for specified and non-specified investments	Table 11.2, 11.3 & 11.4

7. That the Statement of Minimum Revenue Provision for 2021/22, as stated in paragraphs 53 to 57 of section 9 of the accompanying report is approved.
8. That no new capital proposals are allowed until:
- the proposal has been evaluated in accordance with relevant evaluation criteria;
  - the Cabinet has confirmed affordability and compliance with the Prudential Code for Capital Finance in Local Authorities;
  - the Cabinet has considered and approved details of the proposal.
9. That, as stated in paragraph 65 of section 9 of the accompanying report, and as required by the Prudential Code, the statement of the Strategic Director (Resources) in respect of the affordability, deliverability and appropriateness of risk management arrangements with respect to the Capital Strategy is noted.
10. That the policies and strategies supporting the budget framework and contained within the accompanying report are approved.



### Statutory report of the Strategic Director (Resources)

11. That as required by section 25 of the Local Government Act 2003, the report of the Strategic Director (Resources) set out in section 13 of the accompanying report in respect of robustness of the estimates is noted.
12. That as required by section 25 of the Local Government Act 2003, the report of the Strategic Director (Resources) set out in section 7 of the accompanying report in respect of the adequacy of proposed financial reserves is noted.

### Statutory calculations in respect of the budget requirement & Council Tax as required by the Local Government Finance Act 1992, as amended ("the Act")

13. That as set out in section 4 of the accompanying report it is noted that acting under delegated authority and in consultation with the Cabinet Member responsible for Finance, the Strategic Director (Resources) has calculated:
  - A tax base for the Borough of Castle Point of **30,965** being the amount **T** required by section 31B of the Act; and
  - A tax base for Canvey Island to which a Town Council precept applies as **11,962**.
14. That the following amounts be calculated for the year 2021/22 in accordance with sections 31 to 36 of the Act:

Ref	Amount £	Item
(a)	<b>55,501,120</b>	being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) of the Act taking into account all precepts issued to it by Parish (Town) Councils.
(b)	<b>46,938,813</b>	being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act.
(c)	<b>8,562,307</b>	being the amount by which the aggregate at 14(a) above exceeds the aggregate at 14(b) above, calculated by the Council in accordance with Section 31A(4) of the Act as its Council Tax requirement for the year. (Item <b>R</b> in the formula in Section 31B of the act)
(d)	<b>276.52</b>	being the amount at 14(c) above (item <b>R</b> ), divided by item <b>T</b> (14(a) above), calculated by the Council, in accordance with Section 31B of the Act, as the basic amount of its Council Tax for the year (including Parish (Town) precepts.
(e)	<b>251,920</b>	being the aggregate amount of the (Parish (Town) precepts) referred to in Section 34(1) of the Act.
(f)	<b>268.38</b>	being the amount at 14(d) above less the result given by dividing the amount at 14(e) above by item T (14(a) above), calculated by the Council in accordance with Section 34(2) of the Act, as the basic amount of its Council Tax for the year for dwellings in those parts of its area to which no Parish precept relates.

15. That the Cabinet recommends that Council, in accordance with Sections 30 and 36 of the Local Government Finance Act 1992, sets the aggregate amounts shown in the tables below as the amounts of Council Tax for 2021/22 for each part of its area and for each category of dwelling. This information is included within section 14 of the accompanying report:

Castle Point Borough Council Tax 2021/22, including and excluding Town Council precept, for each of the following categories of dwelling:

Council Tax			
Band	Ratio in 9ths	Canvey Residents Council Tax Including Town Council	Mainland Residents Council Tax Excluding Town Council
A	6	192.96	178.92
B	7	225.12	208.74
C	8	257.28	238.56
<b>D</b>	<b>9</b>	<b>289.44</b>	<b>268.38</b>
E	11	353.76	328.02
F	13	418.08	387.66
G	15	482.40	447.30
H	18	578.88	536.76

16. To note that the County Council, the Police Authority and the Fire Authority have issued precepts to the Council in accordance with Section 40 of the Local Government Finance Act 1992 for each category of dwelling in the Council's area, as indicated in the table below:

Council Tax for each band							
Band	Castle Point Borough Council	Essex County Council	Essex PFCC - Fire and Rescue Authority	Essex PFCC - Policing and Community Safety	Total excluding Town Council	Canvey Island Town Council	Total including Town Council
	£	£	£	£	£	£	£
A	178.92	893.94	49.26	139.02	<b>1,261.14</b>	14.04	<b>1,275.18</b>
B	208.74	1,042.93	57.47	162.19	<b>1,471.33</b>	16.38	<b>1,487.71</b>
C	238.56	1,191.92	65.68	185.36	<b>1,681.52</b>	18.72	<b>1,700.24</b>
<b>D</b>	<b>268.38</b>	<b>1,340.91</b>	<b>73.89</b>	<b>208.53</b>	<b>1,891.71</b>	<b>21.06</b>	<b>1,912.77</b>
E	328.02	1,638.89	90.31	254.87	<b>2,312.09</b>	25.74	<b>2,337.83</b>
F	387.66	1,936.87	106.73	301.21	<b>2,732.47</b>	30.42	<b>2,762.89</b>
G	447.30	2,234.85	123.15	347.55	<b>3,152.85</b>	35.10	<b>3,187.95</b>
H	536.76	2,681.82	147.78	417.06	<b>3,783.42</b>	42.12	<b>3,825.54</b>

17. To note that, in accordance with the requirements of section 52ZC of the Act the Council has determined whether it's Relevant Basic Amount of Council Tax for 2021/22 is excessive.

