Medium Term Financial Strategy
2025/26 to 2029/30

Table of Contents

Annexes

List of Tables

TABLE OF FIGURES

1 Introduction

1.1 Background

Southend-on-Sea City Council (SCC), 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 the challenging operating environment combined with increasing and more complex local service demand, particularly for core statutory social care service requirements for our most vulnerable children, adults and families across our city. The new Government has committed to undertake a Comprehensive Spending Review for the period 2026/27 – 2028/29 but until that has been completed uncertainty remains over future levels of financial support from the Government, potential funding reform and national policy changes.

It is within this context that the Council has comprehensively updated its Medium Term Financial Strategy (MTFS) for 2025/26 – 2029/30. This strategy provides an integrated view of the whole of the Council's finances and priority investment plans over the medium term. It outlines 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 is predicated on ensuring that the Council remains financially sustainable and resilient for the future.

1.2 A Sector Under Continued Pressure

The national operating environment, particularly for upper tier local authorities continues to be financially challenging with numerous Councils having announced or given warnings of financial distress over the last 2 years. Regular updates have been provided to Cabinet in each of Southend-on-Sea's financial performance reports for the periods to the end of July 2024 and September 2024. The latest position as at November 2024 was considered by Cabinet at its meeting on 13 January 2025.

The unprecedented levels of additional demand and huge increases in costs of maintaining statutory service provision over the last few years, particularly for support and intervention for vulnerable children and adults has been at such a pace that discretionary universal services have been continually squeezed and, in some areas, have been forced to be significantly reduced to ensure some local authorities remain financially viable. The operating environment, unavoidable cost pressures and complexity of local service demand for local government all remain particularly challenging.

Within this context, local authorities continue to be faced with some very tough choices and have needed to embrace and implement significant further changes to their local service offer including digitalisation and automation to capitalise on the efficiencies and savings that can be generated. There remains huge pressure on local authorities to try to continue to meet the essential needs of local residents whilst balancing major affordability and future sustainability concerns. Most local authorities are having to think seriously about a comprehensive programme of change to get to a financially sustainable cost base and target operating model whilst at the same time managing increasing and ever-changing complexity of local demand for Council services.

1.3 Local Impact – Finance Settlement 2025/26

The new Government published a Finance Policy Statement on 28 November 2024 by the Minister of State for Local Government and English Devolution. The national headlines and summary of the 'statement of intentions' from the Government was considered by Cabinet on 19 December 2024. The Provisional Local Government Finance Settlement itself was **published on 18 December 2024**, and it confirmed that the settlement would be for one year only (2025/26). The detail contained within the provisional settlement was generally confirmation of previously announced national totals but with provisional individual local authority level allocations provided for most services.

Following a detailed analysis of the content contained within the provisional settlement it has provided some additional support for upper tier authorities for the most critical challenges of increasing demand and costs relating to Social Care. Social Care grant has increased and the introduction of a new Children's Social Care Prevention Grant in 2025/26 is welcomed. Less encouraging was the distribution methodology used for the new national recovery fund and at the time a lack of transparency and confirmation of the levels of support local authorities would receive for the increases in Employer's National Insurance contributions from 1 April 2025.

The final settlement was **published on 3 February 2025**, which was in line with the details of the provisional information, except for the following funding changes for Southend-on-Sea City Council for 2025/26:

- an additional £0.081M of Children's Social Care Prevention Grant.
- confirmation that the Council will receive £1.417M to support the increase in Employer's National Insurance Contributions, an increase of £0.765M on the estimated amount which was based on the original methodology note that was published with the provisional settlement.
- The Department of Health and Social Care confirmed the level of Public Health Grant for local Authorities on 7 February 2025, this Council will receive £11.104M (ring fenced for public health activities) in 2025/26, an increase of £0.552M compared to 2024/25.

The '**Core Spending Power**' of a local authority is a phrase that is now often used by Central Government. It is a measure that brings together the totality of **ALL** revenue funding and resources available to deliver local authority services. This includes all grants, share of business rates and council tax generated at a local level. The headlines announced within the provisional finance settlement indicated that the average national increase in '**Core Spending Power**' would be **6.0%** for local government **BUT** this assumed that **ALL** local authorities would increase their council tax levels by the maximum amount allowed without the need for a local referendum. For upper tier authorities like Southend-on-Sea this equates to an increase in council tax of **4.99%**.

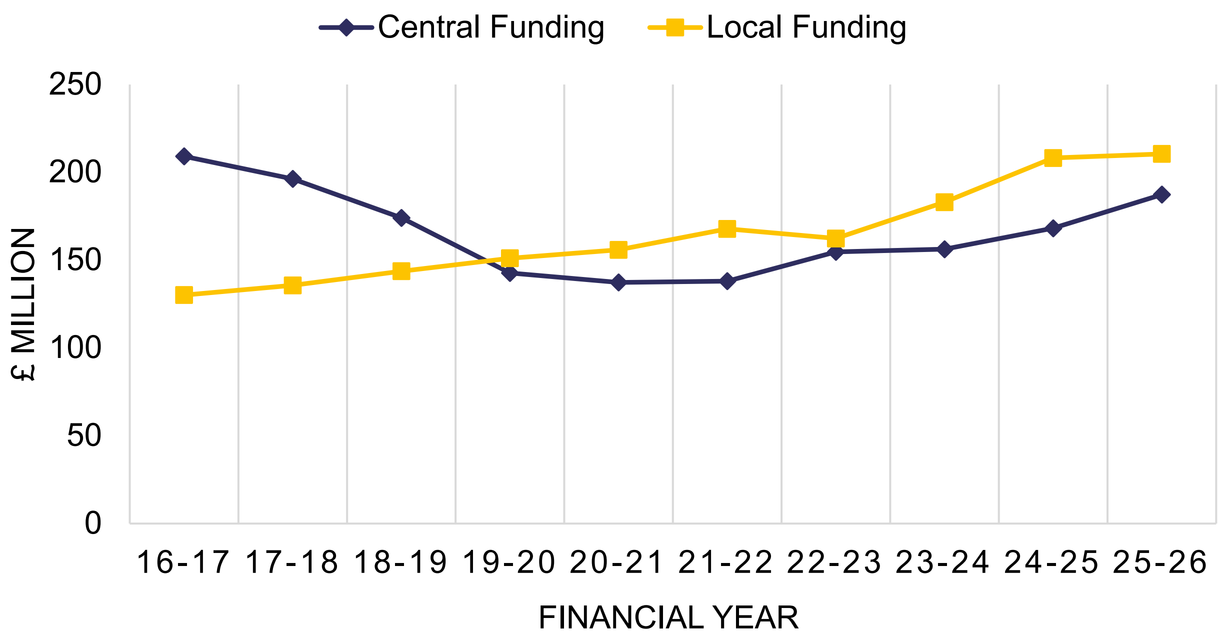
The Ministry of Housing, Communities and Local Government (MHCLG) calculated **Southend-on-Sea City Council's Core Spending Power for 2025/26 to be £199.1m**, an increase of **5.9%** compared to 2024/25, which is slightly below the headline national average increase that has been published. The level of 'resource increase' contained within the provisional local government financial settlement for 2025/26 is less than what is required to keep up with the impact of the combined levels of inflation and local service demand increases experienced over the last 12 months.

The Government's announcement of the national levels of 'resource increase' contained within the local government provisional financial settlement is broadly in-line with what was expected for 2025/26 based on the earlier release of the finance policy statement. Additional funding support is welcomed for social care, but the combined impact of the increased levels of demand and inflation experienced over the last couple of years still means that the sector faces some challenging choices to maintain reasonable levels of local service provision.

Within this context it remains vital to reassess, understand and take responsibility for our financial future. We must remain proactive in the delivery of our agreed corporate plan priorities and committed to work with partners to deliver the recently approved new vision for the city, monitor local economic performance and to provide the best possible value for money services to our residents, businesses and visitors. Our financial sustainability can only be enhanced by embracing the City's economic potential, growing our local tax bases, proactively managing service demand and by increasing our income generating and commercial capabilities.

Figure 1 illustrates that for SCC 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. The future trajectory is uncertain.

Figure 1 Trend from central to local funding sources.



Southend-on-Sea City Council is one of six unitary authorities in the East of England, responsible for delivering over 500 services and with a current population of nearly 181,000 residents living within over 80,000 households. The Council's turnover is around £470m 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 City 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.

We have refreshed and are working to embed our values, incorporating feedback to revise our value statements, aligning them more closely with our Council vision, and simplifying the language. Our refreshed value statements are as follows - we were careful to retain our 'CHIP' values acronym:

- Collaborative – we collaborate effectively, building strong relationships to drive positive change
- Honest – we act with integrity by holding ourselves to account and building trust and respect
- Inclusive – we put people at the heart of everything we do, embracing our city's many perspectives
- Proud – we take pride in the work that we do

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 Administration (Labour, Liberal Democrats and Independent political parties) since May 2024 supported by a professional executive leadership team. Our overall financial strategy arrangements have been shaped and influenced by CIPFA's Financial Management Code[1] which summarised a lot of the good work and appropriate standards that were already evident within the local authority.

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

The MTFS attempts to provide an integrated view of the whole of the Council's finances and business outlook over the next five years. It shows how the Council intends to align its financial resources to support the implementation of our corporate plan, in line with the vision for the City, enhancing delivery of our priority outcomes and economic recovery intentions. 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. This is particularly pertinent given the Government's commitment to undertake a Comprehensive Spending Review covering the 3-year period from 2026/27 to 2028/29.

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.

Despite the current challenges, the Council is determined to build on the solid financial foundation that it has worked so hard to create locally. 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.

It really has been an unprecedented period in recent history requiring some tough national and local choices which will inevitably result in difficult decisions to be made on future priorities, particularly around non-statutory service levels over the medium-term. The combination of current economic factors will directly impact all public services, local businesses, and residents, putting more pressure on local authority budgets and household incomes.

1.4 The Partnership Vision for the City, Southend-on-Sea City Council's Vision and Corporate Plan

The Council has worked with partners through the Southend City Partnership to develop a new vision for the city, owned by local partners, businesses, organisations, residents and communities. The new Southend City Vision was launched on 1 March 2025 and provides the opportunity to transform Southend-on-Sea into a thriving, inclusive and resilient place over the next decade. Dedicated efforts from the Southend City Partnership and everyone engaged with our city will drive the delivery of this vision.

Southend: Our City, Our Future

Southend-on-Sea is a vibrant, welcoming and well-connected coastal city brimming with opportunities, seamlessly blending its rich heritage with a contemporary, creative outlook.

Together, we are creating a city that not only meets the needs of today's residents but also sparks imagination, fosters creativity and encourages entrepreneurship inspiring future generations to live, learn, work, and visit here.

Southend City is a place where children, families and people of all ages thrive and feel empowered to contribute to a brighter, sustainable future.

This vision reflects the shared aspirations and priorities of our diverse community, including residents, workers, business owners, visitors, and students.

The City Vision is not owned by any one organisation. Its strength and long-term sustainability derive from the collective ownership and commitment to the Vision by the Southend City Partnership members.

In 2024, the Council created a vision statement that sets out a compelling future for the organisation that everyone can get behind. Our new vision is as follows:

At Southend-on-Sea City Council, we are proud to be part of a modern, vibrant coastal city that values its heritage.

We listen, with our city's many voices shaping what we do. We have the confidence to innovate, embrace connection and seek opportunity, and are building a sustainable future together.

The Council's updated Corporate Plan 2024/28 supports the delivery of the vision. The corporate plan is the principal corporate strategy of the Council and has heavily influenced the Council's investment priorities for 2025/26 to 2029/30. It sets out the direction for our work and the Council's primary role in delivering good quality local government services in the city.

The corporate plan aims to:

- provide clarity and direction in a four-year business plan
- ensure efficient use of resources
- provide a way of measuring success
- support effective decision-making
- coordinate activities
- motivate and guide employees
- provide a helpful narrative, knitting all the Council's work together in a way that makes sense to residents, communities and stakeholders.

The corporate plan outlines our areas of focus for the city and organisation in four overarching priorities:

- Proud and prosperous
- Safe, clean and green
- Caring with a good quality of life for all
- Led by a transformative, responsive council

Under each priority there are several outcomes we want to achieve; the actions we will take to deliver them and how we will manage and measure performance. These sit within the framework of the Corporate Performance Management report and Corporate Plan Action Plan.

To reflect these aspirations and to support delivery of the early phases of activities to achieve better outcomes for Southend's residents and communities, the Council for 2025/26 is continuing to try and develop a longer-term view of the use of its resources and financial planning arrangements. Our commitment remains to focus on supporting the local economy and our most vulnerable local residents to continue to recover from the impacts of the pandemic and where we reasonably can, help vulnerable local residents cope with the impacts of the combined cost of living increases.

Our approach enhances the profiling of investment and supports effective prioritisation of activities. It will also enable improved consideration of major regeneration plans that span more than one financial year from both a revenue and capital perspective. These arrangements have now been embedded since 2020/21 and have become the key driver behind integrating both revenue and capital investment plans into a single focus and report with greater emphasis on the medium term.

Local Government still faces huge challenges in terms of uncertainty over future funding levels and continuing increases in demand and local expectations – Southend-on-Sea is no exception, but the Council is determined to do everything it can to plan effectively for the future and invest in priorities that make a real positive difference to Southend's residents, businesses, and visitors

The intention has been to target scarce resources to the agreed priorities within the Council's new corporate plan within the context of the overall vision for Southend, provide support for our most vulnerable residents, respond positively to challenges in our local economy, and manage the impact of inflation as carefully as possible whilst coping with unprecedented levels of local demand pressures across social care. It is a very difficult combination of challenges to navigate and respond to, whilst also ensuring that the Council lives within its means and remains a financially sustainable organisation.

1.5 Implementing the ambition and transforming service delivery arrangements

Building a City Council Fit for the Future

The overall level of net cost reduction required by Southend-on-Sea City Council to bridge a medium to long term deficit by 2029/30 requires a programme of work that not only supports the development of net cost reduction and transformation opportunities at a service level, but that also considers how these opportunities can be integrated into a renewed, sustainable, operating model.

The Council now operates a Transformation Programme to improve service efficiency, productivity and value for money, whilst also supporting the delivery of financial sustainability over the medium to long term. The current programme is driven by the following guiding principles:

- **Resident Centric:** We will be resident centric, putting residents at the heart of everything we do and focusing on the experience of residents across all services. This is to ensure the best possible services for Southend-on-Sea residents, making sure their needs are met.

- **Efficient & Effective**: Working in ways that are streamlined, preventative, optimise resources, and prioritise the right things at the right times, providing the right results. This is to ensure staff are enabled to work in a proactive and productive manner, and that residents receive smooth and streamlined services.

- **Inclusive:** Promoting a positive culture within the Council and outside of it, accommodating the needs of all and creating a sense of true acceptance. This is to ensure there are no unspoken boundaries, and that everyone has equal opportunity and sense of belonging, regardless of who they are.

- **Evidence-Based Decisions:** We will make decisions based on reliable data and evidence to ensure the best possible outcome for residents and the Council. This is to ensure residents receive the best services, and staff are empowered by decisions backed by good and reliable evidence.

- **Digitally Enabled:** Digital by default, we will reduce our manual tasks and processes to optimise how we work and deliver services. This is to enable each service to utilise resources optimally and effectively to meet residents and staff needs.

- **Commercially Viable:** We will ensure that the Council is financially viable and sustainable for the future, taking a commercial approach and running as efficiently as possible to drive value for money whilst maintaining future viability.

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

The current transformation programme is overseen by the Transformation Board and the current workstreams are as follows:

Foundation Projects

- MySouthend Replacement: online customer portal
- Business World: internal Enterprise Resource Planning system
- Future Estate; property strategy and optimisation of estate
- Workforce modernisation
- Data transformation

Service Transformation Projects

- One Council: systematic redesign of services across the council to improve resident experience, improve efficiency, reduce manual processes and transform the culture.

- Social Care Demand Management: managing demand for children's and adult social care, to realise both financial benefits, by reducing in year costs and contributing to cost avoidance in future years, and non-financial benefits, to ensure residents receive the support they need, when they need it, in a way that maximises their independence.

Commissioning and Contract Management: driving greater value from third party spend; embedding a more holistic and strategic approach to the end-to-end commissioning, procurement and contract management cycle; and establishing robust processes and governance

A new Members Resources Sub-Group has been established, as a cross-party panel to actively challenge our approach, assess progress, comment on delivery performance, generate new ideas and to undertake an in-depth analysis around key risk areas of the budget and suggest mitigation options

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

In the context of the current local government sector wide challenges and our local ambitions for Southend-on-Sea, 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 resilience and longer-term sustainability. The intention has been to target scarce resources to the agreed priorities within the Council's new corporate plan within the context of the overall vision for Southend-on-Sea, provide support for our most vulnerable residents, respond positively to the challenges within our local economy, manage the legacy impact of inflation as carefully as possible whilst coping with increasing levels of local demand pressures across our core social care services.

Success will depend on how the Council manages and navigates this very difficult combination of challenges, whilst also ensuring that the Council lives within its means and remains a financially sustainable organisation. The strategy will aid 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 that have been included within the refreshed vision for the city.

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 the current economic turbulence and service demand challenges 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 has been compulsory since 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.

Given these uncertain and challenging 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 Annual Revenue Budget Setting

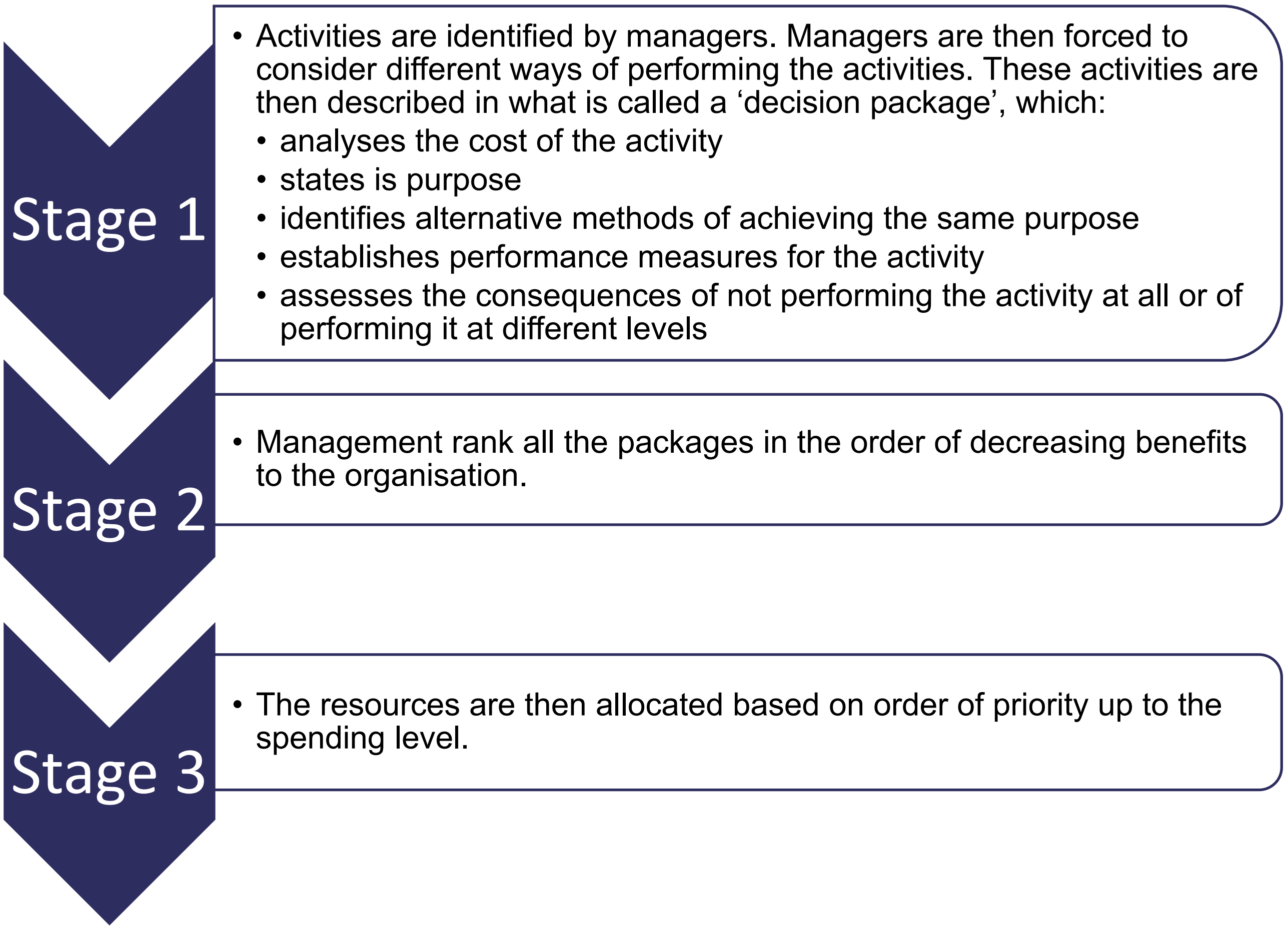
Our approach to budget development starts with the approved budget from the previous year and then proposed changes are considered, with challenge, advice and support being provided by Finance Business Partners for each service area. Detailed budget development work is undertaken with individual budget holders within Service Directorates and their respective leadership teams.

The Corporate Leadership Team review the proposed changes and discuss them with the appropriate executive member portfolio holders. Executive Briefing (Corporate Leadership Team and Cabinet) then regularly review and refine the plans via Budget Development sessions. The draft budget is launched in early January for consultation and goes to January Cabinet for consideration. It then proceeds through the scrutiny meetings and the final set of budget proposals are put forward to February Cabinet, with any changes included since the draft budget was launched clearly set out. Full Council then vote on the budget, including any budget amendments put forward by the opposition parties in February.

There is clear ownership and accountability of the new approved budget for each individual service area. The financial implications of the changes then form an integral part of the agreed Service Plan for each Directorate. Each individual approved budget change is also clearly allocated to a named officer responsible for delivering each initiative.

As part of the Council’s Transformation Programme the One Council project will kick-start a rolling programme of targeted Zero Based Budgeting (ZBB) service reviews from 2025/26 onwards. Phase one of the project is targeting five service areas to work through three stages (Figure 2) as part of a multidisciplinary team.

Figure 2 Stages of Zero Based Budgeting



The results of ZBB will inform future budget setting arrangements and the Council's allocation of resources to the multitude of services which it delivers.

1.8 Financial Resilience and CIPFA's Index

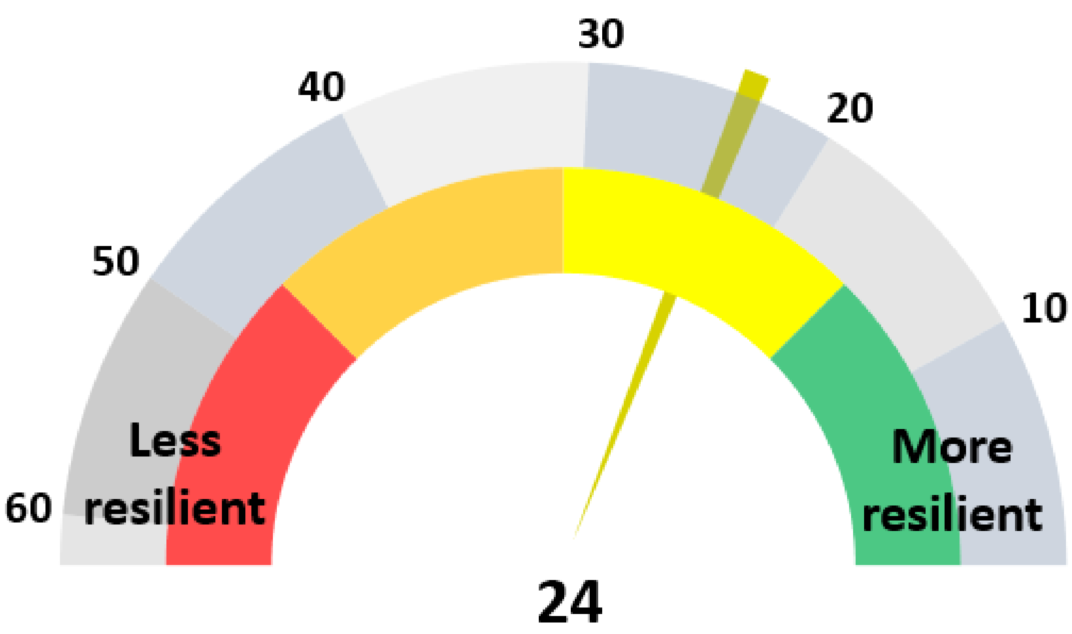
Financial resilience and future sustainability are important considerations. We are an ambitious Council and our local area secured City Status in 2022. We are committed to continually improving our performance and delivering better outcomes for residents through our Corporate Plan and key contributions to the vision recently launched for the city.

Our desire to improve, learn and provide value for money is also predicated on acting responsibly and ensuring our plans are affordable and sensible.

The CIPFA Financial Resilience Index[2] has been updated for financial year 2023/24 and uses eight primary indicators of financial stress. We have taken the indicator values for the 62 unitary authorities in England and assessed Southend's comparable resilience based on equal weighting of each indicator. The result places Southend-on-Sea 24th out of 62 overall (Figure 3), although ranking on the individual indicators ranges from 14th to 46th. This is an improvement compared to the organisation's position against the 2022/23 resilience index which was 37th out of 58. This improvement is clearly positive, but the Council needs to remain vigilant, particularly given the many financial and service delivery challenges the local government sector continues to face. The Council's financial resilience and future sustainability is a key priority.

The variation in size and scale of unitary authorities both spatially and financially across the Country is significant. Southend-on-Sea's relatively small size does present a disadvantage in financial resilience terms, when compared with larger Organisations. The Council's financial resilience and sustainability will remain under constant review.

Figure 3 Southend's Performance in CIPFA's Financial Resilience Index for 2024

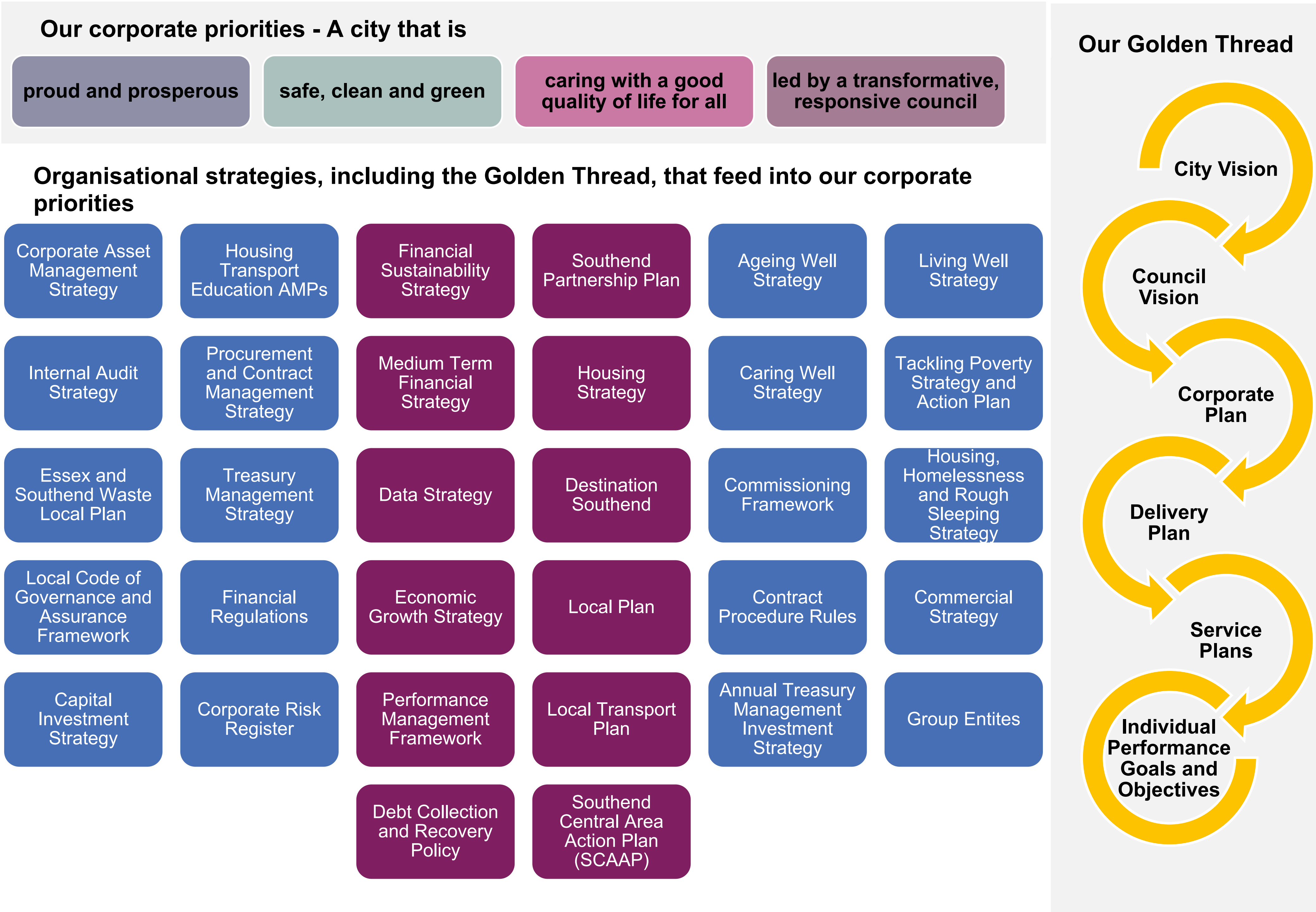


1.9 Strategic context

The MTFS is aligned and integral to several organisational plans and strategies of the Council. The core strategies (shaded in burgundy) and other key plans (shaded blue) are shown in Figure 4, together with our corporate priorities and golden thread which represents our Organisational alignment intention.

[2] https://www.cipfa.org/services/financial-resilience-index/resilience-index

Figure 4 MTFS links to other strategies



1.10 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 and are each explained below the table. These assumptions include some grants whose allocation is yet to be finalised/announced for 2025/26.

Table 1 Summary of Key Assumptions

Item	2025/26	2026/27	2027/28	2028/29	2029/30
Council Tax Increase	2.99%	2.99%	2.99%	2.99%	2.99%
Social Care Precept Increase	2.00%	0.00%	0.00%	0.00%	0.00%
Council Tax Base (No. of 'Band D' Equivalents)	60,860.63	61,164.93	61,470.76	61,788.11	62,087.00
Revenue Support Grant	£7.799M	£7.931M	£8.090M	£8.252M	£8.417M
Business Rates Retention Scheme	£46.388M	£50.069M	£50.921M	£50.921M	£50.921M
Business Rates Multiplier	1.70%	2.60%	2.20%	0.00%	0.00%
Use of Collection Fund Surplus	£1.400M	-	-	-	-
Public Health Grant	£11.104M	£11.104M	£11.104M	£11.104M	£11.104M
Consumer Price Index (CPI)	0.80%	1.70%	2.00%	2.00%	2.00%
Retail Price Index (RPI)	1.80%	2.70%	3.00%	3.00%	3.00%
Pay Award Provision	2.50%	2.00%	2.00%	2.00%	2.00%
Incremental Progression	1.00%	1.00%	1.00%	1.00%	1.00%
Superannuation Rate	21.30%	21.30%	21.30%	21.30%	21.30%
National Living Wage (Adult Social Care Providers - Cumulative)	£3.500M	£5.800M	£8.100M	£10.400M	£12.700M
Waste Collection Contract	£4.400M	-	-	-	-
Social Care Grant	£20.439M	£20.439M	£20.439M	£20.439M	£20.439M
Better Care Fund (SCC allocation)	£8.302M	£8.302M	£8.302M	£8.302M	£8.302M
LA Better Care Grant	£9.619M	£9.619M	£9.619M	£9.619M	£9.619M
Fees & Charges increase yield	2.75%	2.00%	2.00%	2.00%	2.00%
HRA rent increases	2.70%	1.80%	2.70%	3.00%	3.00%
Dedicated Schools Grant	£75.635M	£75.635M	£75.635M	£75.635M	£75.635M
Investment Income (Ave)	3.92%	3.52%	3.37%	3.37%	3.37%
Average PWLB Borrowing Rate:					
General Fund	3.25%	3.27%	3.27%	3.27%	3.15%
Housing Revenue Account	4.06%	4.03%	3.96%	4.00%	3.93%
Combined GF and HRA	3.42%	3.43%	3.44%	3.40%	3.28%

Council Tax, Social Care Precept and Council Tax Base

The increase in Council Tax is assumed to be 2.99% for the years 2025/26 to 2029/30. It is assumed that the adult social care precept will increase by 2% in 2025/26 with no further increases for the adult social care precept included for future years. This will require further review and consideration, following the Government's Comprehensive Spending Review.

The Council Tax base for the Council for 2025/26 has increased by 0.75%, this is 0.25% more than was estimated in the previous MTFS. The Council Tax base for 2025/26 was approved by Cabinet on 13 January 2025 and set at **60,860.63** (equivalent Band D properties) including Leigh-on-Sea Town Council. It has been assumed that from 2026/27 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 confirmed that the Revenue Support Grant (RSG) increased by 2.7% from the 2024/25 figure, this grant now accounts for less than 2% of the Council's overall income. It has been assumed this will increase by CPI Inflation from 2026/27 onwards.

The Business Rates figure for 2025/26 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.

The planned use of collection fund surpluses has been programmed into the MTFS from 2025/26 – 2029/30. 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. The overall collection fund position will be reviewed as part of the final outturn and formal closure of the accounts for 2024/25.

A business rates reset has been confirmed by the Government for 2026/27. The new 'Baseline Need' amounts will reflect the Government's new funding formulae, which at time of writing is yet to be determined. Whilst the Council can speculate on the impact of the reset the number of unknowns means it cannot be predicted with any certainty. 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 in the future. 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 is to protect and improve the nation's health and wellbeing whilst reducing health inequalities, at both a national and local level. The grant is ringfenced to eligible defined Public Health expenditure only.

Table 2 outlines some of the key 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

	2021/22 £000s	2022/23 £000s	2023/24 £000s	2024/25 £000s	2025/26 £000s
Children 0-19	3,586	3,874	4,049	4,171	4,416
Health Protection	467	487	495	498	554
NHS Health Checks	206	216	249	209	273
Obesity & Physical Activity	122	127	162	169	178
Other Public Health Services	1,429	1,352	1,417	1,448	1,490
Sexual Health Services	1,515	1,520	1,524	1,531	1,575
Smoking Cessation	88	90	93	96	181
Substance Misuse	2,376	2,407	2,412	2,417	2,436
Total	**9,789**	**10,073**	**10,401**	**10,539**	**11,103**
Grant Level Change	***90***	***284***	***328***	***138***	***564***
% (Reduction)/Increase	***0.9%***	***2.9%***	***3.3%***	***1.3%***	***5.3%***

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

Estimates of future indices of inflation are shown in the key assumptions table (Section 1.10). From an MTFS perspective, inflation increases have only been provided for major contractual commitments, utilities, and business rates. The amounts earmarked for inflation in 2025/26 are lower than in the previous year as inflation has fallen closer to the Government's target of 2%. Services are expected to absorb any other price inflation within their existing cash limited approved budgets.

Pay Award, Incremental Progression and Superannuation Rate

The pay award for 2024/25 was confirmed in November 2024 and increased spinal points 3 to 43 within the National Joint Council (NJC) pay scales by £1,290. All other Local Government Pension Scheme scales were increased by 2.5%. As a result, the average pay increase received by Southend-on-Sea City Council employees was 3.28%. The 2024/25 budget included provision for a 4% pay award. The 2025/26 budget has been rebased to accommodate this and a revised estimated pay award of 2.5% for 2025/26 has been provided.

From 2026/27 to 2029/30 provision has been made for a pay award increase of 2.0% for each year. Provision has also been included in each year for the estimated cost of staff progressing through spinal column points of their respective grade.

The three unions which represent council staff, the GMB, Unite and Unison, submitted an NJC Pay Claim for 2025/26 on 31 January 2025. The claim requested an annual salary increase of at least £3,000 across all spinal column points, together with an extra 1 day paid holiday and a 2-hour reduction in the working week with no reduction in pay. Negotiations have commenced with Employer representatives.

The financial impact of the 2022 triennial actuarial valuation of pensions has been built into the MTFS. Due to proactive action in 2019 to increase contribution levels, combined with strong performance from the Essex Pension Fund, the Council has been able to reduce contributions for the 3 years from 2023/24 to 2025/26. Primary rate for 2023/24 to 2025/26 will be 21.3%, with a secondary rate for 2023/24 and 2024/25 of -1.3% and -0.7%, respectively.

The next triennial review will take place during 2025, followed by a recalculation and renegotiation of the Employers Superannuation rate to reflect the right level of contributions required to be paid into the Essex Pension Fund with the ambition to ensure that all pension liabilities are fully funded.

National Living Wage

An appropriate uplift will be paid to all our Social Care and other providers to ensure that they have the right level of resources to pay the estimated National Living Wage increase to Care Workers and other employees each year. The cumulative cost is shown in each year in the key assumptions' summary table (Section 1.10).

Waste Collection Contract

This major contract has been awarded after a thorough procurement exercise and will commence in April 2025. After significant dialogue with the market about the aims and objectives of the Council, it has been concluded that Southend will transition to an alternative weekly wheeled bin collection scheme from October 2025 which will reduce the environmental impact and cost of managing Southend's non-recyclable waste by driving up recycling rates.

It had already been recognised that the cost was expected to rise significantly from the previous contract. After the conclusion of the procurement process an additional £4.4M per year was included in the Medium Term Financial Forecast and is included as a permanent increase in the 2025/26 base revenue budget.

Social Care Grant

The Social Care Grant allocation in 2024/25 was £17.3M, the provisional settlement for 2025/26 is £20.4M, an increase of £3.1M which will be invested in the delivery of Children's and Adult Social Care.

In the absence of any further information on future levels of funding the MTFF assumes that this will remain at the same level from 2026/27 – 2029/30.

Better Care Fund (BCF) and Local Authority Better Care Grant (LABCG)

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 the Mid and South Essex Integrated Care Board (ICB) 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. In 2020/21 the Winter Pressures funding was rolled into the iBCF. For 2025/26, the ASC Discharge Fund is being rolled into the Improved Better Care Fund (IBCF), which is then being renamed the Local Authority Better Care Grant (LABCG), whilst the discharge funding for the ICB has been rolled into the BCF NHS minimum contribution.

The allocation for the LABCG has been confirmed at the same level as 2024/25 grants that were rolled in, whilst the BCF has increased by 3.9% for the protection adult social care received by the Council only.

Table 3 summarises the Council's core BCF and iBCF allocations, the ICB's BCF allocation and the total BCF/ iBCF in the pool for 2022/23 – 2025/26.

Table 3: BCF/iBCF Allocations

Allocation	**22/23 BCF £000s**	**22/23 iBCF £000s**	**23/24 BCF £000s**	**23/24 iBCF £000s**	**24/25 BCF £000s**	**24/25 iBCF £000s**	**25/26 BCF £000s**	**25/26 BCG £000s**
SCC	7,156	7,797	7,560	7,797	7,988	7,797	8,302	7,797
ICB	7,966	0	8,416	0	8,893	0	10,578	0
Totals	**15,122**	**7,797**	**15,976**	**7,797**	**16,881**	**7,797**	**18,880**	**7,797**

Fees & Charges increase yield

It is assumed that the overall level of income generated will increase by an average of 2.75% in 2025/26, with some exceptions which were agreed by Cabinet in December 2024. Increases for the following years have been estimated at 2% for all future years in line with the Bank of England target for inflation.

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.

The assumptions for average investment income are based on information from the Council's Treasury Management adviser regarding UK interest rate forecasts and from the externally managed funds regarding their forecast performance. Professional judgement is used to apply this information to the estimated balances for each type of investment. There is a lot of uncertainty in such forecasts but sensitivity analysis for 2025/26 shows that a difference of 0.5% in interest rates would make a difference of £600k in interest earned and a difference of £1m in average balances would make a difference of £39k in interest earned in a full year.

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.

The assumptions for average PWLB borrowing rates are based on the current loan pools for General Fund and the Housing Revenue Accounts, known loan maturities and forecast new borrowing. Professional judgement is used to estimate the amount and timing of new borrowing, and the estimated rates are based on information from the Council's Treasury Management adviser regarding forecast PWLB rates. For a £10M loan a difference of 1 basis point (0.01%) in the rate would make a difference in interest payments of £1k per year, or £50k over the total term of a 50-year loan.

Sensitivity Analysis

Table 4 provides an illustration of the financial impact of changes in assumptions to some of the key income streams in the budget for 2025/26.

Table 4 Illustration of Sensitivity Analysis - Income

Income stream	Change modelled	Lower Forecast	Central Forecast	Upper Forecast
Council Tax	Growth is 0.25% higher or lower	109.2	109.5	109.8
Business Rates	Collection is 0.50% better or worse	46.2	46.4	46.6
Fees & Charges Yield	Income generated is 1% worse or 0.5% better	29.3	29.6	29.8

The cumulative impact on the budget gap of these types of variances would be significant if circumstances resulted in either all the lower forecasts or all the upper forecasts occurring together over multiple years, as shown in Figure 5.

Figure 5 Central, upper and lower income estimates

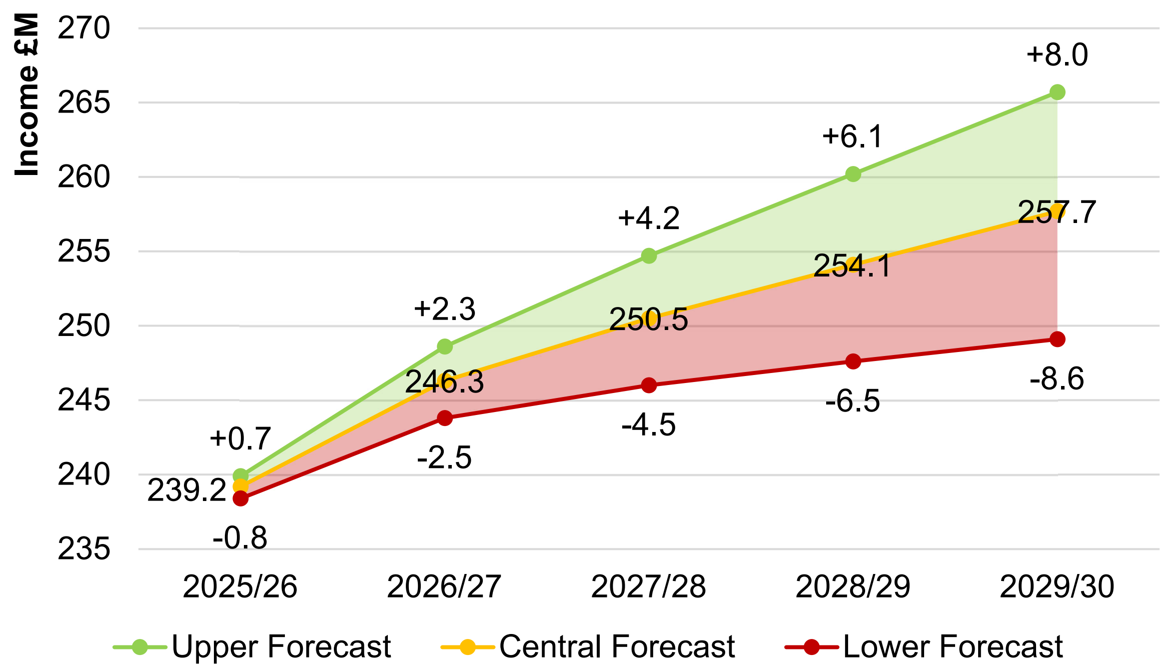


Table 5 provides an illustration of the financial impact of changes in demand forecasts for two key services in 2025/26. The size of the impact of a single individual, particularly in the area of Looked After Children, is a significant challenge when it comes to short-term forecasting, even more so when we look to the medium-term.

Table 5 Illustration of Sensitivity Analysis (Demand Changes)

Demand Factor	**Change in Forecast**	**Effect on the budget gap for 2025/26**
Growth in Older People (65+) population	+1%	Increase of £0.750M
LAC Residential Placements	+ 1 place at average cost	Increase of £0.345M
LAC External Foster Care Placements	+ 1 place at average cost	Increase of £0.056M

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

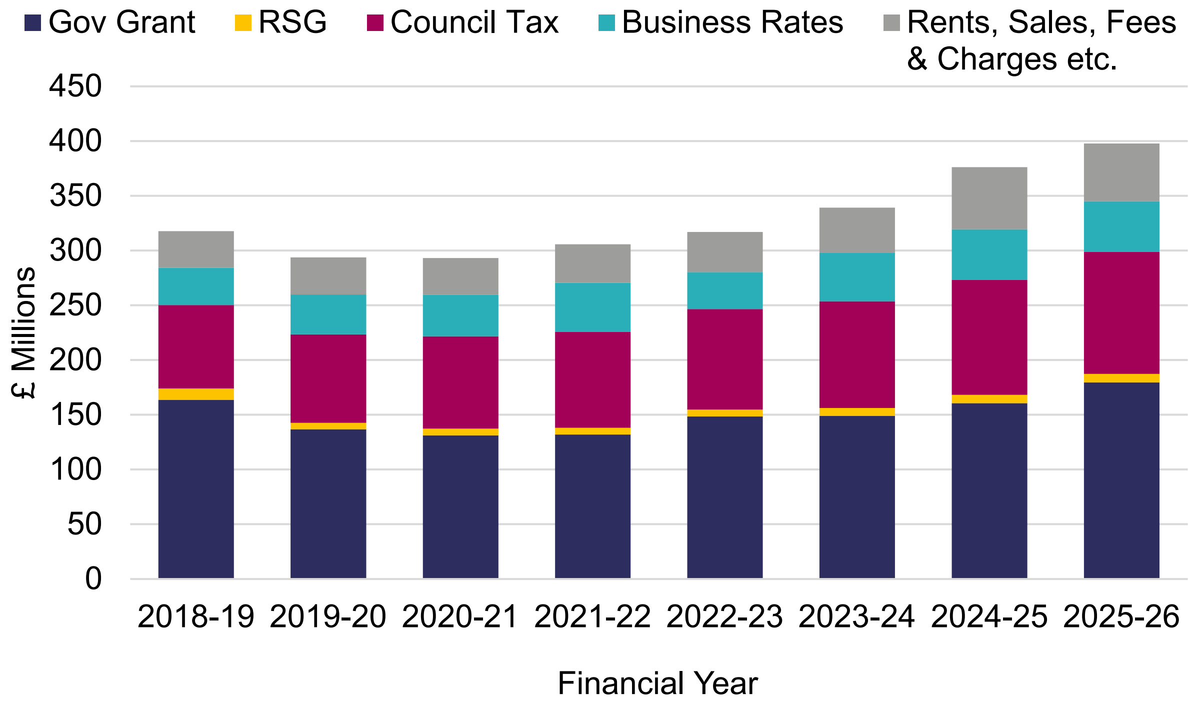
- Older People 65+
  - Promotions of independence.
  - Minimise incidence of low-level home care.
  - Promotion of the Strength Based Approach.

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

Historical Funding Analysis of the General Fund Revenue Budget

To highlight the current direction of travel, Figure 6 illustrates how the budget has been funded over the last eight years (since 2018/19). This shows an overall funding reduction year on year (to 2020/21) and a significant real terms overall reduction in central government funding streams over this period.

Figure 6 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 new 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.

However, due to the significant increase in inflation throughout 2022/23 the Department for Levelling Up, Housing and Communities (DLUHC) undertook a consultation on social housing rent increases for the 2023/24 financial year. The outcome of this consultation was to apply a 7% ceiling to annual rent increases for both social rent and affordable rent properties.

This was a one-year deviation from the previous rent increase arrangements however the gap between actual inflation that year and the 7% ceiling is not being recovered. In 2024/25 the previous formula of CPI in September +1% returned and therefore for financial planning purposes the MTFS assumes tracking of CPI +1% through to 2029/30.

Dedicated Schools Grant (DSG) – Schools

For 2025/26, the Department for Education (DfE) after consideration of three previous and separate mainstream school grants that have now been rolled into the DSG funding formulae have set the minimum basic funding rates per pupil for both mainstream primary and secondary to be uplifted by around 0.5% (from 2024/25). A 0.5% uplift is a very low increase given the funding pressures schools have been reporting nationally for several years now.