For 2021/22, the relevant basic amount of Council Tax for Castle Point would be deemed excessive if the authority's relevant basic amount of Council Tax for 2021/22 is:

- (a) 2%, or more than 2%, greater than its relevant basic amount of Council Tax for 2020/21; and
- (b) More than **£5.00** greater than its relevant basic amount of Council Tax for 2020/21.

Ref	Amount £	Item
(a)	<b>263.16</b>	being the Relevant Basic Amount of Council Tax for 2020/21, excluding local precepts.
(b)	<b>2.0%</b>	being the percentage increase above which the Secretary of State has determined the Relevant Basic Amount of Council Tax for 2021/22 would be excessive.
(c)	<b>268.42</b>	being the amount above which the Relevant Basic Amount of Council Tax for 2021/22, excluding local precepts, would be excessive (rounded down to the nearest penny).
(d)	<b>268.38</b>	being the Relevant Basic Amount of Council Tax for 2021/22, excluding local precepts.

The Relevant Basic Amount of Council Tax for 2021/22 is therefore not excessive and the duty to make substitute calculations and hold a referendum does not apply (Chapter 4ZA of Part 1 of the Act).

### **Resolution required.**

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## **4. Background**

- 4.1 The accompanying report consolidates the following information in one single presentation:
- The background to the key policy issues including the assumptions adopted in formulating the financial forecast around government support, price increases and assessment of minimum level of general fund reserves.
  - The Council's financial targets and the medium-term financial forecast.
  - Revenue and capital spending plans.
  - Prudential indicators.
  - The various policies and strategies which support the budget framework including the Capital Strategy.
  - The statutory budget and Council Tax calculations required for 2021/22.

## **5. Proposals**

- 5.1 The key features of the budget proposals are summarised below:
- The budget is supported by Directorate and Service Action Plans which support delivery of the Council's key priorities.
  - The budget for 2021/22 is balanced, meaning that the Council does not need to rely on the use of reserves to meet ongoing spending plans during this year.

- The level of general reserves planned for the end of the 2021/22 financial year, exceed the minimum recommended level of **£2.3m**.
- The budget continues to support priority services.
- Efficiencies and/or additional resources are required to deliver a balanced budget and maintain/restore reserves to the recommended minimum levels for years 2021/22 and beyond.

## **6. Corporate Implications**

### **a) Financial Implications**

The Council must make certain statutory calculations in relation to the Council Tax requirement for 2021/22. These are set out in full in the Policy Framework and Budget Setting 2021/22 report attached.

The tables shown at recommendations 15 & 16 set out the proposed Council Tax charges to be made to residents in respect of the Borough Council, the Town Council and the other precepting authorities.

### **b) Legal Implications**

This report is presented by me in my role as “section 151 officer” – the officer appointed to have responsibility for the Council’s financial administration. It covers all those matters required by legislation for setting a budget and Council Tax.

The Cabinet’s attention is drawn particularly to sections 4, 7 and 13 of the accompanying report containing statutory reports that I have a duty to provide in respect of the adequacy of reserves and the robustness of spending plans. The Council must have regard to this advice before making the decisions required by this report.

The proposals in this report are based on a Council Tax increase of **1.98%** resulting in the Borough Council Band D charge of **£268.38**.

#### Council Tax Referendums

Schedule 5 of the Localism Act introduced a new chapter into the 1992 Act, making provision for Council Tax referendums to be held if an authority increases its Council Tax by an amount exceeding principles determined by the Secretary of State and agreed by the House of Commons. The Localism Act also abolished the capping regime in England.

In summary, for 2021/22 the principles are that the Council would be required to seek the approval of the local electorate in a referendum if, compared with 2020/21, it set Council Tax increases of **2.0%** or **£5** whichever is the greater.

The Council’s calculations in this regard are given at recommendation 18 above.

### **c) Human resource & equality implications**

There are no new implications within this report.

**d) Timescale for implementation and risk factors**

Having considered this report, the Cabinet should submit its recommendations to the Council meeting to be held later this evening. At this meeting, the Council will also set the full amount of Council Tax, to include the precepts issued by Essex County Council, Essex PFCC Fire and Rescue Authority, Police, Fire & Crime Commissioner for Essex and Canvey Island Town Council (where appropriate).

The date of the Council meeting is well within the legal deadline for setting the budget but is the latest date that will allow adequate preparation for the timely despatch of Council Tax bills to give due notice for first instalments due on 1 April.

**7. Conclusion**

7.1 The recommendations set out above are classified as to:

- those required to implement Council policies and to approve the related spending plans;
- those required in respect of capital spending plans and treasury management;
- those requiring the Council to have regard to the statutory reports of the Strategic Director (Resources);
- the statutory calculations in respect of the budget requirement and Council Tax.

**Background Papers:** Final local government finance settlement: England, 2021 to 2022 (published 4<sup>th</sup> February 2021)

**Report Author:** Chris Mills – Strategic Director (Resources), Section 151 Officer