Any School due to receive funding directly through their core underlying school formulae (for Schools above the minimum amounts per pupil) are also due to receive gains of around 0.5% per pupil on their basic entitlement rates, some schools will also benefit from other additional need factors with increases of up to 1.0%. Remaining schools, where their previous year funding levels are both above the 2025/26 minimum rates per pupil and above their 2025/26 core underlying school formulae, will receive protection per pupil at 0.0% (so cash flat per pupil) as a total.

All per pupil funding factors are then multiplied by the eligible numbers of roll at that individual School based on their preceding October Schools census for that financial funding year to determine a Schools final funding allocation.

The DfE continues its trajectory to implement a hard national funding formulae (NFF) to determine all School budgets nationally by 2027/28. The DfE, first introduced the NFF in 2018/19 and since that time Local Authorities and School Forums have been transitioning their previous local formulas to the national formulae. Well over two thirds of Local Authorities now follow the national funding formulae of which Southend-on-Sea is one. It is now incredibly restrictive to deviate away from the NFF itself.

Many Local Authorities have also had to propose further 2025/26 reductions in funding to their mainstream school allocations in order to direct funding resources to their High Need block funding allocations (High Needs funding which supports the educational requirements of Children with special education needs and disabilities (SEND) and Inclusion Services) which are under significant financial strain including deficit DSG reserve balances. Southend-on-Sea is NOT in this position; the level of our High Needs funding block currently remains financially stable although pressures continue to rise due to the continual increase of Education Health and Care Plans (EHCPs). As of January 2025, Southend now has c. 2,000 EHCPs, which is very close to the national average per population for under 25 years of age. The local growth in EHCP numbers has also been significant, experiencing a net growth of around 17% compared to January 2024, which was in addition to a net growth of around 10% from the year before at January 2023.

Whilst the Government, have confirmed that the increases to Employers National Insurance Contributions will be funded from April 2025 for all mainstream schools, the current Government direction is not to expect any further funding to support 2025 pay awards, this will obviously place further and significant financial strain on mainstream schools and in some cases will lead to difficult choices to be made to seek to sustain balanced budgets for 2025/26.

Dedicated Schools Grant (DSG) – High Needs

High Needs funding nationally continues to be very challenging where many local authorities cannot contain spending plans within their annual funding allocations. The growth in demand and requirement for Children and Young Adults with EHCPs has continued to outpace funding at a National Level. The DfE, have introduced 'safety valve agreements' for Local Authorities with the highest dedicated school grant deficits but it does remain a significant challenge for the SEND system to remain sustainable. The Government's Education Committee has also now launched a major new national inquiry on funding solutions to the crisis in SEND provision.

For 2025/26, Southend-on-Sea's High Needs funding has benefited from a further £2.649M under the national funding formulae, equivalent total funding growth of 8.4% (from 2024/25 on the latest child population part of the funding formulae). All local authorities will receive at least a minimum funding floor increase of 7% on this factor, with a maximum increase of 10%. Locally this increase in funding needs to be considered in the context of a further 17% growth in the numbers of Children and Young Adults with EHCPs so most of this funding will be immediately committed to support that growth. The School Forum will be updated on the detail of the High Needs block 2025/26 funding allocations, at its scheduled meeting in June 2025 in preparation for the new academic year for 2025/26.

Dedicated Schools Grant (DSG) – Early Years

As announced by the previous Government in their Spring 2023 budget, the Government have confirmed their intention to continue with the expanded free childcare offers for eligible working parents. Therefore for 2025/26 the DSG has been increased to support the new early year funding entitlement offers for eligible working parents of 9 month to 2 years old children. This means that from September 2025 – eligible working parents will be able to claim 30 hours of weekly childcare (over 38 weeks of the year) from the term after their child turns 9 months up to school age. This has obviously been a significant expansion by the Government with the main aim of supporting parents back to work which in turn is also planned to help grow the economy.

2025/26 allocations have been set by the Department for Education (DfE) based on current expectations of take up, it will obviously take a few years for the childcare market to adapt, expand and support this growth. The childcare market is generally struggling to recruit suitably experienced workers and continues to raise their concerns around overall funding levels.

Upper tier and Unitary Local Authorities have a duty to ensure sufficient and good childcare provision is available in their local area. The introduction of these new offers does therefore place more requirements on Local Authorities. Our Local Authority's planning response to this new major initiative was first shared at the January 2024 Education Board. The 2024/25 Early Years DSG published paper was updated and considered at the January 2025 School Forum meeting as part of the DSG budget development papers for 2025/26.

Dedicated Schools Grant (DSG) – Central Block

As planned and expected there has been a further 20% reduction in national funding for Southend-on-Sea's DSG central block funding for 2025/26 covering historical commitments (which are combined budgets between the Local Authority and the DSG). Proactive plans have been developed and agreed since 2020/21 when this DSG DfE Central funding first began to unwind and 2025/26 is the last year of being able to sustain the current funding commitments at that level (by drawing on remaining DSG Central Block reserve balances). Decisions on future funding considerations will be required for 2026/27 alongside any remaining central block balances.

1.11 Corporate Assurance, Strategy Alignment and Risk Management

The Council's Corporate Risk Register sets out the key risks to the successful delivery of the Council's Corporate Plan priorities and outlines the key controls and management arrangements in place to mitigate and reduce risks or maximise opportunities.

The Council's risk management framework supports the delivery of the priorities, to ensure that these are:

- Effective and as easy to understand as possible.
- Collaborative and complementary, not conflicting with each other.
- Customer focussed
- Making best use of technology and digitally enabled where appropriate.
- Compliant with legislative requirements whilst also 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 essential to governance and leadership, and fundamental to how the Council is directed, and managed at all levels
- Risk management is an integral part of all organisational activities to support decision-making in achieving objectives

- Risk management is collaborative and informed by the best available information and expertise

- Risk management is continually improved through learning and experience

- Continued development of a positive risk culture which embraces openness, supports transparency, welcomes challenge, and promotes collaboration, consultation, co-operation and continual improvement.

- Everyone within the Council has responsibility for risk management and resources that support the framework are there to ‘support and challenge’ not ‘own and do’.

- Wider councillor engagement 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 corporate plan priorities need to drive the Council’s budget and financial management arrangements, performance management of the service plans and risk management framework.

- 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, these are listed below:

    - Risk of the Care provider market unable to meet needs of statutory services.

    - Risk of failure to adopt a local plan

    - Risk of failure to mobilise new waste collection contract

    - Financial resilience and sustainability – risk that the Council’s expenditure continues to exceed the available resources.

    - Risk of increasing levels of homelessness.

    - Risk of insufficient progress against children’s Services improvement programme.

    - Risk of insufficient progress made on sustainability initiatives and achieving net zero carbon by 2030

    - Risk of loss of information assets and/or loss of data systems.

    - Risk that the transformation programme fails to deliver the required outcomes.

Aligning to our corporate strategy

Strategically important documents such as the Corporate Plan, Medium Term Financial Strategy, and Annual Governance Statement will continue to be developed to align with the corporate strategy of the organisation. This means that plans and assurance documents will be reviewed by cross cutting teams including the Corporate Strategy Group, Finance and Audit Teams to ensure that the Council's priorities and policy context is consistently informing and driving plans and reflected in key messages. This approach has been designed to generate further efficiencies in the development of documents by ensuring that one approach to those key messages is articulated throughout whilst enhancing the organisation's focus on our priorities.

2 Horizon Scanning

2.1 Key Statistical Headlines

For Southend City residents/service users:

- Southend has 180,686 residents and 78,344 households (Census 2021).
- Average monthly private sector rent for a 2-bed property in 2022/23 (biannual 2) was £971.00. The median house price for 2023 was £340,000.
- 18.5% of Southend-on-Sea's residents were economically inactive (Oct 2023 – Sep 2024). This is compared to 20.7% for the East of England and 21.6% for England.
- Average full-time weekly earnings in 2024 were £834.30 for men and £808.30 for women, up from £746.50 and £643.50 respectively for 2023.
- 41.8% of Southend residents aged 16 to 64 have a RQF1 (Registered Qualifications Framework) qualification or above. 5.4% of residents have no qualifications.
- 39% of Southend's residents live in areas considered to be in the most deprived 30% in the country, with 13% of people living in areas considered to be in the most deprived 10% of the country.
- Eight neighbourhoods in Southend-on-Sea fall into the 10% most deprived in the country, with our most deprived neighbourhood ranking 136th most deprived neighbourhood nationally, according to the 2019 index of Multiple Deprivation (covering 32,844 areas).
- In our most deprived ward, Kursaal, 37% of people live in the most 10% deprived neighbourhoods nationally.
- 14.7% of Southend-on-Sea's children live in low-income households (FYE 2022), with 14 neighbourhoods in Southend-on-Sea in the most deprived 10% of the country for income deprivation affecting children.
- Across Southend-on-Sea's wards, there is a life expectancy gap of 10.4 years for males and 9.8 years for females (2020).

2.2 World Drivers

- **The levels of global economic growth and impact on the national economy**: According to the IMF's World Economic Outlook Update[i], January 2025, the world economic growth of 3.2% in 2024 is projected to rise to 3.3% in 2025 and then remain at 3.3% in 2026. Elevated central bank rates to fight inflation and a withdrawal of fiscal support amid high debt weigh on economic activity. Inflation is falling faster than expected in most regions, amid unwinding supply-side issues and restrictive monetary policy. Global headline inflation is expected to fall to 4.2% in 2025 and to 3.5% in 2026, with the 2025 forecast having been revised downwards

- **Levels of UK economic growth:** The OECD's UK Economic Outlook[ii] for November 2024 stated the following: "GDP growth is projected to pick up from 0.7% in 2024 to 1.7% in 2025, boosted by the large increase in public expenditure set out in the autumn budget, before slowing to 1.3% in 2026. Wage-driven pressures on the price of services and the fiscal stimulus will keep underlying price pressures elevated, leaving headline inflation above target over 2025-26. Large government deficits, expected at 4.5% of GDP in 2025 and 3.9% in 2026, will hold public debt above 100% of GDP and rising. Fiscal policy should be prudent, and buffers rebuilt, as the currently restrictive monetary stance eases gradually".

- **Outlook summary**: The outlook is comparatively benign, with steady or improving growth and moderating inflation. The global economy remained resilient in the first half of 2024, with output growing at an estimated annualised rate of 3.2%. Declining consumer price inflation has supported household spending, providing a counterbalance to the negative impact from restrictive financial conditions and the uncertainty about the ongoing war in Ukraine and the evolving conflicts in the Middle East. However, significant risks persist due to geopolitical conflicts, uncertain inflation decline, and high real interest rates. Sticky inflation may arise from labour cost growth, high mark-ups, shipping costs, and geopolitical tensions. Slower disinflation could elevate inflation expectations. Growth may slow as labour markets cool, and debt refinancing challenges loom, especially in vulnerable sectors. Financial market volatility could increase with unexpected economic or inflation changes, impacting monetary policy expectations and exposing financial sector vulnerabilities, particularly in a high debt environment.

2.3 National drivers

The previous Conservative government's Levelling Up White Paper and Levelling Up and Regeneration Act 2023 set out twelve national missions and a legislative framework to support long-term decision-making across a wide range of policy fronts.

The current Labour government has also taken a missions-based approach in its Plan for Change, which sets out five national missions that will impact on local government (Figure 7).

Figure 7 National Missions

Kickstart economic growth
to secure the highest sustained growth in the G7 – with good jobs and productivity growth in every part of the country making everyone, not just a few, better off.

Make Britain a clean energy superpower
to cut bills, create jobs and deliver security with cheaper, zero-carbon electricity by 2030, accelerating to net zero.

Take back our streets
by halving serious violent crime and raising confidence in the police and criminal justice system to its highest levels.

Break down barriers
to opportunity by reforming our childcare and education systems, to make sure there is no class ceiling on the ambitions of young people in Britain.

Build an NHS fit for the future
that is there when people need it; with fewer lives lost to the biggest killers; in a fairer Britain, where everyone lives well for longer.

The Plan for Change includes six targets, which the Government is calling "milestones", designed to provide detail on how the five missions are being achieved so that people can hold the Government to account for achieving them. The milestones are:

- raising living standards in every part of the UK, as part of the government's aim to deliver the highest sustained economic growth in the G7 group of rich nations
- building 1.5 million homes in England and fast-tracking planning decisions on at least 150 major infrastructure projects

- ending hospital backlogs to meet the NHS target that 92% of patients in England wait no longer than 18 weeks for planned treatment
- a named police officer for every neighbourhood in England and Wales, with the recruitment of 13,000 additional officers, Police Community Support Officers (PCSOs) and special constables
- increasing the proportion of children in England who are "ready to learn" when they start school at the age of five, to 75%
- putting the country on track for at least 95% clean power by 2030

The Plan for Change acknowledges that local government needs adequate, long-term funding and the right powers to be able to help achieve the national missions. The Government plans to give local authorities multi-year funding settlements and end wasteful competitive bidding, which should provide greater certainty on spending power, enabling more effective budgeting and resource allocation.

The UK Shared Prosperity Fund (UKSPF) supports the Government's missions-based approach, with a specific focus to help kickstart economic growth and promoting opportunities in all parts of the UK. The Autumn Budget in 2024 announced a further £900 million of funding for local investment by March 2026, helping places take advantage of the Fund's flexibility and plan now for delivery from April 2025.

Labour has rebranded and expanded the UK Infrastructure Bank (UKIB) into the new National Wealth Fund (NWF). It has a broader mandate than the UKIB, extending beyond infrastructure to support delivery of the wider industrial strategy in areas where there is an undersupply in private finance. The fund will invest in five priority sectors – clean energy, digital, transport, water, and waste – and local authorities can get support from the NWF via loans, impartial advisory services, and project and programme management support.

Labour will update the National Policy Planning Framework, which includes restoring mandatory housing targets. The pledge is for 1.5 million homes to be built over the course of the parliament, with urban extensions and regeneration projects forming a part of a series of large-scale.

The Government's ambition to "rewire the state" has resulted in plans to introduce a test and learn mindset within the civil service that encourages experimentation and risk taking, with £100m allocated to pioneer reform projects. Devolved, flexible funding, devolved powers, a restructured local government, improved digital infrastructure and modern, AI forward technology could overhaul the council's digital services and realise large productivity savings in areas such as skills, consultation and engagement, customer services and data usage. Better control of the levers necessary for the council to undertake systemic transformation of the services it provides, in a sustainable and comprehensive way, could deliver real improved outcomes for the city's residents and economy.

However, investment in transformation technologies may be hard to make in light of the local government sector's inherent structural impediments, such as risk aversion, prioritising short-term, reactive solutions over investment in longer-term transformation, difficulty in scaling up pilots, and a lack of capacity or expertise.

2.4 Regional drivers

South Essex Councils (SEC), the Joint Committee comprising Basildon, Brentwood, Castle Point, Rochford, Southend-on-Sea, Thurrock, and Essex County Councils, continues to deliver its long-term growth plan, SE2050, focusing on strategic spatial, infrastructure, and economic priorities, as well as a Joint Strategic Plan and a Growth and Recovery Prospectus. SEC has delivered improvements to the region's digital infrastructure during 2024/25, rolling out Fibre connectivity across South Essex for the public sector including direct connections between Civic Centres in the region.

With the South East Local Enterprise Partnership now closed, a new Greater Essex Business Board in operation, the North Essex Councils Joint Committee maturing, and the government's devolution and local government reorganisation agendas providing the context and direction for longer-term regional strategic planning, there are opportunities for the Council to drive progress towards its priorities in SEC's 2025/26 work programme.

2.5 Local Drivers

- Increasing demand for services with a population projected to increase from 182,300 to 195,000 by 2030, an increasingly aging population due to grow from 20% to 22% by 2030
- Changing priorities of future Council administrations, and in the period 2025-2028, the pause of the Council's planned LGBCE Ward Boundary Review and the potential for an altered electoral cycle due to activity relating to devolution and local government reorganisation (LGR).
- The capacity, capability and governance pressures that come from delivering business as usual services while implementing LGR in parallel.
- 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.
- The impact of any failure to meet anticipated efficiencies from new ways of working, service re-organisations and transformation intentions.
- The need to generate more income from fees and charges to become more self-sustainable does bring additional risks, with anticipated levels of income generated subject to a range of factors that vary between services.

2.6 Devolution and Local Government Reorganisation

The Government includes widened and deepened devolution as a sub-criterion under the first mission in its Plan for Change: Kickstart economic growth. Devolution is central to the Government's plans for economic growth and governance reform, and its promise to end competitive bidding and simplify funding via the use of multi-year and integrated settlements. 2026/27 will be the first multi-year funding Settlement for local government in 10 years and should bring much needed stability, and at least some certainty to local government finances. Stability will also be gained via the Take Back Control Act and the English Devolution Bill, which seek to put the transfer of power out of Whitehall, and the devolution of powers and funding to local government, on a stable statutory footing, giving local leaders guaranteed constitutional autonomy.

New statutory 10-year Local Growth Plans will see local long-term economic growth planned in alignment with the new national Industrial Strategy, Invest 2035.

The Government's Local Government Finance Policy Statement 2025 to 2026 stated that it wanted to ensure equitable distribution of funding to address regional disparities, with a new Recovery Grant introduced which considered factors such as population and deprivation to compensate areas who have weaker council tax raising ability. The intention was reasonable but in many local authority areas (including Southend-on-Sea) there has been disappointment with the outcome and the lack of transparency over the actual calculation for the allocation to individual areas. Several other grants have also been repurposed, to target more funding towards authorities that have weaker tax bases and greater need and demand for services.

During the period 2025-2028 the Government intends for a new programme of local government reorganisation (LGR) to create the sustainable and resilient foundation needed for devolution. All two-tier authorities will be required to reorganise into Unitary Authorities between now and 2028, with this process being the precursor to devolution for these authorities. Devolution is also seen as the vehicle for delivering public service reform, and the longer-term intention is to organise and align all public services, such as Health, the Police, Fire Service, etc. across this new architecture. LGR can and should lead to greater financial resilience, sustainable, higher quality services. There is potential for greater economies of scale, and simpler structures would have benefits for customer service, consultation and engagement and civic participation.

The Minister for Housing, Communities and Local Government confirmed that Greater Essex had been allocated a place on the Devolution Priority Programme, an accelerated path to mayoral devolution and LGR, in his letter of 5 February 2025. This commits the Council to establishing a mayoral combined county authority by May 2026. A separate letter received on the same date contained a statutory invitation for LGR proposals and set out that Greater Essex must prepare an Interim LGR Plan by March 2025, and a final LGR proposal by September 2025.

English Devolution White Paper – Power and Partnership: Foundations for Growth

There is significant alignment between the Government's devolution agenda and the Council's priorities. The White Paper sets out the Government's plans to empower the Council, which will be a constituent authority of any future Strategic Authority established for the area, to address Southend's specific needs and challenges by granting greater control over key policy levers and resources, shifting power away from central government to local leaders.

The creation of Strategic Authorities with defined powers and funding streams over which they have autonomy resonates with the Council's focus on putting residents at the heart of decision-making and being a transformative, responsive council.

This, in addition to the long-term financial stability offered by long-term investment funds for Mayoral Strategic Authorities, Integrated Settlements for Established Mayoral Strategic Authorities, and the opportunity to consolidate funding and achieve better value for money by moving away from a fragmented system of individual funding streams. This could create potentially a more stable foundation for the Council's to continue to manage its resources effectively and invest in priorities that can make a tangible difference to Southend's residents, businesses and visitors.

The Devolution Framework contained within the English Devolution White Paper offers a few opportunities to address Southend's Financial Pressures and Key Service Demands:

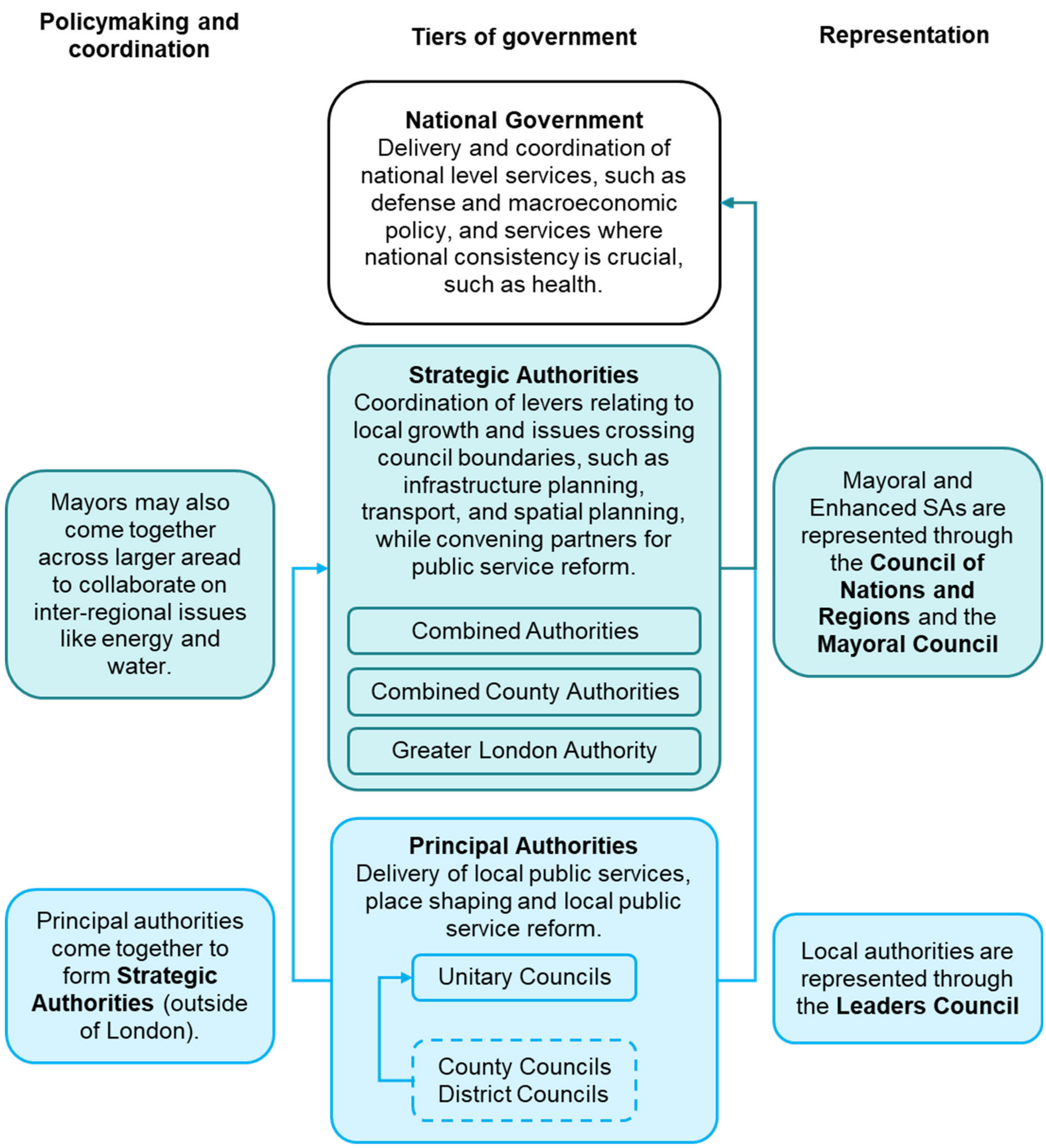
- Its emphasis on public service reform and prevention, Strategic Authorities' roles in convening partners and integrating health and public services at a local level, and the prospect of additional funding for Family Help through the new Children's Social Care Prevention Grant, could support the council to reduce the required numbers of Children in Care by supporting and championing early intervention, prevention and support for families.

- The Government has been clear that housebuilding and increasing the country's support of social and affordable housing is a key deliverable. Mayoral strategic authorities will be responsible for strategically planning housing growth, backed by devolved funding for regeneration and housing delivery, offering the potential to improve the council's access to affordable housing in the private or social sector. In the medium term, Established Mayoral Strategic Authorities will have the ability to set the strategic direction of any future affordable housing programme in their area, including shaping the tenure mix and identifying priority sites for housing development.

- The Government aims to introduce a bespoke duty for Strategic Authorities in relation to health improvement and health inequalities. This, along with the general aim to integrate public services to create a holistic, joined up system, offers an opportunity to facilitate better planning and commissioning of services like supported living.

- Strategic Authorities will be key partners in boosting culture, heritage and the visitor economy, supported by close integration with arm's length bodies like Historic England Work is underway to improve visitor interactions, including introducing a more streamlined payment methodology and maximising the potential sources of income from visitors to the pier. The Department for Culture, Media and Sport and its Arm's Length Bodies will explore the potential for deeper, collaborative partnerships with Strategic Authorities to share expertise across culture, heritage, sport, communities, and the visitor economy, opening up opportunities for joint working and alignment between organisations, and Local Growth Plans, which Strategic Authorities will have a mandate to develop, can include strategies for enhancing the visitor economy.

Figure 8 Diagram of the Government's desired devolution architecture



3 The Financial Challenge

3.1 Impact on Planning and Resources

Given the difficult operating environment, increased local service demand pressures and uncertain levels of future national funding, the development of this Medium Term Financial Strategy has been challenging. Although the Local Government sector has been calling for a Comprehensive Spending Review for many years now the accompanying ‘noise’ that has surrounded the Government’s commitment to undertake this review for the 3 years starting from 2026/27 is potentially concerning.

The financial landscape and operating environment for all public services and particularly for local government remains challenging and uncertain. Our 10-year Financial Sustainability Strategy was updated for the period 2022 – 2032 and this was approved in February 2022. At this time the strategy enabled us to reassess, at a high level, our ambition, approach, desire, and commitment to ensure that Southend-on-Sea City Council remains financially stable and resilient for the future. Given the current national picture, potential impact of devolution and local government structural review, we have deferred reviewing this strategy again until 2026.

The Council remains committed to continue to develop a longer-term view of the use of its resources and financial planning arrangements. It 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 residents, businesses, and visitors.

3.2 Forecast Financial Position 2025/26 to 2029/30

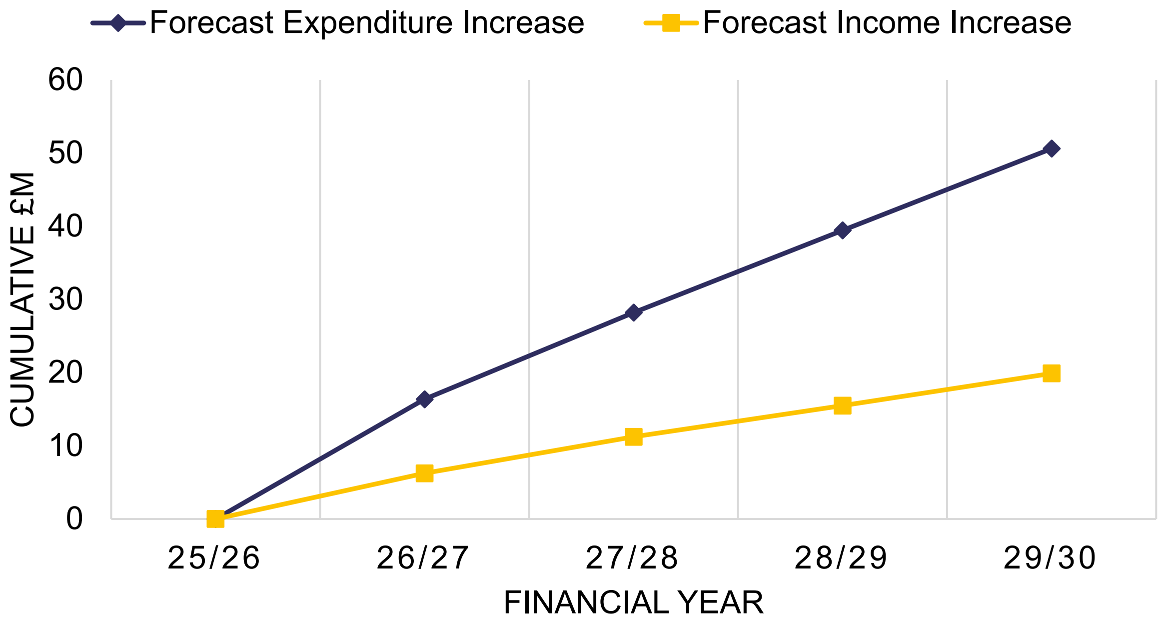
Southend-on-Sea City Council continues to deal with many of the same financial challenges as most other upper tier Authorities across the country. Most local authorities are experiencing increasing demand for key priority social care services which is placing a strain on available resources. A survey 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 situation post pandemic has worsened this position significantly in most local authority areas.

The costs associated with maintaining reasonable quality in the delivery of our services and local environment for residents, businesses and visitors continues to be very difficult. Over two thirds of the Council’s net budget is spent on providing support for ‘people-based services’, such as social care, but local 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 approximately 7.5 million visitors each year, but this clearly has an impact on our infrastructure and local environment, which needs to be carefully managed and resourced.

Taking a pragmatic and realistic assessment of the impact and implications of the increases in service demand post the pandemic combined with unavoidable inflationary increases, 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 1.10. 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, policies, or Council strategy changes. All known factors have been built into the financial modelling to ascertain the forecast financial position.

Figure 9 illustrates the funding gap to 2029/30 as reported to Council in February 2025.

Figure 9 Forecast Funding Gap



Overall, we consider the estimates to be sufficiently robust, despite the highlighted implications of the increases in local service demand and spending pressures.

3.3 CIPFA's 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. In October 2019 CIPFA published its 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 expected 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 10 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 1 April 2020 with the first full year of compliance being the 2021/22 financial year.

Each financial year the Council to undertakes a self-assessment against each of the 17 standards contained within the FM Code. An evidenced based officer self-assessment was undertaken in March 2024 by staff in finance and internal audit. Our RAG rated approach of the **17** standards resulted in **15** components (Rated Green) assessed as fully compliant, **2** 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 was taken for consideration and approval to our Audit Committee on 24 April 2024. The committee agreed to keep the Council's compliance status under review, with an update on progress after six months.

The update report was taken for consideration and approval to our Audit Committee on 23 October 2024. Given the ongoing challenges faced by the Council the progress update anticipated that, at the next self-assessment, both of the **2** components (Rated Amber) assessed as complying with minimum standards but requiring some improvement to demonstrate full compliance would be re-assessed as the same (Rated Amber). This anticipated updated RAG rating for the April 2025 self-assessment is represented by the colour coding diagram illustrated at Figure 10.

The next self-assessment is being undertaken in early April 2025, where all 17 standards will be re-assessed. The outcome of this will be taken for consideration and approval to our Audit Committee on 23 April 2025. It will also feature within the Council's Annual Governance Statement for 2024/25.

Figure 10 CIPFA Financial Management Code – Self Assessment

Leadership	Accountability	Transparency	Standards	Assurance	Sustainability
A. The leadership team is able to demonstrate that the services provided by the authority provide value for money.	D. The authority applies the CIPFA/SOLACE *Delivering Good Governance in Local Government Framework (2016).*	L. The authority has engaged where appropriate with key stakeholders in developing its long-term financial plan and annual budget.	H. The authority complies with the CIPFA *Prudential Code for Capital Finance in Local Authorities.*	C. The leadership team demonstrates in its actions and behaviours responsibility for governance and internal control.	E. The financial management style of the authority supports financial sustainability.
B. The authority complies with the CIPFA *Statement on the Role of the Chief Finance Officer in Local Government.*	P. The chief finance officer has personal and statutory responsibility for ensuring the statement of accounts produced by the local authority complies with the reporting requirements of the Code.	M. The authority uses an appropriate documented option appraisal methodology to demonstrate the value for money of its decision.	J. The authority complies with its statutory obligations in respect of the budget setting process.	F. The authority has carried out a credible and transparent financial resilience assessment.	G. The authority understands its prospects for financial sustainability in the longer term and has reported this clearly to members.
O. The leadership team monitors the elements of its balance sheet that pose a significant risk to its financial sustainability.	Q. The presentation of the final outturn figures and variations from budget allows the leadership team to make strategic financial decisions.		K. The budget report includes a statement by the chief finance officer on the robustness of the estimates and a statement on the adequacy of the proposed financial reserves.	N. The leadership team takes action using reports enabling it to identify and correct emerging risks to its budget strategy and financial sustainability.	I. The authority has a rolling multi-year medium term financial plan consistent with sustainable service plans.

3.4 Latest national position on the delays in Local Government Audits

To address the significant backlog of unaudited accounts in the Local Government sector, the Government updated the regulations for the finalisation and auditing of accounts for all local authorities. The changes include publication of outstanding audited accounts for financial years 2015/16 up to and including 2022/23 by a statutory backstop date of 13 December 2024. It also included the publication of audited accounts for the financial year 2023/24 by a statutory backstop date of 28 February 2025.

There remains an audit backlog for Local Government Statement of Accounts dating back to 2019/20. Table 6 shows the position as at 28 February 2025.

Table 6 Local Government Audit Progress

Audit year	Statutory publication date for audited accounts	Percentage of audits complete by publishing date	Percentage of audits outstanding as at 28 February 2025	Date of publication of Southend's audited accounts
2023/24	28/02/2025	90%	10%	27/02/2025
2022/23	30/09/2023	1%	3%	28/11/2024
2021/22	30/11/2022	12%	3%	19/12/2023
2020/21	30/09/2021	9%	2%	19/04/2023
2019/20	30/11/2020	45%	1%	20/10/2020
2018/19	31/07/2019	57%	0%	30/07/2019

For all financial years, Southend-on-Sea City Council has published its draft Statement of Accounts ready for external independent audit by the statutory deadlines set for each financial year.

2018/19 was the second year of earlier closedown deadlines for Local Government, with the statutory deadline for publication of audited accounts being moved from the usual end of September following the year end, to the end of July. For that financial year Southend was one of the 57% of Councils that published their audited Statement of Accounts by the earlier statutory deadline of 31 July 2019.

The closedown, production and audit of the 2019/20 Statement of Accounts was undertaken during the COVID-19 pandemic, with much of that time in periods of national lockdown. Despite the difficult operating conditions, Southend was one of the 45% of Councils that published their audited Statement of Accounts by the extended statutory deadline of 30 November 2020.

The audit of the 2020/21 Statement of Accounts took longer than anticipated as, due to the full year effect of the pandemic, in a lot of areas the 2020/21 figures were very different to those published for 2019/20. In a normal year our auditors can form a view of the figures they would expect to see and if the published figures are within an acceptable range of this, they are able to limit their detailed testing work. For 2020/21 this was not possible, which led to the requirement for increased detailed testing in many areas to gain the necessary assurances. There was also the need for more disclosures in the accounts to explain the impact of COVID-19 on the Council's accounts. In addition to all those factors, in line with the audit market generally, our external auditors experienced issues with staff resourcing. They tried to recruit appropriately experienced auditors at a time when recruitment in the sector was particularly challenging and consequently it took some time for this to take place. As a result, this Council's audited accounts were published significantly later than the statutory deadline. The delays were outside of our control and were ahead of the 31% of other Local Authorities whose audits were still outstanding as at 30 June 2023.

The delays to the 2020/21 audit had a knock-on effect on the audit of the 2021/22 Statement of Accounts. Whilst the 2020/21 audit was concluding, the 2021/22 audit was started, with a substantial amount of work being undertaken in the period from January to March 2023. There was then a pause from April to June 2023 whilst the Council's finance team completed the 2022/23 financial year closedown and the production and publication of the unaudited Statement of Accounts for 2022/23, and the external audit team completed their 2022/23 NHS audits. Work on the 2021/22 audit resumed in July 2023, with the publication of the audited accounts taking place on 19 December 2023. Although this was significantly later than the statutory deadline, the delays were outside of our control and were ahead of the 52% other Local Authorities whose audits were still outstanding at that time.

The audit of the 2022/23 accounts was underway whilst the 2021/22 audit was concluding, with publication of the audited accounts taking place on 28 November 2024. This was ahead of the 37% of Local Authorities whose audits were still outstanding as at 30 November 2024.

The audit of the 2023/24 accounts is complete and the audited accounts were published on 27 February 2025, thereby meeting the statutory backstop date of 28 February 2025. Positively the external auditors issued an unqualified opinion on the Council's accounts and an unmodified opinion on the Council's Value for Money arrangements. This is the highest category and indicates a 'clean' audit opinion. The Council has now fully caught up with the backlog of annual unaudited accounts in time for the closedown and publication of the 2024/25 Statement of Accounts and their subsequent independent audit.

3.5 Financial Sustainability Strategy 2022 - 2032

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 updated its Financial Sustainability Strategy for 2022 – 2032 as part of the budget package and setting of the Council Tax for 2022/23 in February 2022.

The Council did **not** review and update this strategy as part of the budget process for 2025/26 due to the following factors:

- the exceptionally challenging operating environment caused by the significant service cost and demand pressures over the last couple of years, including the significant increase in the costs of children's residential care placements.

- that some of these issues will continue into 2025/26.

- the current funding settlement is for one year only and a commitment from Government has been given for a multi-year settlement from 2026/27.

- the financial implications arising from the Government's drive for Devolution and Local Government Reform where Southend is part of the Government's devolution priority programme.

- The potential impact on Southend-on-Sea City Council of the planned Comprehensive Spending Review from 2026/27 to 2028/29.

The MTFS remains fully aligned with the existing strategy and effectively provides a more detailed phased plan of activity and considerations to ensure we remain financially resilient and maintain long term financial sustainability.

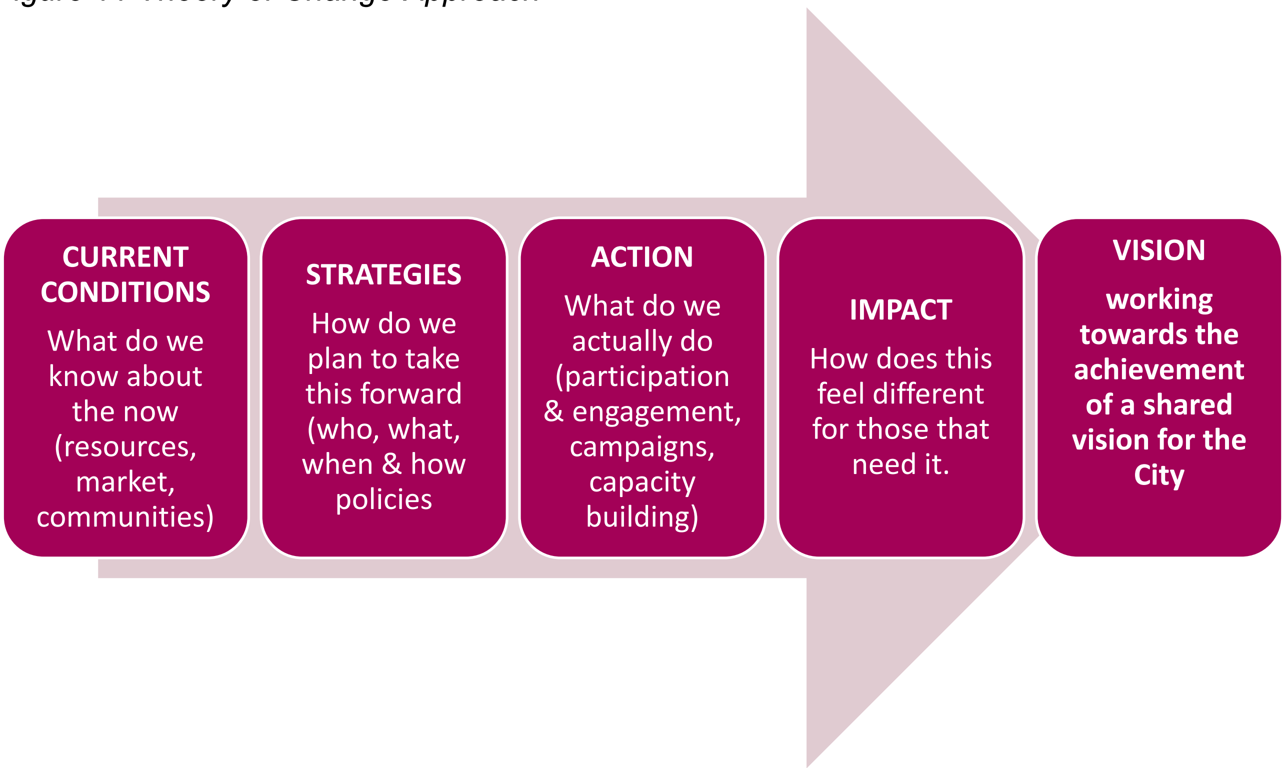
3.6 Commissioning Framework for Delivering Better Outcomes

Commissioning is the process by which we understand the collective approach needed to deliver the Corporate Plan and what we need to do with others to make them happen. In practice, this is <u>not</u> 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 11), our commissioning practice will define long, medium, and short-term goals and then map backwards to identify the necessary preconditions for success.

Figure 11 Theory of Change Approach



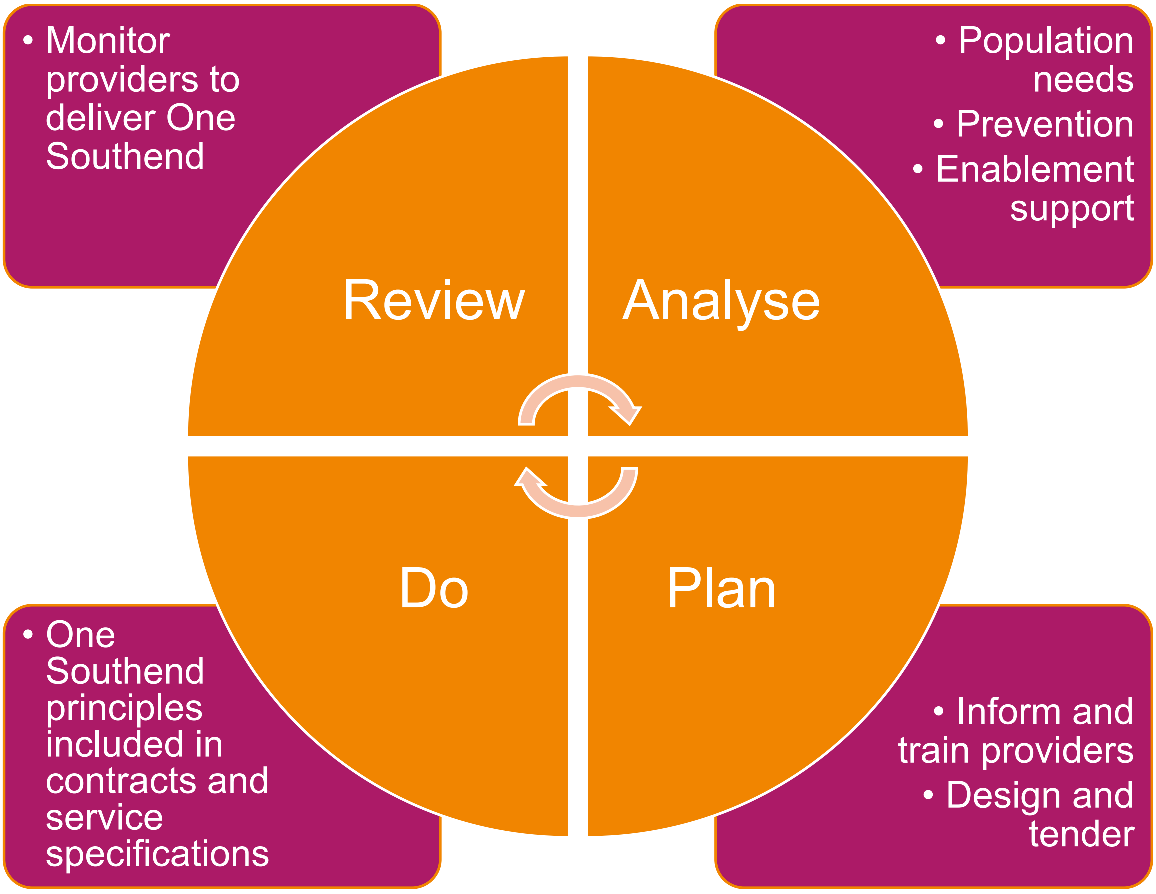
Continuously driving the delivery of the refreshed vision for the city and the Corporate Plan, our approach will be steeped in evidence of the current conditions whilst our strategies, engagement and action planning will remain focused on the achievement of a positive impact for the communities of Southend. We will utilise the commissioning cycle as a way of ensuring that any commissioning activity is evidence-based, led by user voices and informed by local conditions. Our approach is summarised in Figure 12.

These principles allow us to plan, procure, and manage services that meet the needs of their communities. It involves several key steps:

- Analyse - Needs Assessment: Identifying the needs of the community through data analysis, consultations, and research.
- Planning: Developing strategies and plans to address these needs effectively.
- Doing/Procurement: Selecting and contracting service providers to deliver the required services.
- Review - Monitoring and Evaluation: Continuously assessing the performance of services to ensure they meet the desired outcomes and adjusting as necessary.

Commissioning aims to ensure that public services are efficient, effective, and responsive to the needs of the community. It often involves collaboration with various stakeholders, including service users, providers, and other public sector organisations.

Figure 12 Commissioning Cycle



The purpose of high-quality commissioning 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.
- Meeting Community Needs: Ensuring that services are tailored to the specific needs of the local community through comprehensive needs assessment
- Value for Money: Achieving the best possible outcomes within the available budget, ensuring efficient use of resources

- Outcome-Based Approaches: Focusing on the results and impacts of services rather than just the processes, aiming to improve the quality of life for residents
- Collaboration and Partnership: Working closely with various stakeholders, including service users, providers, and other public sector organizations, to co-design and deliver services
- Innovation and Flexibility: Encouraging innovative solutions and being adaptable to changing needs and circumstances
- Sustainability: Ensuring that services are sustainable in the long term, both financially and environmentally
- Transparency and Accountability: Maintaining clear and open communication with the community and stakeholders, and being accountable for the outcomes of commissioned services

These priorities help local governments to deliver high-quality, responsive, and sustainable services that meet the evolving needs of their communities.

3.7 Leadership Accountability

All budget holders and senior leaders are expected to understand the baseline for their service(s) in terms of their costs, income generation potential, value for money and performance. This data continues to highlight key lines of enquiry where benchmarking suggested that either our costs or income levels are above or below average. This assessment, together with a comprehensive 'strategic-fit' review against our corporate plan, administration priorities, economic recovery aspirations and delivering better outcomes and value for money for our residents has influenced the development of the investments, savings and income generation proposals contained within the Council's approved budget. This foundation will now be used for the developing and integrated 'Service Redesign and Zero Based Budgeting' rolling programme of reviews that will commence in 2025/26.

3.8 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 initiative. The legacy impact of COVID-19 and current economic challenges 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 our approach 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. Ownership and accountability have been enhanced by ensuring that every initiative approved within the 2025/26 budget package has a named lead officer responsible for implementation. This is further strengthened by ensuring that every change is highlighted within the appropriate Service Plan for 2025/26 and the Corporate Leadership Team via the Transformation Board, will receive regular updates on the delivery of individual initiatives and the overall financial performance against the approved budget. This applies to all the following approved budget elements:

- Unavoidable cost pressures
- Budget savings and income generation proposals
- Overspending reduction initiatives
- Cost avoidance intentions

We 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.

Clearly procurement and contract management are a key driver in the delivery of value for money. We currently spend around £190 million per annum with suppliers (via our revenue budget and capital programme), this is around twice the annual spend on staffing.

On 24 February 2025 the new Procurement Regulations 2024 came into effect. The Regulations are still very much focussed on how we as an authority will deliver 'Best Value' and they now move the focus away from just the tendering stage and to whole contract life. Greater transparency is expected in terms of:

- how our key contracts are performing
- how we are supporting our local economy, environment and communities
- how we are seeking added value from our contracts (social value)
- how we are advertising and engaging the market when tendering.

Each of these elements contribute to how we can deliver the 'Very best for the Southend £', as shown in Figure 13.

Figure 13 Maximising Social Value

* Voluntary, Community and Social Enterprise

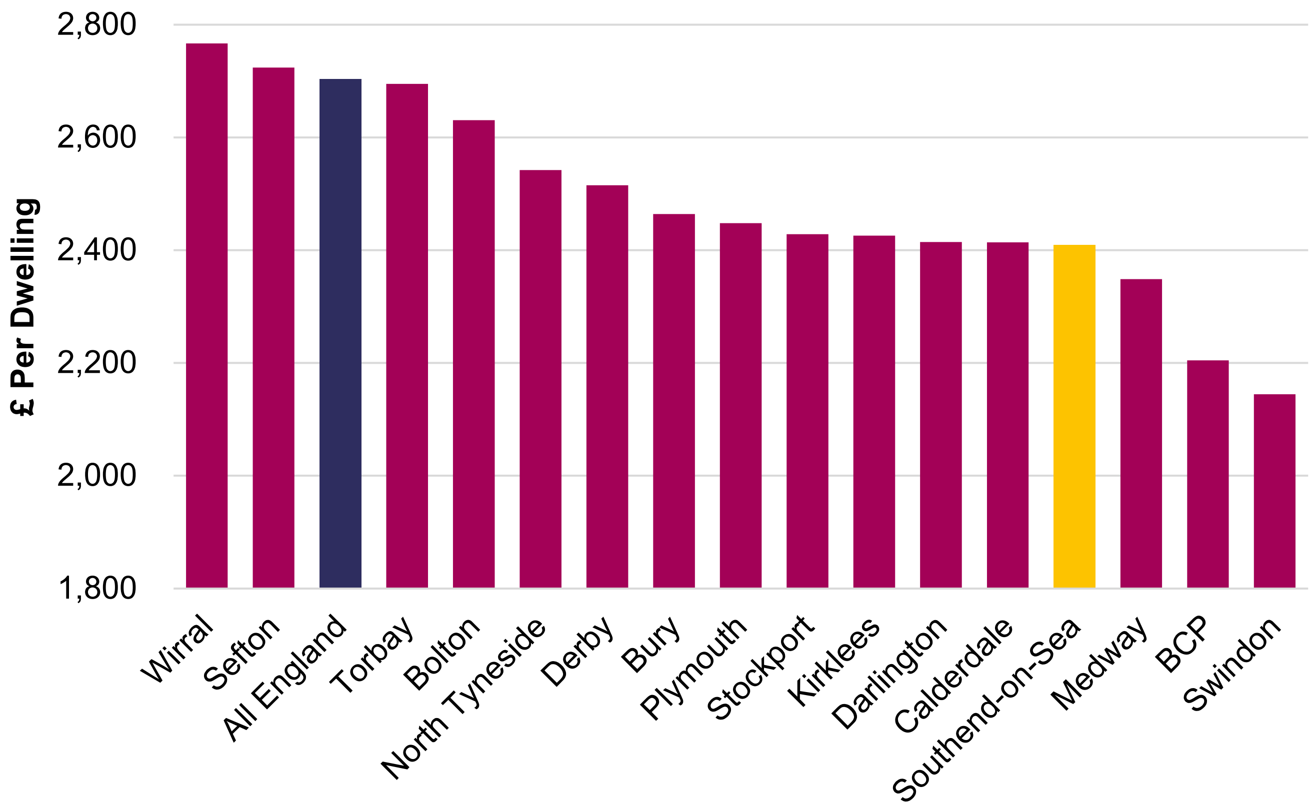
International research highlights that effective contract management can reduce supplier spend by between 8% and 15%[iii].

We will build and develop our Transformation and major service redesign programme via our 'One Council' approach 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. Our overall arrangements will continue to be enhanced in 2025/26 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 14 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.

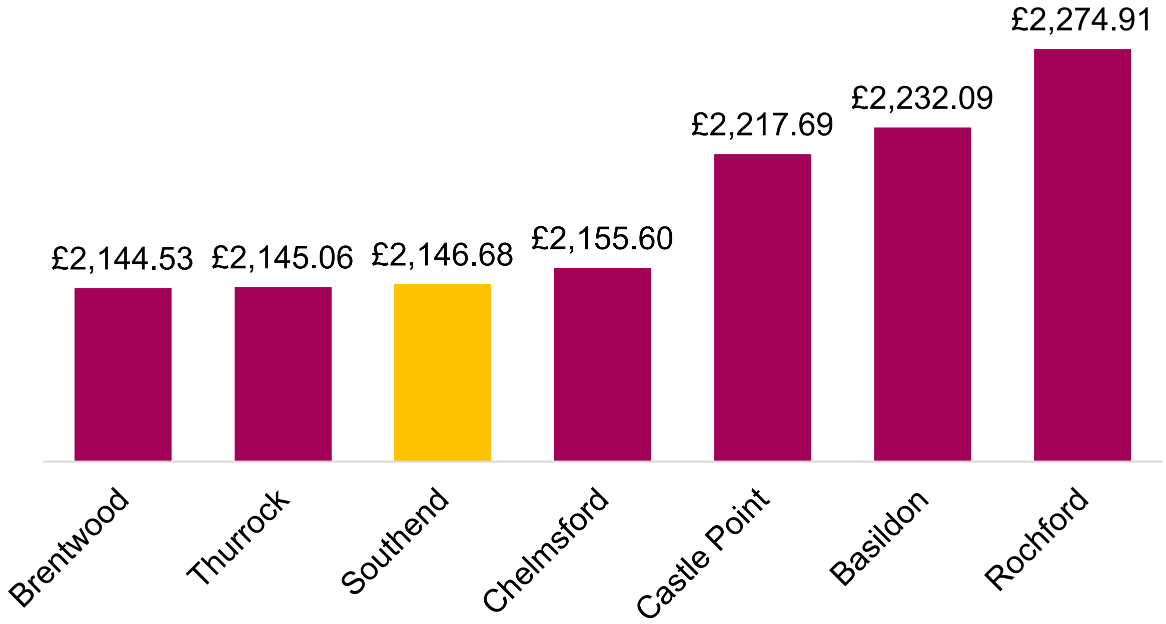
For ‘spending power per dwelling’ the Council ranks 13th out of 16 authorities within our group – which means that we have less comparable resources available to meet the relative needs of our residents, when compared with similar local authorities. Taken in isolation this does not mean that Southend-on-Sea provides better value for money services, but it remains an important consideration. In 2024/25 the Council was ranked 9th out of 16, so in relative terms we have received an overall worse financial settlement for 2025/26 than most of our comparator group.

Figure 14 Core Spending Power per Dwelling 2025/26



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 15 illustrates the level of council tax (Band D equivalent) to be charged by Local Authorities from our nearest geographical neighbours in Essex for 2025/26. This is an important factor when considering Southend-on-Sea’s commitment to providing value for money services that meet the needs of our residents. It is also worth noting that over 70% of properties in the City are in Council Tax bands A to C.

Figure 15 Council Tax Comparison - Band D 2025/26



Core Spending Power (CSP) calculations include both Business Rates and Council Tax income at an assumed collection rate, 99% and 97% respectively. The Council's actual collection rates for 2023/24 compared to its nearest statistical neighbour comparator group for Business Rates (Figure 16) and Council Tax (Figure 17) remains high. This is an essential element of the Council's financial performance as any amounts uncollected decrease the resources available to deliver services, an increase of 1% to the collection rate could generate an additional £0.4M from Business Rates and an additional £1.2M from Council Tax.

Figure 16 Business Rates Collection Rates 2023/24

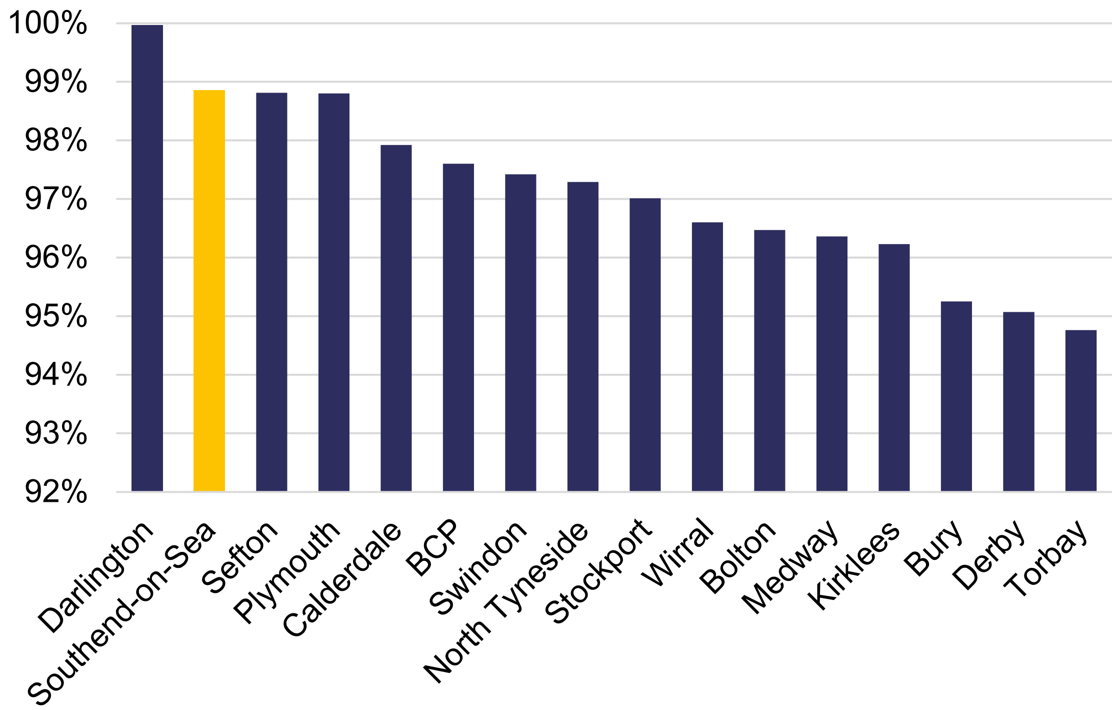
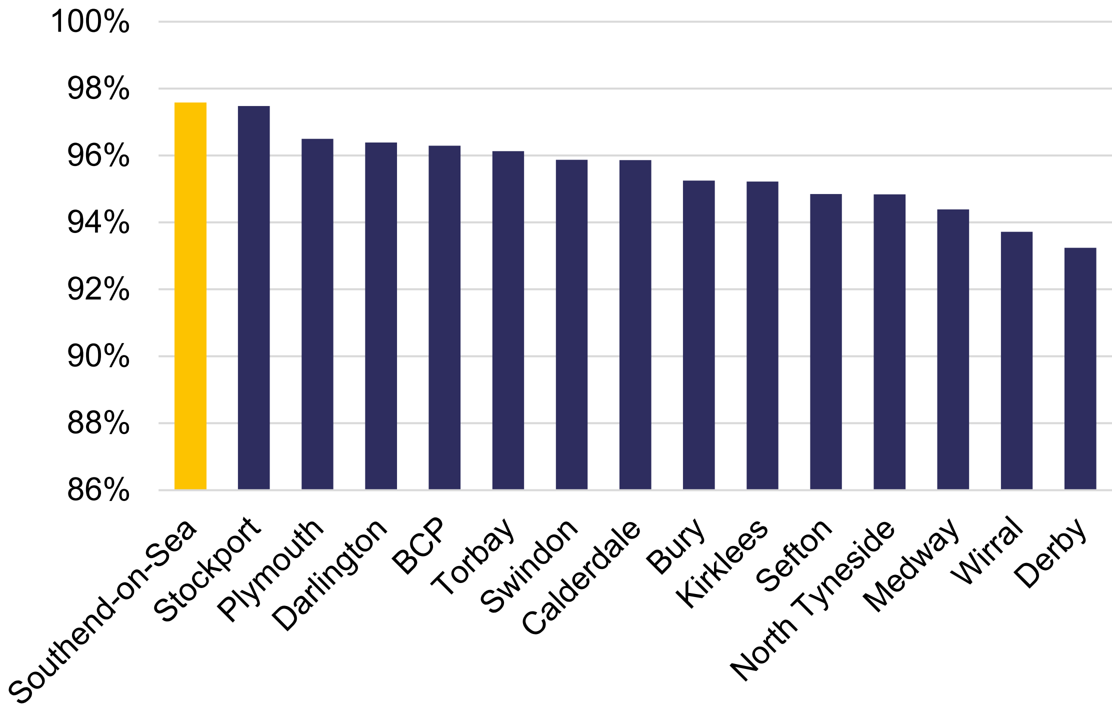


Figure 17 Council Tax Collection Rates 2023/24

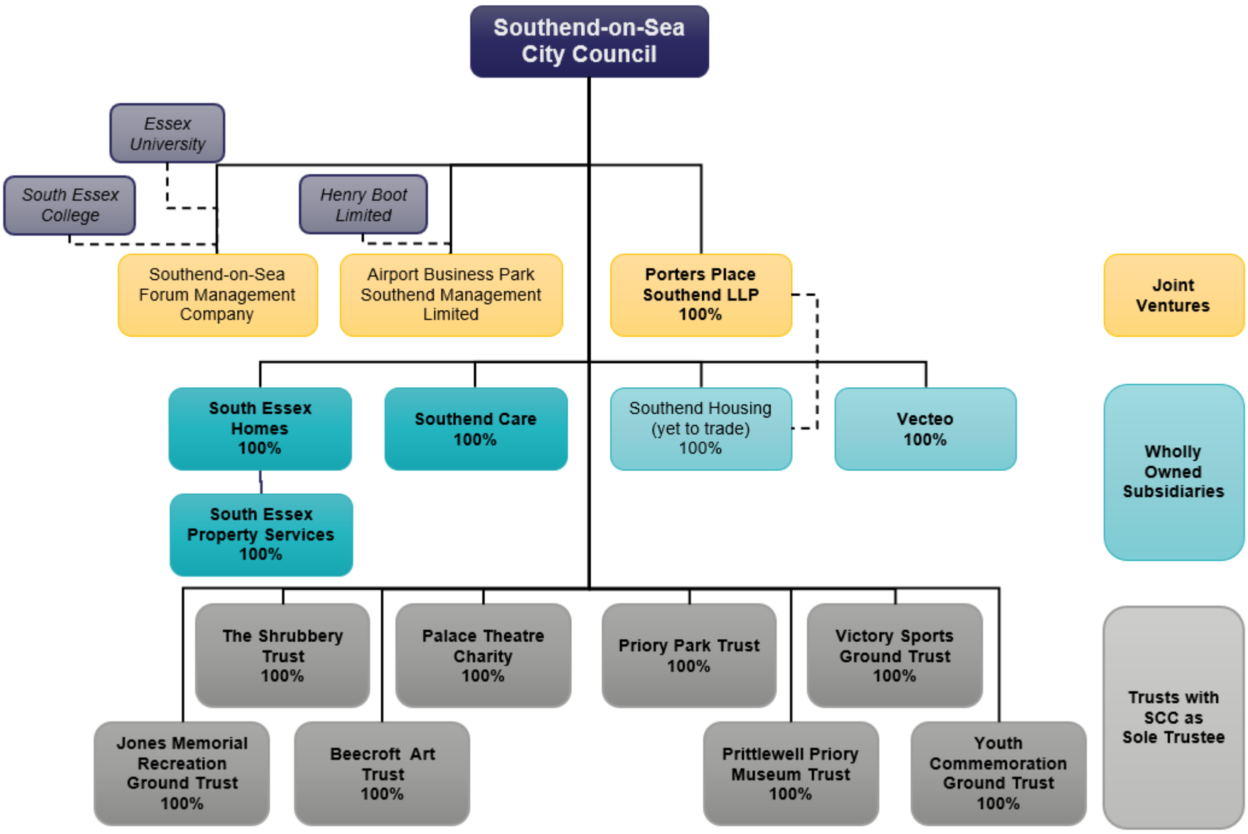


3.9 Alternative Delivery Vehicles and Governance Arrangements

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 (see Figure 18) has taken place over recent years. The Council currently directly owns four companies, participates in three 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 ensure our arrangements continue to remain fit for purpose, the Council commissioned an independent review of two of our companies (Southend Care and Vecteo) in 2023/24. This exercise was undertaken by a company called 31Ten. Their findings were reported to Cabinet in March 2024 and appropriate action plans have been developed and were implemented appropriately during 2024/25.

Figure 18 Group Structure as at 31 January 2025



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 and the arrangements have been kept under review. This has ensured that not only good proportionate governance is discharged but also that the Corporate Plan priorities are embedded and aligned within these delivery vehicles.

Each entity has its own internal governance arrangements. The wholly owned companies have governance arrangements compliant 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.

3.10 Financial Pressures and Key Service Demand Trajectories

There are several financial pressures faced by the Council. These challenges are reported to the Corporate Leadership Team, Councillors, and other stakeholders as part of the budget monitoring and financial 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 that sound financial and service resilience is maintained during these difficult times.

Social Care – Children

Figure 19 shows Southend's numbers of Children in Care since 2016. 2019/20 saw the highest peak over the last 5 years, and numbers did start to decline during 2020/21 but during 2022/23 a steady rise was experienced once again and numbers have held around that increased level since. At 31 March 2024, according to benchmark analysis taken from the Department for Education (DfE) statistical neighbours for the numbers of Children in Care, Southend was around 7% higher than the average as shown in Table 7. Southend's strategy remains to reduce the number of Children in Care by supporting and championing early intervention, prevention and support for local families, this will also be further developed and shaped by the new "Children's Wellbeing and school bill" that is on passage through Parliament.

Figure 19 Average Number of Children in Care in External Care Placements

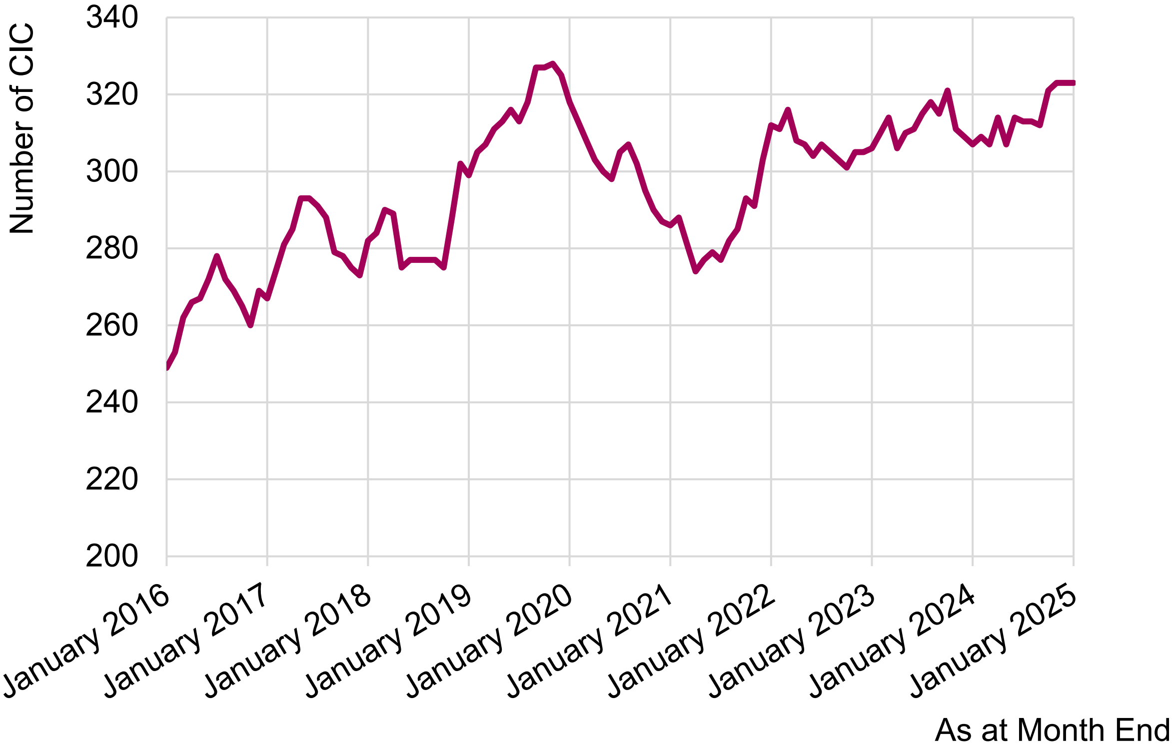


Table 7 Rate per 10,000 of Children Population of Local Area

	DfE Southend on Sea statistical Neighbours	31 March 2020	31 March 2021	31 March 2022	31 March 2023	31 March 2024
1	Isle of Wight	107	112	116	122	119
2	Plymouth	84	93	95	96	99
3	Telford and Wrekin	99	104	102	107	96
4	**Southend-on-Sea**	**80**	**73**	**83**	**81**	**79**
5	Bournemouth, Christchurch and Poole	69	59	67	70	74
6	Medway	67	69	70	71	71
7	East Sussex	56	60	61	64	63
8	Suffolk	63	64	62	66	62
9	Swindon	59	59	65	65	60
10	Kent	54	50	53	57	56
11	Essex	35	35	36	37	36
	Average (of above)	**70**	**71**	**74**	**76**	**74**
	Southend-on-Sea % above avg.	**14%**	**3%**	**13%**	**7%**	**7%**

Whilst Southend's numbers of Children in Care remain above the statistical average, the key dimension and one of the most significant financial pressures (which is also a recognised national issue) is the increased demand on Children in Care external care placement budgets. This has been caused by a combination of much higher average costs of external individual residential care placements which started to rise considerably in 2022/23 and increased reliance on external fostering placements since 2019/20 through to 2023/24. Whilst reliance on external foster care placements has stabilised in 2024/25 compared to 2023/24, it is the rising costs of residential care placements that continued to increase in 2023/24 and rise even further in 2024/25 that has now exacerbated significant financial pressures. The rise is due to a combination of increased complexity of cases, and market conditions whereby residential placement capacity is very limited resulting in competition for each required placement between Local Authorities which increases prices.

Figure 20 highlights the trend of increased reliance on external foster care placements compared to our own provision including local inhouse foster carers. The strategy remains to reduce reliance on external care placements and increase and strengthen Southend's own inhouse foster care provision. The ambition continues that with the support of the new inhouse foster care remuneration offer from 1 April 2023 that this trend can now be reversed, which would provide better outcomes for children and improved VFM for the local taxpayer.

Figure 20 Average Number of Children in Care Placements for Residential and Fostering

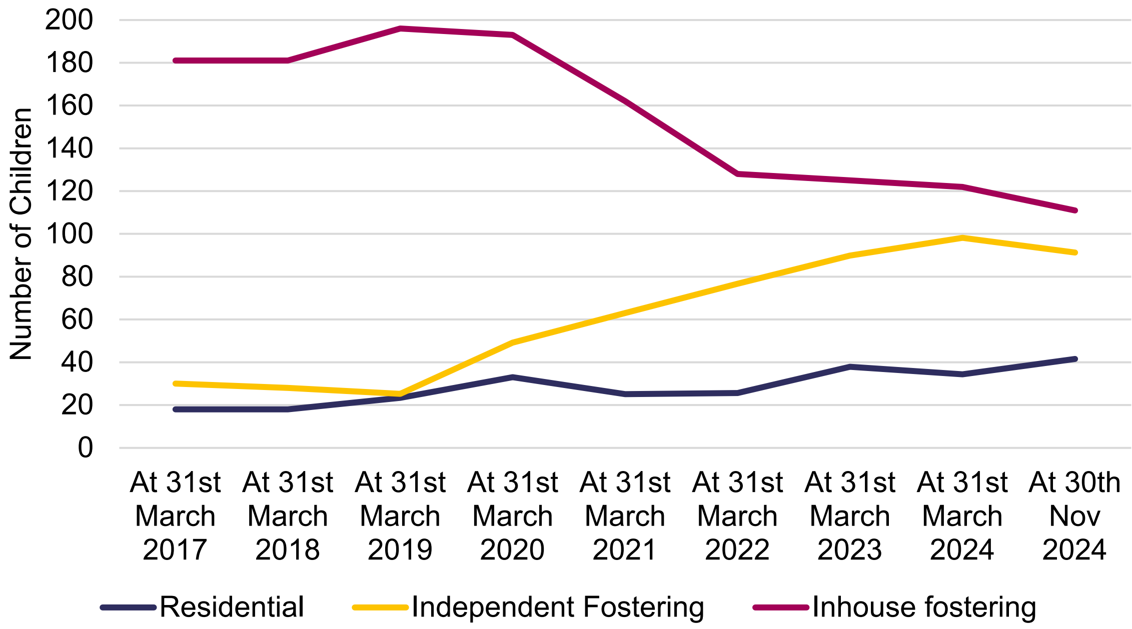


Figure 21 highlights the average cost of residential, external and inhouse fostering arrangements since 2016/17. The significant financial risk which is both a local and national issue is the cost of residential placements which started to increase considerably in 2022/23 continuing into 2023/24 and has risen further in 2024/25. In broad terms, residential placements are only used where the child's care needs cannot be met by a current inhouse fostering or independent fostering placement.

Figure 21 Average Weekly Social Care Cost of Children in Care in Residential and Fostering

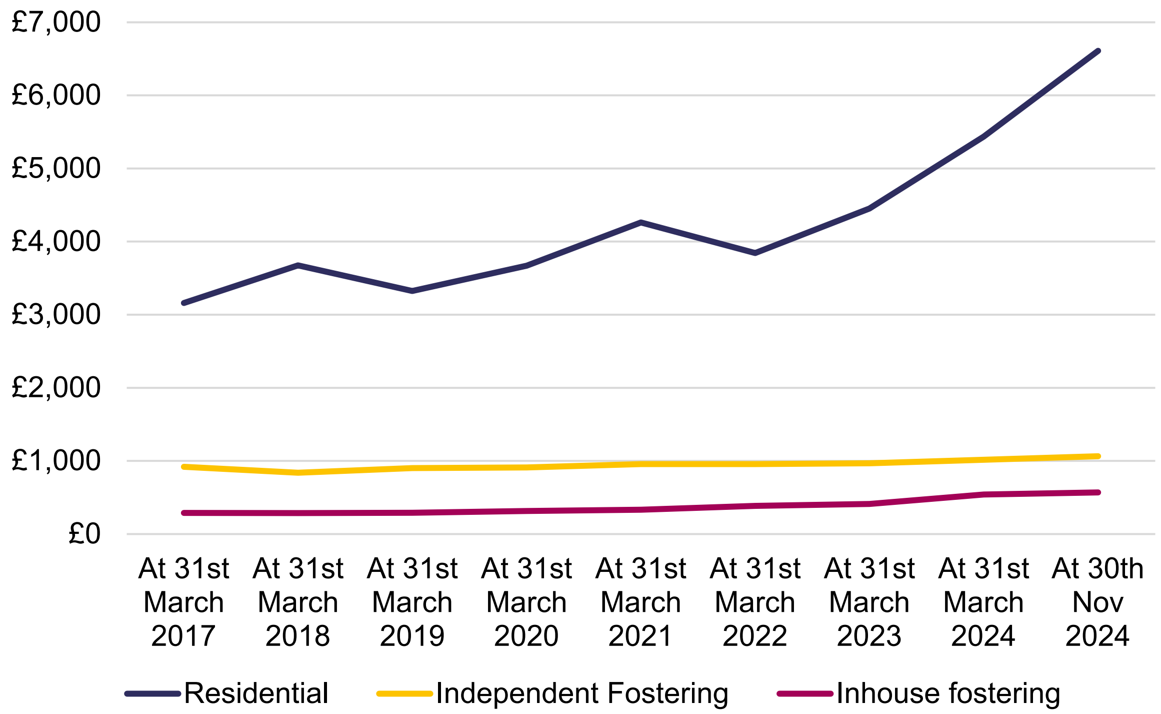
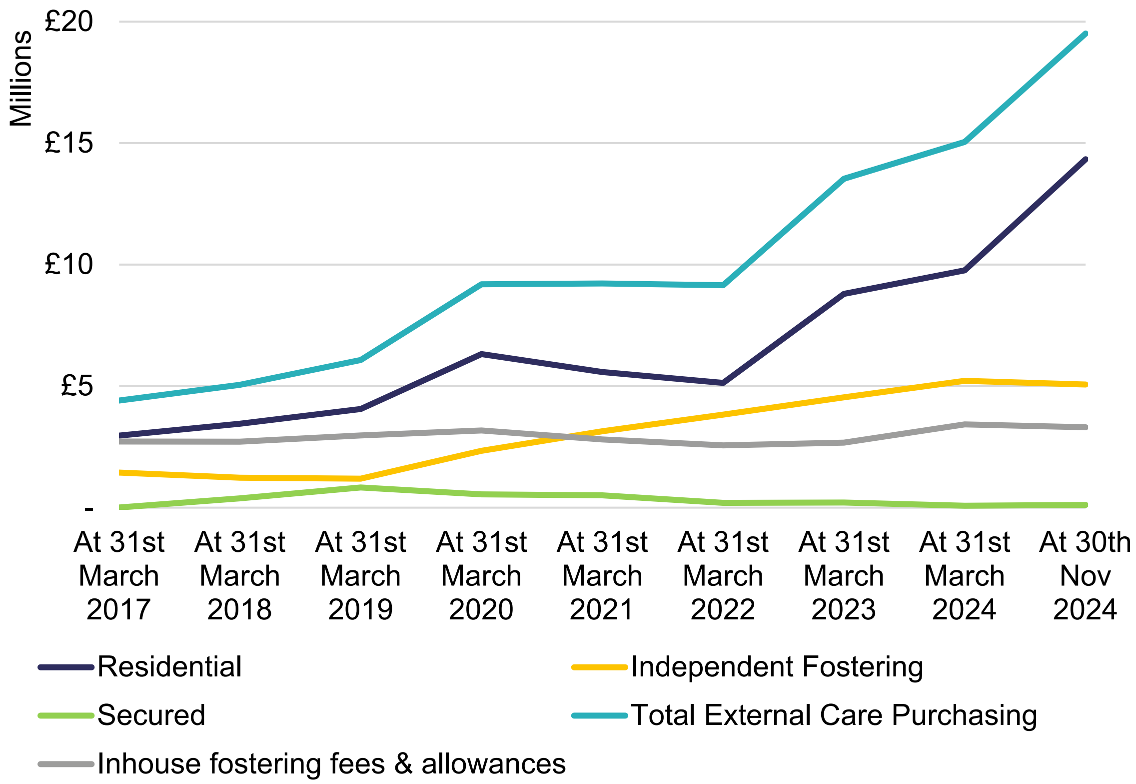


Figure 22 summarises the total cost of children external care placements for residential, secured and external fostering since 2016/17 and clearly illustrates the increased cost for residential as highlighted in Figure 21 which is mainly driven by increased price, and external fostering as highlighted in Figure 19 which is driven by volume. Inhouse fostering fees & allowances are also displayed. This clearly demonstrates why children in external care placements have placed significant and further financial pressures for Southend City Council. Southend continues to seek ways to mitigate financial pressures through Residential placements, whilst ensuring most importantly the statutory safeguarding and welfare of the child. This includes the on streaming of a new local care home during 2025/26, continuing to engage regionally across other local authorities in relation to spend pressures and the establishment of an approved provider framework for residential providers.

Figure 22 Placement Cost for Children in Care – Residential & Fostering



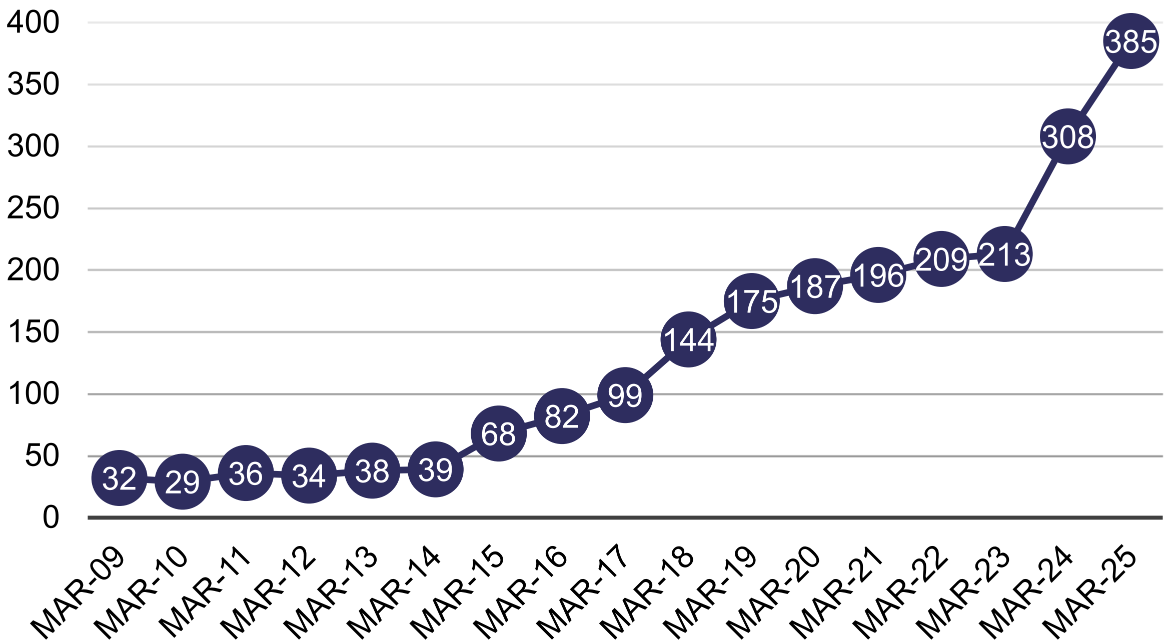
Housing and Homelessness

Southend-on-Sea City Council did not use any bed and breakfast accommodation until 2017/18 when the Homelessness Reduction Act was implemented. In addition, since 2017, Queensway voids have not been re-let on secure tenancies. This has therefore meant that the supply of social housing that would have otherwise been available to discharge a homeless duty into has been reduced. It is also extremely difficult to find accommodation in the Private rented sector that falls within Local Housing Allowance (LHA) rates/the housing element of Universal Credit. Historically, we used our hostels for temporary accommodation, but demand has continually increased to such an extent that we have been forced into regularly using bed and breakfast accommodation, vacant Queensway units, and the council’s temporary accommodation, to meet our statutory duties. The lack of affordable housing in the private or social sector makes it very difficult to move households on locally from temporary accommodation.

At the Autumn Budget 2023, the chancellor confirmed that LHA rates were to be restored to the 30th percentile from April 2024, which increased affordability for some. This meant that more households may have been able to resolve their own housing needs without approaching the council, and the council may be able to move more ‘homeless households’ into the private rented sector. However, it should be noted that the benefit cap (£22,020 for a family in Southend) has not been increased. With LHA rates rising, more households are likely to be pushed over the benefit cap threshold and thus have the LHA increase negated by the cap, cancelling out the full effect of any increases in benefits. This will mean that large, non-working households will remain extremely difficult to find alternative accommodation for. Although the LHA rate was increased in 2024, this was a one-off increase which has not continued into April 2025, so it is expected that any relief from the uplift will be short lived and that demand for temporary accommodation will remain strong – which is expensive to service.

Figure 23 highlights the scale of the challenge and shows the number of households placed in temporary accommodation since 2009.

Figure 23 Number of Households in Temporary Accommodation



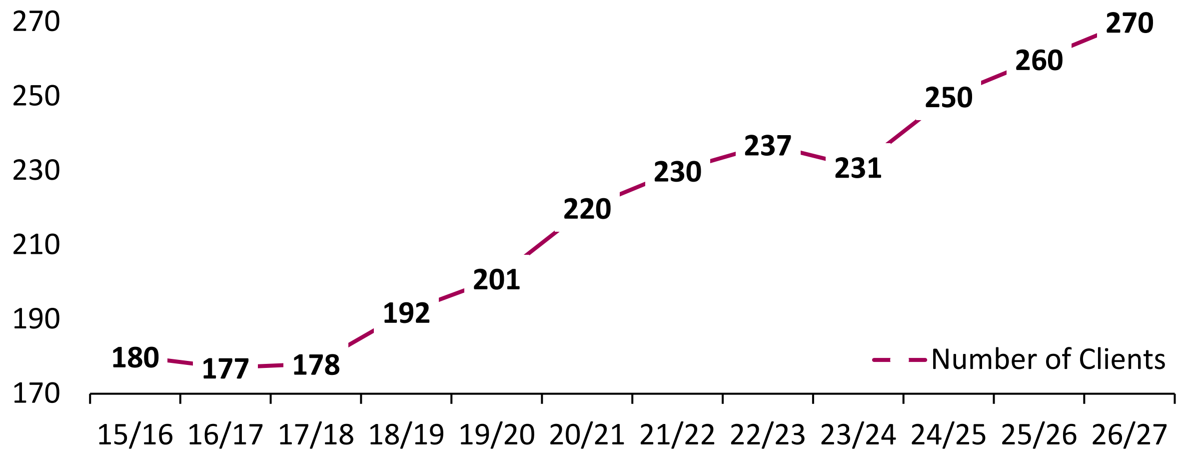
To help with this challenging issue we have received extra resources from the enhanced homelessness/rough sleepers initiative that was launched by the government in January 2020. We have secured £1.74M in 2025/26 for the Homelessness Prevention Grant and £896k for the Rough Sleeper Initiative.

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. Whilst there has been a reduction in the number of clients, they are now requiring greater support packages which are more expensive, and the forecast is that the number of placements will continue to rise in the medium term.

Figure 24 illustrates the forecast increase in the number of clients with learning disabilities that may require permanent supported living and residential placements.

Figure 24 Learning Disability Supported Living and Residential Placements.



Social Care – Older People

Southend has an above average number of older people aged over 65, with the number of older people requiring support from the council increasing over the last year after a period of relatively low increase in numbers previously. A number of older people who have depleted their assets which were funding their care privately are having their care and support packages transferred to being paid for by the council. This is a trend nationally, however with an above average number of self-funding clients in Southend, this does pose a greater financial risk to the council.

The impact of the change to the National Insurance thresholds and the national minimum wage both have a significant impact on the cost of the provision of care with the majority of the costs being related to staffing. This increases the risk of self-funding people reaching the cap for their care costs or for depleting their assets.

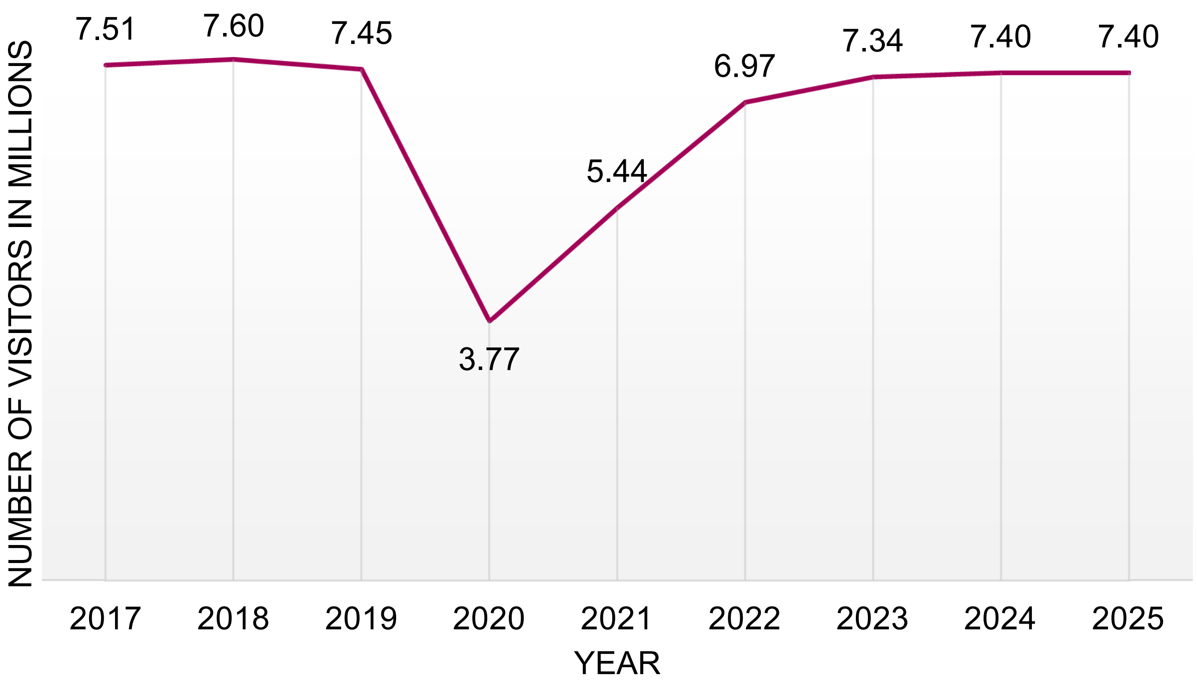
Social Care – Market Sustainability

The government over the last two financial years have provided ringfenced funding for local authorities to improve and increase adult social care provision, with a particular focus on workforce pay. The market sustainability and fair cost of care fund, along with the improvement fund and workforce fund have been provided to enable the council to increase the fee rates paid to the market for the provision of social care services. In doing so, this funding should enable the market to provide the necessary capacity to alleviate waiting times, particularly for those awaiting discharge from hospital.

Infrastructure and Environment – Visitors

Southend-on-Sea continues to be an attractive tourist destination for both day-trippers and overnight stays, with a steady increase in visitor numbers prior to the COVID-19 pandemic (Figure 25). Visitors bring with them a great economic benefit to the city, but this also has an impact on our infrastructure and environment, which needs to be carefully managed and resourced. Work is underway to improve visitor interactions, including introducing a more streamlined payment methodology and maximising the potential sources of income from visitors to the pier. Several events are also planned to be staged throughout 2025/26 to generate interest and increase visitor numbers to the city and local economy.

Figure 25 Number of Visitors to Southend per year



Digital Strategy

The Digital Strategy supports the need to digitally transform and become more effective and efficient. Southend embarked on a technology modernisation journey in 2021, to bring very old and high-risk hardware and systems up to the performance and security levels which would be the foundation for a smarter, more cost effective, and future proof digital future. This modernisation journey enabled remote and hybrid working, making it possible to work from anywhere at any time. We are now at the point where we have mitigated a lot of risk and provided stability and the modernisation programme is starting to wind down, making it possible to ramp up work focused on building out a digital future.

Our servers are now mostly in the cloud. That saves energy costs, and it means that we do not need to spend a lot of money on new kit in the data centres. It also means that the council can start to build automation, use data analytics and support doing more with less in other areas.

This future digital journey will be focused on how we can transform through the use of digital and digital tools. This transformation will make the council, its officers and members, more efficient and effective through simplification of processes and access to information.

At the same time, we need to maintain and manage the estate we have and continue to drive performance and integration, through upgrades and improvements. As we become more digital, we will have a reduced reliance on human driven services and will be able to free up officers to focus on those people who really need help. This help could be through supporting digital inclusion programmes funded by social value, or routing those who cannot use digital to more traditional access.

We want Southend Council to become a council that adds value to residents by using digital to transform service delivery with the lowest feasible cost.

3.11 Unavoidable Cost Pressures

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 the Corporate Plan priorities.

For revenue prioritisation of identified unavoidable cost pressures, 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 increased demand pressures and to a range of initiatives that are not only aligned to our Corporate Plan priorities but would also have a value for money impact in providing better outcomes for Southend residents. Analysis of the feedback from the range of consultation and engagement exercises undertaken throughout 2024/25 has also directly influenced the overall proposed budget package for 2025/26.

For capital prioritisation of proposed investment, this is achieved through application of the Capital Investment Strategy 2025/26 – 2029/30. 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 and corporate plan priorities. It includes an overview of the governance processes for consideration, prioritisation, and approval of capital investment (where appropriate).

Table 8 is a summary of the revenue investments and unavoidable cost pressure and the capital investment included within the 2025/26 budget grouped by Corporate Plan theme (where appropriate).

Table 8 Revenue and Capital Investments by Corporate Plan Theme

Corporate Plan Theme	**Revenue (one year) £000s**	**Capital (5 year) £000s**	**One-off £000s**	**TOTAL £000s**
Proud and prosperous	285	405	-	**690**
Safe, clean and green	5,985	6,415	577	**12,977**
Caring with a good quality of life for all	11,310	33,350	799	**44,459**
Led by a transformative, responsive council	295	-	645	**940**
Unavoidable corporate cost pressures*	7,175	-	-	**7,175**
Total	**25,050**	**40,170**	**2,021**	**67,241**

* Includes employee pay awards, increments, contract & energy inflation, income budget rightsizing and capital programme costs.

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 remains under consideration and training and awareness sessions which share best practice and highlight commercial success from both within and outside the organisation are continuing.

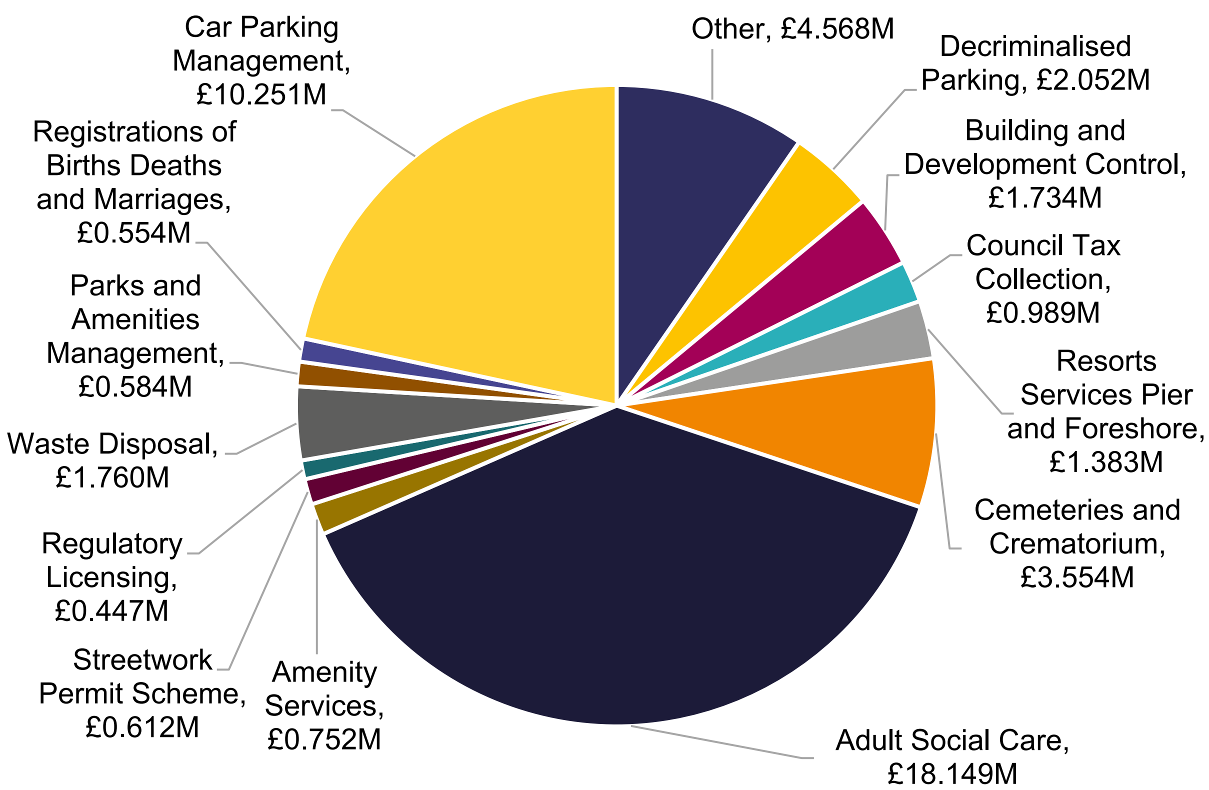
All service leads and managers will be supported to gain a better understanding of the financial performance of their business areas. This will include highlighting what scope there is for reducing subsidy, managing demand, exploring new income and commercial opportunities to ensure the best value for money is delivered for the residents of Southend-on-Sea. The 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.

All members of this leadership group have previously had a specific performance objective included within their annual conversations that requires them to evidence value for money outcomes and to embed the requirements and understanding of the 'Knowing Your Business Programme' within their individual teams/service areas.

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 within their individual Service Plans.

Fees and charges are received from a wide range of services and the following pie chart illustrates (Figure 26) the varied scale of where this income is generated from in relation to the 2025/26 budget.

Figure 26 Breakdown of Fees and Charges 2025/26



As required by the Road Traffic Regulations Act 1984, any surplus generated from parking activity (Car Park Management and Decriminalised Parking) must be reinvested into eligible service areas. Consideration is made when generating income in these service areas that the funds received are spent in accordance with this requirement and to support this a Parking Account is published each year to demonstrate how this has been achieved.

3.13 Council Tax

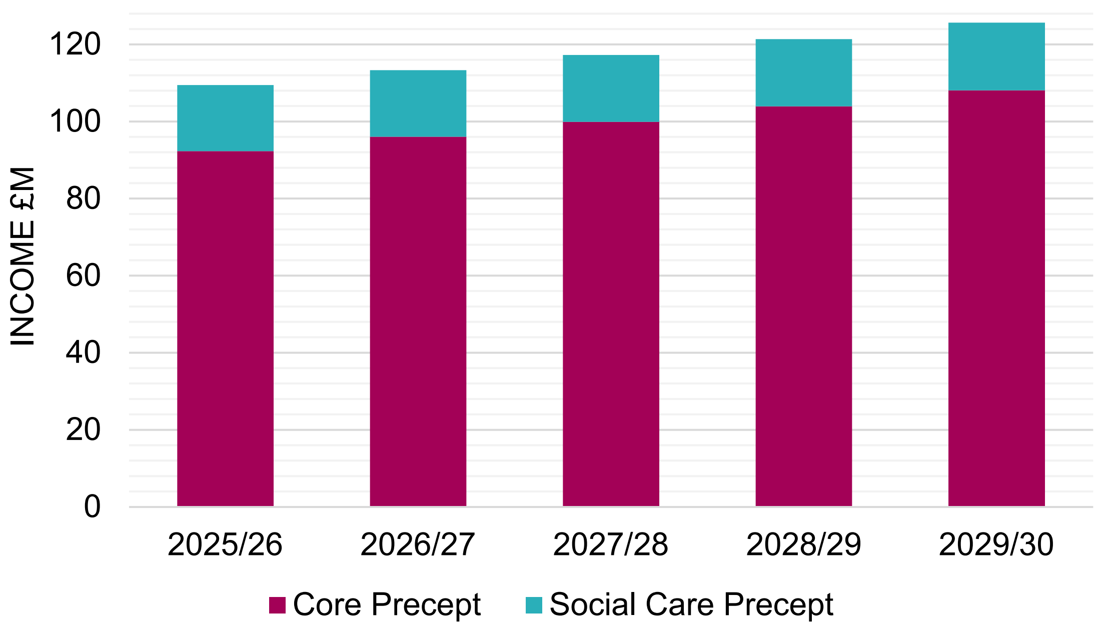
There is an approved **4.99%** increase in Council Tax for 2025/26. This includes a 2% increase for adult social care. For planning purposes from 2026/27 onwards an increase of **2.99%** has been assumed, with no increase for adult social care precept.

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 2025/26 is **60,860.63** (equivalent Band D properties).

The MTFF assumes an increase in the Council Tax base of 0.5% per year from 2026/27 to 2029/30. The Council also plans to release accumulated collection fund surpluses in 2025/26. The scale and profile of the release of these surpluses over the medium term will be reviewed following the finalisation of the outturn for 2024/25.

Figure 27 illustrates the current forecasted level of Council Tax and Social Care Precept until 2029/30.

Figure 27 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 appropriate costs of eligible 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 £70.937M planned over the next five years. This will ensure that we maintain decent homes and improve those homes that need it. These 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. This investment will also deliver our new build and housing acquisition programmes.

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 to be set up to the level of CPI measured in September each year plus 1 percentage point from 2020/21. Except for a Central Government imposed 'one-off rent cap' in 2023/24 with the intention to mitigate for tenants the high levels of inflation that was being experienced at that time, this rent formula is forecast to continue throughout the term of the MTFS.

Table 9 provides a summarised extract of the approved 2025/26 HRA budget and illustration for the next 5 years. The estimated operating surplus will be utilised to fund capital expenditure and / or appropriated to earmarked reserves to continue to demonstrate the sustainability of the Housing Revenue Account over the medium term.

Table 9 Summary of Approved 2025/26 HRA Budget Forecast

	2025/26 Budget £000s	**2026/27 Forecast £000s**	**2027/28 Forecast £000s**	**2028/29 Forecast £000s**	**2029/30 Forecast £000s**
Revenue Contribution to Capital Outlay*	7,237	5,665	1,000	1,000	1,000
Potential Impact of Queensway	0	200	200	200	200
Appropriation to/(from) Earmarked Reserves	(2,457)	(1,295)	3,803	4,303	4,891
Net Operating Expenditure/ (Surplus)	**(4,780)**	**(4,570)**	**(5,003)**	**(5,503)**	**(6,091)**

As part of the 2024/25 HRA budget and rent setting report, a new 30-year business plan was approved and published. A clear business plan is essential for effective decision-making, resource allocation, and the delivery of quality housing and vital related services to our communities. It helps to outline the ambition and long-term intentions of meeting local housing needs. The plan is underpinned by a robust financial model with several assumptions contained within it. These will be reviewed periodically along with the business plan to ensure that we remain on track to deliver our ambitions within the resources which are available.

Porters Place Southend-on-Sea LLP is one of the joint ventures in which the Council participates, with the purpose to regenerate the Queensway Estate and surrounding environs. It was originally planned as a 30-year partnership with Swan Housing Association and their wholly owned subsidiary Swan BQ Limited. On 8 February 2023 Swan joined Sanctuary as a subsidiary. On 10 August 2023 Sanctuary Housing Association confirmed its intention to withdraw involvement from the Better Queensway Project so that it could prioritise investment and commitment to existing homes and communities and focus on the delivery of schemes where construction had already started. On 28 November 2023 Swan BQ exited as a member of the LLP.

The Council remains fully committed to the Better Queensway regeneration scheme for the benefit of the residents of the estate and is currently exploring alternative options to progress the scheme. As with the original approved scheme any alternative packaging or phasing of the development will require the securing of funding from external partners and a compelling case for investment is crucial to delivering the ambitious transformation desired.

The Council is reviewing the current scheme and original assumptions and if an alternative scheme is put forward for consideration, then this would continue to place local residents at the heart of the regeneration programme and transformation ambition. Detailed options appraisal work is underway to understand and evaluate all potential opportunities and implications. This assessment will be completed as quickly as possible with the intention to report to Cabinet on these findings and recommend a way forward.

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 blocks. These are:

- Investment Assets – the Council’s investment portfolio, its properties or land held specifically for the generation of rent or capital growth.
- Assets for Regeneration – those assets acquired, held awaiting or already under redevelopment in support of the Council’s current and future objectives.
- Assets held for sale - Surplus Assets – which have no sound case for retention.
- Property Plant and Equipment – this block includes all the Council’s Operational Buildings (those involved with service provision) and its Non-Operational Buildings (those not held for service delivery), as well as its equipment, vehicles, and infrastructure.
- Trust Assets - assets held under Trust.

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 the Corporate Plan priorities 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.
- To support the Council's high priority major projects such as, and including Better Queensway, Airport Business Park, Care and Learning Disability re-provision, and the Housing Acquisition Programme.

The plan will be amended further this year to include the work required around the new Estates Optimisation transformation workstream, including for example the creation of Locality Hubs. The revised plan will be published on the Council's website.

3.16 Capital Investment Programme

Capital expenditure is incurred on the acquisition or creation of assets, or expenditure that enhances or adds to the economic 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 or supplies and services. Under normal circumstances, 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.

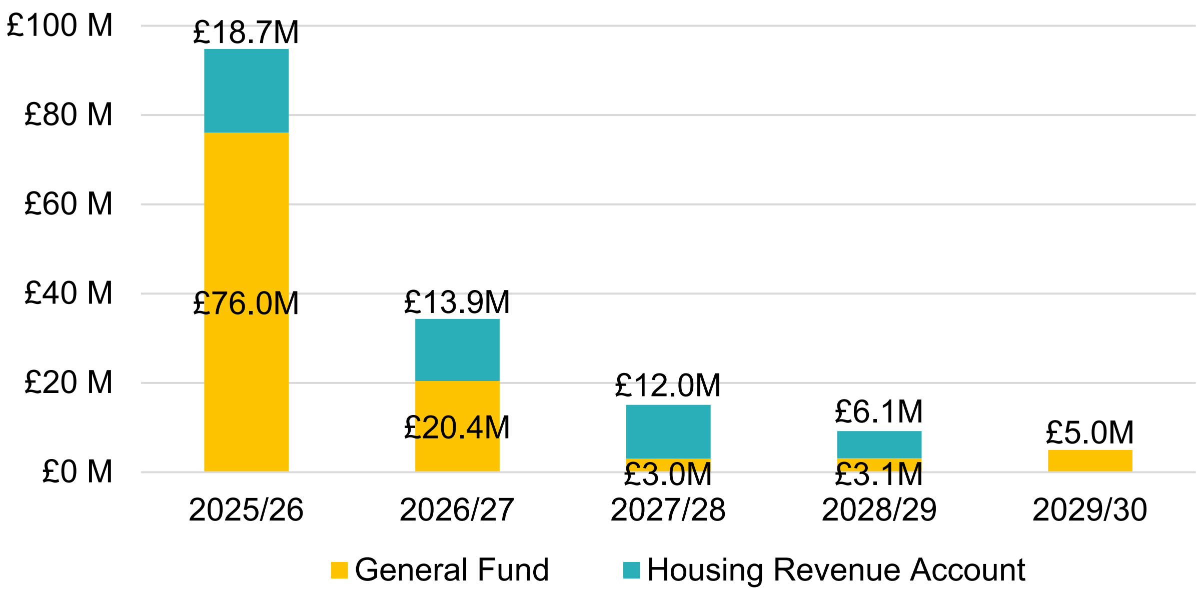
It is a key document and forms part of the authority's integrated revenue, capital, and balance sheet planning. It provides a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the delivery of desired outcomes. It includes an overview of the governance processes for approval and monitoring of capital expenditure and how investment decisions take account of stewardship, value for money, proportionality, 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 the Corporate Plan and all capital investment is therefore driven by the aim of contributing to the delivery of the Council's vision, the desired outcomes and the agreed priorities.

The resulting new planned investment into the capital investment programme for the next five years is shown at paragraph 3.11.

The proposed total capital investment programme over the next five years is illustrated in Figure 28.

Figure 28 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 £120m (of which £47.5m is the estimated sum of medium term and long-term funds managed by external fund managers) during 2025/26 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.

The MRP Guidance sets out that such policies may be amended at any time, so long as the Council maintains a prudent and transparent approach whilst ensuring any changes are sustainable from a revenue budget perspective. The Guidance and legislation do not define what is prudent. It is for each Authority to determine a prudent repayment based on its own individual circumstances, considering it’s medium and long-term financial plans, current budgetary pressures, future capital expenditure intentions and funding needs. The Chief Finance Officer is content that the policy to be taken forward for 2025/26 will make an MRP charge that is both prudent and proportionate, given the Council’s current financial situation.

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. CIPFA published their updated 2021 edition of the Prudential Code on 20th December 2021.

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.

The CIPFA Prudential Code for Capital Finance in Local Authorities has been developed to support Local Authorities in taking capital investment decisions and to ensure that these decisions are supported by a framework which ensures proportionality, prudence, affordability, and sustainability.

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).

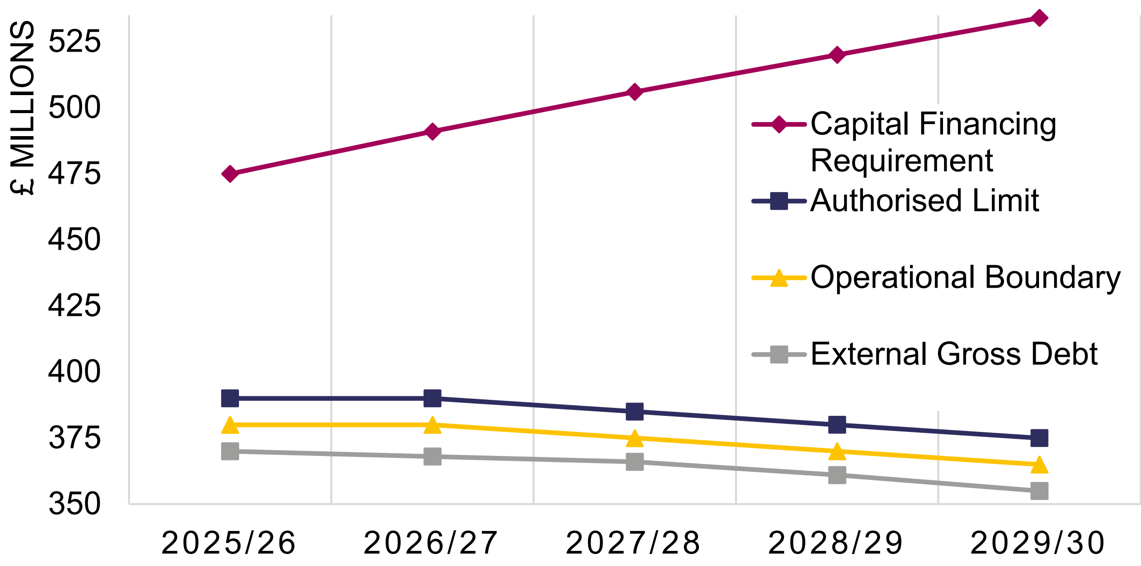
- prudence and sustainability (e.g. risks, whole life costing and implications for external debt).

- affordability (e.g. implications for long-term resources including the council tax).

- practicality (e.g., achievability of the forward plan).

Figure 29 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 29 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 gap between the Capital Financing Requirement and the Operational Boundary/Authorised Limit highlights the potential scope and flexibility to borrow further if the cash flow and treasury management position allows.

Figure 30 shows the Council's liability benchmark which is a measure of how well the existing loans portfolio matches the authority's planned borrowing needs. It is not a single measure but consist of four balances:

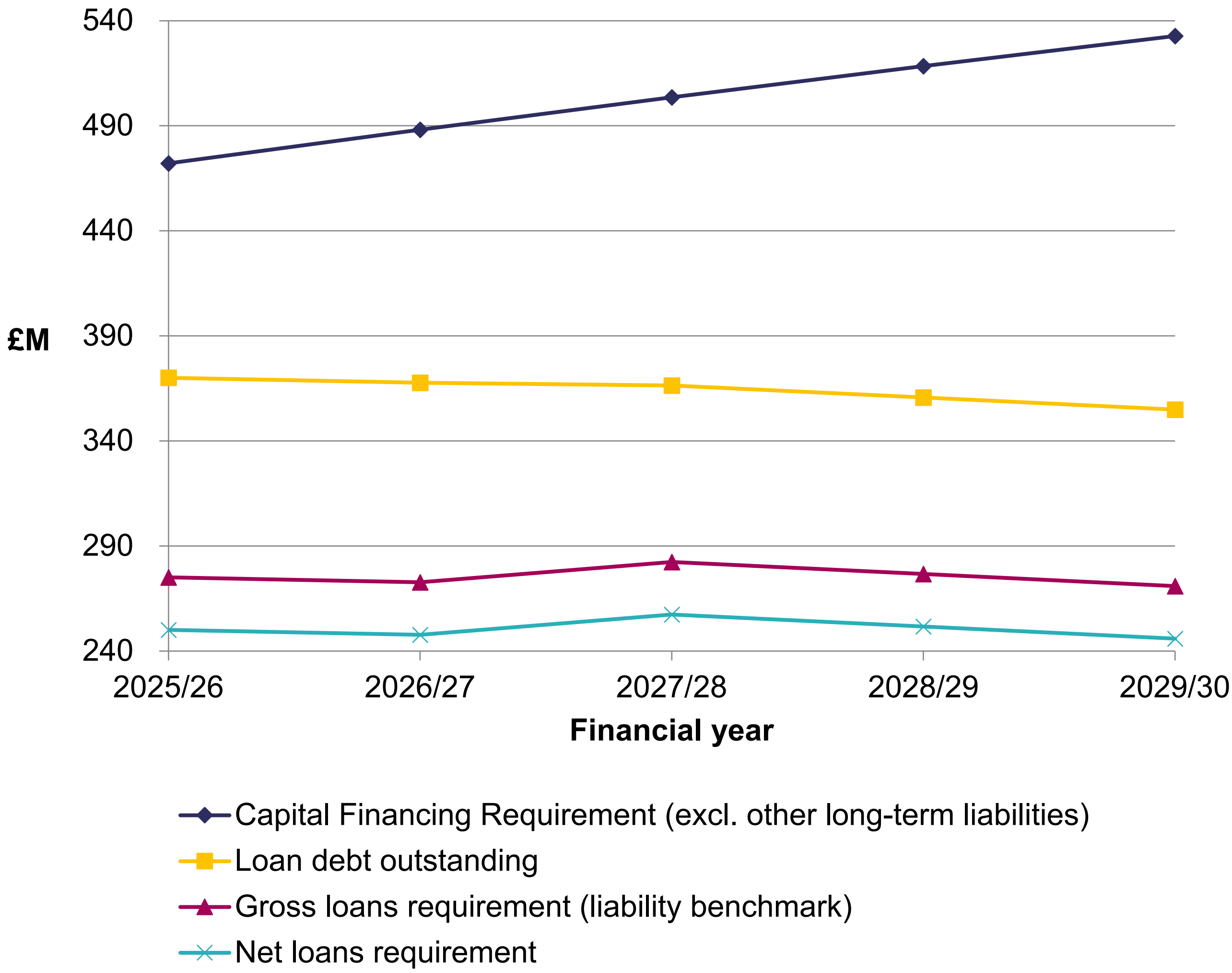
- Existing loan debt outstanding: the authority's existing loans that are still outstanding in future years.

- Loans Capital Financing Requirement: calculated in accordance with the definition in the Prudential Code and projected into the future based on approved prudential borrowing and planned MRP. This excludes any part of the Capital Financing Requirement related to other long-term liabilities rather than borrowing.

- Net loans requirement: the authority's gross loan debt less treasury management investments at the last financial year-end, projected into the future.

- Liability benchmark (or gross loans requirement) equals net loans requirement plus a short-term liquidity allowance. A short-term liquidity allowance means an adequate (but not excessive) allowance for a level of excess cash to be invested short term to provide access to liquidity if needed.

Figure 30 Liability Benchmark



Where the loan debt outstanding exceeds the gross loans requirement, this indicates there is excess cash available for investment. As such, local authorities should refer to their current liability benchmark as one of the factors to consider when taking new borrowing decisions.

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 unallocated General Fund reserves of £8M to be maintained throughout the period between 2025/26 to 2029/30.
- An optimal level of unallocated General Fund reserves of between £10M and £11M over the period 2025/26 to 2029/30 to cover the absolute minimum level of reserves, in-year risks, cash flow needs and unforeseen circumstances.
- A maximum recommended level of unallocated General Fund reserves to £12M for the period 2025/26 to 2029/30 to provide additional resilience to implement the MTFS.

This assessment has been derived by taking a risk-based approach to the overall General Fund Revenue Account. Clearly given the uncertainty and challenges caused by the prevailing economic and fiscal conditions, 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 will be undertaken as part of the year end final position for 2024/25, once the outturn has been determined.

Each year as part of closing the accounts a 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.

In relation to the adequacy of reserves (excluding the General Fund Balance summarised in Section 3.20), 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 2025/26 and the medium to long-term:

- Given the status of housing management provision the recommendation is that general reserves be maintained at £3.5m.

This recommendation is based on and conditional upon:

- A 2025/26 budget agreed with South Essex Homes Ltd. to maintain a balanced HRA, together with the HRA's own MTFS for the period 2025/26 to 2029/30.
- Forward projections for the HRA beyond 2025/26 being remodelled upon any significant updates to the planned utilisation of HRA resources.

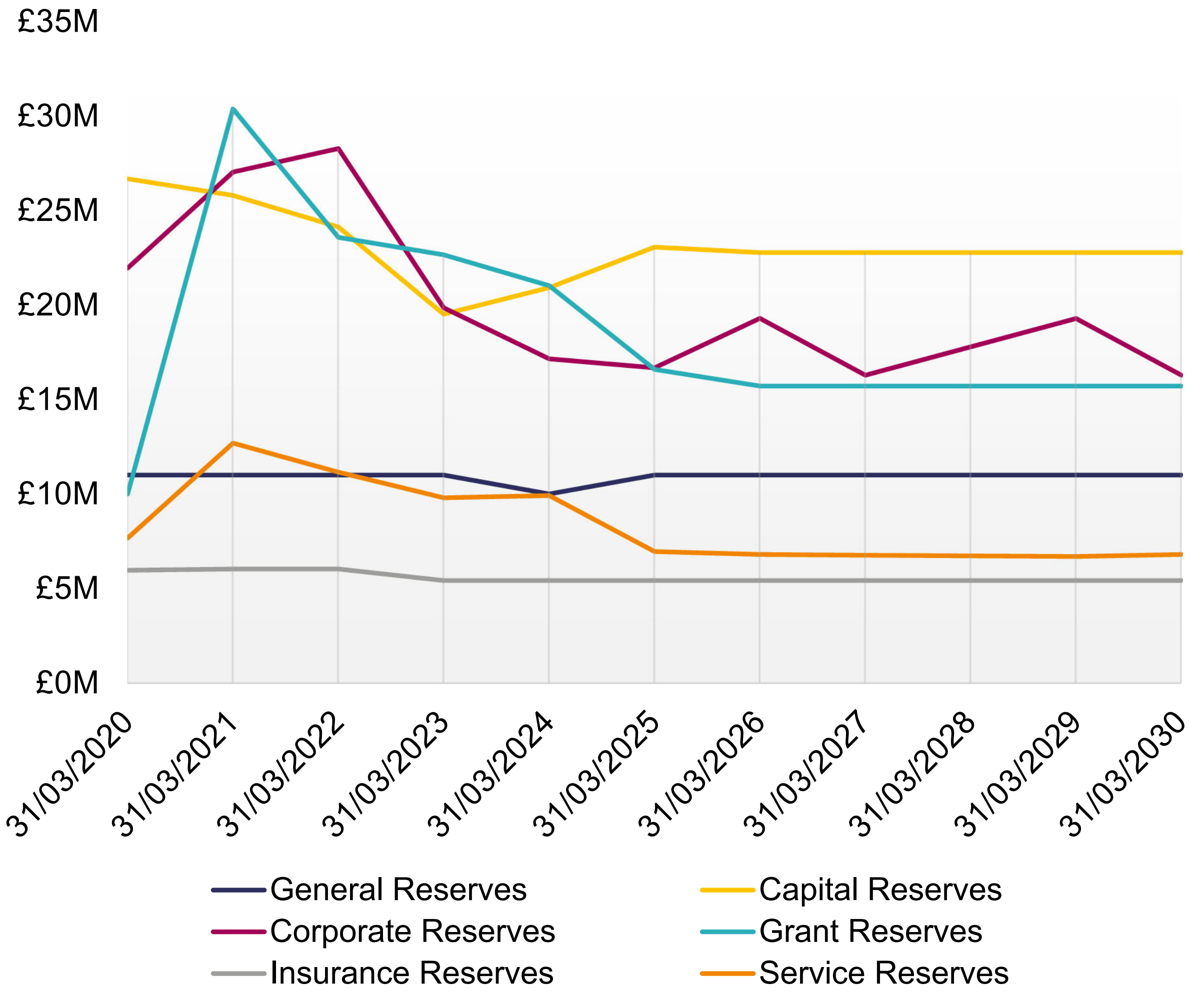
Earmarked Reserves

A table of the earmarked reserves and their balances at 31st March 2025 to 31st March 2030 is shown in Annex 2. The balances at 31st March 2025 to 2030 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 2030 is shown in Table 10 and illustrated in Figure 31. We are forecasting that our total reserves will stay within a range of £77M to £81M over this timeframe.

Table 10 Forecast of General Fund Reserves

Reserves	**31/03/2025 £M**	**31/03/2026 £M**	**31/03/2027 £M**	**31/03/2028 £M**	**31/03/2029 £M**	**31/03/2030 £M**
General	11.000	11.000	11.000	11.000	11.000	11.000
Capital	23.055	22.767	22.767	22.767	22.767	22.767
Corporate	16.672	19.287	16.280	17.780	19.280	16.280
Grant	16.589	15.705	15.705	15.705	15.705	15.705
Insurance	5.422	5.422	5.422	5.422	5.422	5.422
Service	6.954	6.801	6.765	6.729	6.693	6.801
TOTAL	**79.692**	**80.982**	**77.939**	**79.403**	**80.867**	**77.975**

Figure 31 Forecast General Fund Reserves



3.22 Addressing the Budget Gap

The Council is currently predicting a cumulative budget gap of **£27.2M up to the end of 2029/30**. 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. Clearly the biggest immediate challenge is the major financial pressure reported within our Children's Services. Specific actions that are being undertaken include:

- A series of in-depth Children's Services reviews led by the Chief Executive to understand the metrics and reasons for the continual overspending position have been undertaken.

- The Chief Executive and Executive Director of Finance & Resources will oversee all the proposed new residential placements including their cost and outcomes.

- Work is in progress to procure a new partner for a local Caulfield Road home development and to form an assessment/evaluation of extending this initiative wider.

- Within the Council's Transformation programme one of the workstreams focuses specifically on Commissioning and Contract Management, which will explore how we are currently commissioning Children's Social Care requirements and evaluate our current contract management arrangements.

- Independent external advisors have been appointed to provide an assessment of our current arrangements within Children's Social Care, including benchmarking and best practice comparators.

- The Leader supported by the Cabinet Members for Children's and Finance, Assets & Investments will lead a focus group on Children's residential placements. This will also be supported by the Chief Executive, the Executive Director of Finance & Resources and senior officers from both the Children's Service and finance team. The purpose of this focus group will be to drill down into all our current residential placements and ensure that appropriate challenge is given whilst also recognising our role as a corporate parent to provide the best outcomes for our looked after children and delivering value for money for the local taxpayer.

The approach to beginning to address this budget gap is demonstrated with several of the initiatives that have been approved as part of the overall budget package for 2025/26. Most of these intentions will continue to make an important contribution to reducing costs in the future. Annex 3 provides a summary of the individual elements that make up this budget package and appropriate governance arrangements are already in place to oversee and ensure delivery of these intentions. As with most upper tier authorities the biggest major challenges to their future financial resilience and sustainability are directly linked to how successful they will be in proactively managing future growing service demand (particularly in social care) and how they can design and transform new operational delivery mechanisms to drive efficiencies, productivity, VFM and meet local residents' priority needs in the most cost-effective way.

The forecast profiled budget gap in the Medium Term Financial Forecast over the next five years is summarised in Table 11.

Table 11 Forecast Budget Gap

Year	2024/25	2025/26	2026/27	2027/28	2028/29	Total
Budget gap	£0.0M	£6.5M	£6.9M	£7.0M	£6.8M	£27.2M

3.23 Budget Monitoring and Reporting

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 introduced a new integrated finance and accountancy structure in 2021/22 which has built on the strengths of the 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 is to support services 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.

These existing comprehensive arrangements will be supplemented further for 2025/26 with oversight of the delivery of all parts of the budget package being reported to the Corporate Leadership Team (CLT)Transformation Board, updates provided to the Members Resources Sub-Group, programme of service re-design and zero-based budget reviews will also commence.

4 Conclusion

This MTFS provides a robust framework for setting the budget for 2025/26 and to help to ensure that the Council remains financially sustainable over the medium term. The future forecast position is based on the best information currently available and is challenging but should be achievable given the political and management desire to implement the necessary service transformation.

Like all local authorities the Council has experienced unprecedented volatility over the last few years including major increases in demand for a range of priority local services that it delivers. The increased uncertainty over the impact of future planned national funding reform, together with estimating how quickly and to what extent the demand and inflationary pressures will increase or diminish 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 Corporate Plan for 2024-2028, has worked with partners to launch a new overarching vision for the city, 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.

The recent announcement (February 2025) by the Minister for Housing, Communities and Local Government confirmed that Greater Essex had been allocated a place on the Devolution Priority Programme, represents a fantastic opportunity and an accelerated path to mayoral devolution and local government review.

Southend-on-Sea City 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 and the surrounding area.

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[i] World Economic Outlook Update, January 2025: Global Growth: Divergent and Uncertain
[ii] OECD (2024), *OECD Economic Outlook, Volume 2024 Issue 2*, OECD Publishing, Paris, https://doi.org/10.1787/d8814e8b-en.
[iii] The State of Spend Report and Supplier Cost Reductions | Proxima

Annex 1

Medium Term Financial Forecast
2025/26 to 2029/30

	2025/26		2026/27		2027/28		2028/29		2029/30	
	£000s		£000s		£000s		£000s		£000s	
Base Budget										
From prior year	158,940		165,059		177,806		189,686		200,954	
LESS										
Appropriations to / (from) reserves in prior year	(6,915)		(1,290)		3,043		(1,464)		(1,464)	
Revenue Contributions to Capital	(47)		(288)		0		0		0	
Less other one-off expenditure / (savings)	(1,816)		(2,041)		(3,007)		1,500		1,500	
Adjusted Base Budget		150,162		161,440		177,842		189,722		200,990
Appropriations to / (from) reserves		1,290		(3,043)		1,464		1,464		(2,892)
Revenue Contributions to Capital (Funded from Earmarked Reserves)		288		0		0		0		0
Other one-off / time limited expenditure bids		2,041		3,007		(1,500)		(1,500)		3,000
Investments and Unavoidable Pressures		14,435		8,535		8,100		7,700		7,800
Capital Programme Costs		210		930		830		670		400
Corporate Cost Pressures		(55)		84		58		16		51
Directorate (Savings) / Pressures										
Ongoing Executive Directorate investment	10,155		4,600		4,000		4,000		4,000	
Budget reductions proposed	(4,273)	5,882	(1,258)	3,342	(1,108)	2,892	(1,118)	2,882	(1,180)	2,820
Better Care Fund										
Funding to Support Social Care and benefit Health	(17,921)		(17,921)		(17,921)		(17,921)		(17,921)	
Expenditure relating to the BCF and BCG	17,921	0	17,921	0	17,921	0	17,921	0	17,921	0
Public Health										
Projected Grant Income	(11,104)		(11,104)		(11,104)		(11,104)		(11,104)	
Projected Expenditure	11,104	0	11,104	0	11,104	0	11,104	0	11,104	0
Housing Revenue Account										
Projected Expenditure	40,122		39,183		35,073		35,874		36,644	
Projected Income	(37,665)		(37,888)		(38,876)		(40,177)		(41,535)	
Contributions to / (from) HRA Earmarked Reserves	(2,457)	0	(1,295)	0	3,803	0	4,303	0	4,891	0
Dedicated Schools Grant										
Projected Grant Income	(75,635)		(75,635)		(75,635)		(75,635)		(75,635)	
Projected Expenditure	75,635		75,635		75,635		75,635		75,635	
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		174,253		174,295		189,686		200,954		212,169
Changes in General Grants		(9,194)		3,511		0		0		0
Budget Requirement		**165,059**		**177,806**		**189,686**		**200,954**		**212,169**
Funded By										
Council tax increase (2.99% in 24/25, 1.99% onwards) (taxbase +0.75% 24/25 and +0.5% p.a future years)		(92,286)		(96,034)		(99,916)		(103,935)		(108,098)
Social Care Precept (2.0% in 24/25, 0% onwards)		(17,186)		(17,272)		(17,359)		(17,446)		(17,533)
Business Rates		(46,388)		(50,069)		(50,921)		(50,921)		(50,921)
Revenue Support Grant		(7,799)		(7,931)		(8,090)		(8,252)		(8,417)
Collection Fund Surplus		(1,400)		0		0		0		0
Total Funding		**(165,059)**		**(171,306)**		**(176,286)**		**(180,554)**		**(184,969)**
Funding Gap		**0**		**6,500**		**13,400**		**20,400**		**27,200**

Funding Gap (In-year)	**0**	**6,500**	**6,900**	**7,000**	**6,800**

Funding Gap (Cumulative)	**0**	**6,500**	**19,900**	**40,300**	**67,500**

Core Precept	92,286	96,034	99,916	103,935	108,098
Social Care Precept	17,186	17,272	17,359	17,446	17,533
Band D Council Tax					
Council Tax for a Band D Property	1,798.74	1,852.47	1,907.82	1,964.79	2,023.47
% Increase in Council Tax	4.99%	2.99%	2.99%	2.99%	2.99%
Council Tax Base					
Council Tax Base	60,861	61,165	61,471	61,778	62,087
Increase in Tax Base on prior year	0.75%	0.50%	0.50%	0.50%	0.50%

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

Annex 2

Earmarked Reserves	Balance 1/4/24 £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	To Reserves £000s	From Reserves £000s	Transfers £000s	Balance 1/4/27 £000s	To Reserves £000s	From Reserves £000s	Transfers £000s	Balance 1/4/28 £000s	To Reserves £000s	From Reserves £000s	Transfers £000s	Balance 1/4/29 £000s	To Reserves £000s	From Reserves £000s	Transfers £000s	Balance 1/4/30 £000s
Capital Reserves																									
Capital Reserve	**12,195**	625	(47)	1,875	**14,648**		(288)		**14,360**				**14,360**				**14,360**				**14,360**				**14,360**
Interest Equalisation Reserve	**5,575**				**5,575**				**5,575**				**5,575**				**5,575**				**5,575**				**5,575**
MRP Equalisation Reserve	**3,144**		(312)		**2,832**				**2,832**				**2,832**				**2,832**				**2,832**				**2,832**
Capital Reserves	**20,914**	625	(359)	1,875	**23,055**	-	(288)	-	**22,767**	-	-	-	**22,767**	-	-	-	**22,767**	-	-	-	**22,767**	-	-	-	**22,767**
Corporate Reserves																									
Business Rates Retention Reserve	**1,088**				**1,088**				**1,088**				**1,088**				**1,088**				**1,088**				**1,088**
Business Transformation Reserve	**2,370**		(928)	(9)	**1,433**	3,507	(110)		**4,830**		(7)		**4,823**				**4,823**				**4,823**				**4,823**
Business World ERP Reserve	**1,432**		(275)		**1,157**		(306)		**851**				**851**				**851**				**851**				**851**
Climate Change & Green Initiatives	**380**				**380**				**380**				**380**				**380**				**380**				**380**
Cost of Living	**775**				**775**				**775**				**775**				**775**				**775**				**775**
New Homes Bonus	**1,906**	26			**1,932**	4			**1,936**				**1,936**				**1,936**				**1,936**				**1,936**
Pension Reserve	**6,000**		(203)		**5,797**				**5,797**		(3,000)		**2,797**	1,500			**4,297**	1,500			**5,797**	1,500			**7,297**
Rental Equalisation	**850**				**850**				**850**				**850**				**850**				**850**				**850**
Service Redesign Reserve	**263**	1,160	(582)		**841**				**841**				**841**				**841**				**841**				**841**
Technology Transition & Systems Modernisation	**1,096**		(1,526)	2,009	**1,579**		(329)		**1,250**				**1,250**				**1,250**				**1,250**				**1,250**
Transformation Implementation Reserve	**985**		(145)		**840**		(151)		**689**				**689**				**689**				**689**				**689**
Corporate Reserves	**17,145**	1,186	(3,659)	2,000	**16,672**	3,511	(896)	-	**19,287**	-	(3,007)	-	**16,280**	1,500	-	-	**17,780**	1,500	-	-	**19,280**	1,500	-	-	**20,780**
Grant Reserves																									
Air Quality Reserve	**164**		(30)		**134**				**134**				**134**				**134**				**134**				**134**
Area Child Protection	**32**				**32**				**32**				**32**				**32**				**32**				**32**
Business Rates Section 31 Grant	**550**				**550**				**550**				**550**				**550**				**550**				**550**
COVID-19 Reserve	**434**				**434**				**434**				**434**				**434**				**434**				**434**
Dedicated Schools Grant	**11,649**		(3,852)		**7,797**		(511)		**7,286**				**7,286**				**7,286**				**7,286**				**7,286**
Enhanced Bus Partnership Capacity Grant 22/23-24/25	**98**		(74)		**24**				**24**				**24**				**24**				**24**				**24**
General Grants Carried Forward	**6,252**		(264)		**5,988**		(317)		**5,671**				**5,671**				**5,671**				**5,671**				**5,671**
Holiday Activity and Healthy Food Grant Reserve	**5**				**5**				**5**				**5**				**5**				**5**				**5**
Levelling Up Fund	**168**				**168**				**168**				**168**				**168**				**168**				**168**
Public Health Grant - DAAT	**-**				**-**				**-**				**-**				**-**				**-**				**-**
Public Health Grant - Public Health	**1,657**		(210)	10	**1,457**		(56)		**1,401**				**1,401**				**1,401**				**1,401**				**1,401**
Grant Reserves	**21,009**	-	(4,430)	10	**16,589**	-	(884)	-	**15,705**	-	-	-	**15,705**	-	-	-	**15,705**	-	-	-	**15,705**	-	-	-	**15,705**

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

Annex 2

Earmarked Reserves	Balance 1/4/24 £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	To Reserves £000s	From Reserves £000s	Transfers £000s	Balance 1/4/27 £000s	To Reserves £000s	From Reserves £000s	Transfers £000s	Balance 1/4/28 £000s	To Reserves £000s	From Reserves £000s	Transfers £000s	Balance 1/4/29 £000s	To Reserves £000s	From Reserves £000s	Transfers £000s	Balance 1/4/30 £000s
Insurance Reserves																									
Insurance Reserve	**5,422**				**5,422**				**5,422**				**5,422**				**5,422**				**5,422**				**5,422**
Insurance Reserves	**5,422**	-	-	-	**5,422**	-	-	-	**5,422**	-	-	-	**5,422**	-	-	-	**5,422**	-	-	-	**5,422**	-	-	-	**5,422**
Service Reserves																									
Adult Social Care Reserve	**2,500**	2,500	(1,000)	(2,500)	**1,500**				**1,500**				**1,500**				**1,500**				**1,500**				**1,500**
Children's Social Care Reserve	**2,150**	4,117	(3,242)	(2,150)	**875**				**875**				**875**				**875**				**875**				**875**
Development Control Reserve	**(15)**			15	**-**				**-**				**-**				**-**				**-**				**-**
Domestic Abuse Reserve	**296**				**296**				**296**				**296**				**296**				**296**				**296**
Economic Inclusion	**35**	11	(11)		**35**				**35**				**35**				**35**				**35**				**35**
Elections Reserve	**-**	100			**100**	108			**208**		(36)		**172**		(36)		**136**		(36)		**100**		(36)		**64**
Internal Audit Reserve	**393**				**393**				**393**				**393**				**393**				**393**				**393**
Local Land Charges Reserve	**100**				**100**				**100**				**100**				**100**				**100**				**100**
Regulatory Licensing Reserve	**387**		(207)		**180**				**180**				**180**				**180**				**180**				**180**
Shared Lives - Delayed Respite	**117**				**117**				**117**				**117**				**117**				**117**				**117**
Selective Licensing Reserve	**1,486**				**1,486**		(261)		**1,225**				**1,225**				**1,225**				**1,225**				**1,225**
Supporting People Reserve	**749**				**749**				**749**				**749**				**749**				**749**				**749**
Waste Management Reserve	**1,475**		(600)		**875**				**875**				**875**				**875**				**875**				**875**
Welfare Reform Reserve	**248**				**248**				**248**				**248**				**248**				**248**				**248**
Service Reserves	**9,921**	6,728	(5,060)	(4,635)	**6,954**	108	(261)	-	**6,801**	-	(36)	-	**6,765**	-	(36)	-	**6,729**	-	(36)	-	**6,693**	-	(36)	-	**6,657**
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	**74,464**	8,539	(13,508)	(750)	**68,745**	3,619	(2,329)	-	**70,035**	-	(3,043)	-	**66,992**	1,500	(36)	-	**68,456**	1,500	(36)	-	**69,920**	1,500	(36)	-	**71,384**

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

Annex 3

Additional Investments and Unavoidable Cost Pressures

Reference	Justification	2025/26 Total £000
Non-Portfolio and Cross-Organisational Investment and Pressures		
01-COP	**Staffing Establishment Costs 2025/26** £1.2 million is required for the government's increase to Employers National Insurance Contributions, as announced in the Autumn Budget Statement. Expected to be fully reimbursed by the government. £2.675 million has been provided for a pay award of up to 2.5% and the impact of officers moving through their contractual scale point increments. The actual pay award is not yet known and could result in either a budget surplus or pressure, this estimate is based on the best information currently available. [**X-Council: EDFR**]	3,875
02-COP	**Income Budget Rightsizing** Realignment of demand led income budgets across the Council so that income targets are set at a more realistic and achievable level of delivery for the following services. [**X-Council: EDFR**] > Parking Management £260K > Culture and Tourism £183K > Highways and Transport £170K > Regulatory licensing £150K > Land Charges £ 96K > Facilities Hire £ 80K > Education Services £ 33K > Other Services £ 28K	1,000
03-COP	**Vacancy Factor** The 2024/25 budget introduced a departmental vacancy factor across the organisation. The majority of local authorities budget on the basis that they will continually have some staff turnover throughout each financial year. A saving is delivered for the period when a role is vacant prior to a new appointment starting. The Council has around 1,800 roles and will always have some roles vacant and out to recruitment. Experience through 2024/25 has shown that the vacancy factor percentage and subsequent savings target has been set too high. This investment will reduce the vacancy saving to around £1.2M, or a vacancy factor of around 2% of the budget for permanent staff [**X-Council: EDFR**]	815

Reference	Justification	2025/26 Total £000
04-COP	**Energy Inflation Costs 2025/26** This amount will be allocated to our Corporate Contingency budget for 2025/26 to potentially fund increases in energy costs as a result of inflation clauses. [**X-Council: EDFR**]	600
05-COP	**Investment, income and financing alignment** This reflects all the planned changes to the Capital Programme and accounting requirements in accordance with the range of accountancy codes. The base budget will be set at the estimated right level as part of the medium term financial planning view. [**X-Council: EDFR**]	460
06-COP	**Contractual Inflation (Not Energy Related)** This amount will be allocated to our Corporate Contingency budget initially and drawn upon by services throughout 2025/26 to fund increases in contractual costs as a result of inflation clauses. Services will be expected to try to manage their 3rd Party contracts as cash limited budgets at 2024/25 levels wherever possible. [**X-Council: EDFR**]	400
07-COP	**Civic Pride** Investment for a range of events/schemes to boost civic pride. **[EDAC]** > City Jam annual event £90K. > An annual Southend City Day on 1 March 2025 (or nearest Saturday in future years) £80K. > Promote volunteering through community outreach, partnerships and sponsored rewards £10K. > Community projects and events celebrating Southend’s rich arts, culture and heritage £5K.	185
08-COP	**Levies** Essex County Council have notified the Council that the Coroners Court Levy in 2025/26 will increase by 3%, equivalent to £18,000. Notification of Environment Agency and Kent & Essex Fisheries levies has not been received at this time but an estimate of £7,000 has been provided to cover the expected inflationary increases in these levies. [**EDFR**]	25
	Cross-Organisational Pressures Total	**7,360**

Reference	Justification	2025/26 Total £000
Investment and Pressures Specific to Portfolio Services		
Leader: Infrastructure and Corporate Strategy		
01-L	**Parking Enforcement Contract** A new contract for Parking Enforcement & Operations will commence on 1st February 2025. The current budget for the parking enforcement contract is £1.45m and has only been increased in 2023/24 for inflation and 2024/25 for the approved budget increase in the number of Civil Enforcement Officers. Other than these increases the budget has remained largely the same since the award of the incumbent contract in 2016. However, over the lifespan of the contract, there have been increases in service requirements (such as additional Civil Enforcement Officers, new equipment, and extended operational hours), resulting in rising expenditure. New contract arrangements present an opportunity to ensure that the budget is aligned appropriately with the true cost of contract provision. A reflective budget will invariably ensure the ability to sustain and manage non-compliant behaviours and to optimise the level of parking revenue generated. [**EDEP**]	800
02-L	**Highways Maintenance** Additional revenue budget is being allocated for maintenance (including potholes) to relieve the pressure on the capital LTP grant which will allow those funds to be focussed on more long-term benefits, achieving greater value for money. This includes £25K which has been earmarked for Disabled parking bays line marking. [**EDEP**]	250
	Leader: Corporate Matters and Performance Delivery Total	**1,050**

Deputy Leader: Planning, Housing and the Local Plan		
01-DL	**Temporary Accommodation** Temporary accommodation costs budget required due to a 100% increase in the number of people presenting as homeless or at risk of homelessness since 2018/19. [**EDEP**]	250
	Deputy Leader: Planning, Housing and the Local Plan Total	**250**

Reference	Justification	2025/26 Total £000
Climate, Environment and Waste		
01-CEW	**Waste Contract** The contract has now been awarded, and this is the value of investment required in the annual budget to meet the agreed cost of the new contract which commences on 1st April 2025. [**EDEP**]	4,400
	Climate, Environment and Waste Total	**4,400**
Community Safety		
01-COSAFE	**Public Toilets** The contract has now been awarded to South Essex Property Services (SEPS), and this is the value of investment required in the budget to meet the agreed cost. SEPS are a subsidiary of South Essex Homes, which is wholly owned by the Council. [**EDFR**]	400
02-COSAFE	**Interpretation and Translation** The demand for interpretation and translation services to support residents accessing council services is currently higher than the assigned budget for this service. The majority of the spend is on live face to face or video interpreters for Children's social care, where there is limited opportunity to find more cost-effective solutions. [**EDSC**]	35
	Community Safety Total	**435**
Culture, Tourism and Business		
01-CTB	**Events** Dedicated budget to enable multiple city wide and Pier focussed events as well as funding towards key partner events for the city. [**EDAC**]	100
02-CTB	**Pier Nighttime Security** This investment is required to pay for night security at the Pier to safeguard the site when it is closed. [**EDAC**]	85
	Culture, Tourism and Business Total	**185**

Reference	Justification	2025/26 Total £000
Children, Young People and SEND		
01-CYPS	**Children's Social Care: Placements Pressure** Increase budget to the benchmarking average of the 2024/25 Children Social Care – Looked after Children services budget (including placements), when compared to statistical neighbouring boroughs. This includes the permanent investment of the 2024/25 Social Care Grant increase into Children's placements. [**EDCPH**]	3,250
02-CYPS	**Children's Transport** Increase budget to offset the pressures in home to school transport due to an increase in Education Health and Care and Children's Social Care transport to take children the Council cares for to family time with their family members. [**EDCPH**]	800
03-CYPS	**Children's Social Care: Residential** Permanent investment into the operation of SCC's purchased children's home and children's care home fees, overspend reductions for these were included in the 2024/25 budget package (OSR-09 and OSR-10) but these are not considered achievable. [**EDCPH**]	450
04-CYPS	**Children's External Care Placements** Four additional permanent officers to support the Council with both the brokerage and contract management of Children's External Care placements. As reported throughout 2024/25, cost pressures are significant in Children's External Residential care placements and demand for placements continues to be high, this investment is intended to support capacity within the brokerage and contract management and help deliver cost pressure savings in both residential care and supported accommodation. [**EDCPH**]	225
	Children, Young People and SEND Total	**4,725**

Reference	Justification	2025/26 Total £000
Finance, Assets and Investments		
01-FAI	**Concessionary Fares** The local ambition is to encourage more people to use sustainable transport (cycling & walking) as well as public transport. The budget for 2025/26 has been restated to reflect the current upward trend in the estimated number of journeys. [**EDEP**]	550
02-FAI	**Financial Services** Local Government has seen an ever increasing financial challenge and complexity to the financial advice that is needed for the Council. This investment will be used to strengthen the resilience and capability of the Finance team by adding another finance business partner to the team. Benchmarking indicates that the overall cost of Financial Services for the Council remains below the average level for unitary authorities. [**EDFR**]	90
03-FAI	**Counter Fraud** To maintain and enhance a robust and proportionate response to dealing with instances of fraud locally an additional investigator is required. Fraud is a significant risk across the local government sector and the Council is committed to continuing the good performance provided to date. [**EDFR**]	55
04-FAI	**Energy Team** Create a permanent role within the property team focussed on delivering energy efficiency and cost savings, using monitoring and reporting of energy consumption and carbon emissions to help the Council track progress and make informed decisions across its estate. [**EDFR**]	50
	Finance, Assets and Investments Total	**745**

Annex 3

Reference	Justification	2025/26 Total £000
Regeneration and Major Projects		
01-RMP	**Legal Services** Current capacity in Legal Services is not sufficient to manage increasing demand particularly for Social Care cases. Additional permanent investment is required to meet this statutory requirement, improving the case management system to streamline processes and bedding in the restructure implemented in 2024/25 to avoid relying on more expensive external support. [**EDSC**]	150
	Regeneration and Major Projects Total	**150**
Social Care and Healthier Communities		
01-SCHC	**ASC Provider Inflationary Uplift: National Living Wage and National Insurance Contributions** Annual uplift negotiations linked to living wage inflation and potential impact of new NI contributions on the adult social care market. [**EDAC**]	3,500
02-SCHC	**ASC Demographic Demand: Transitions, Older People and Working Age Adults** Every year the number of people eligible for adult social care increases. This increase is made up of people receiving services as children who turn 18 and are eligible for adult social care (transitions), adults of working age and older people who become newly eligible for support through a change in personal circumstances, and people whose needs increase as a result of increased frailty or complexity. This amount is calculated from known costs for children turning 18, and a set of assumptions about population change for older people and adults of working age. [**EDAC**]	1,450
03-SCHC	**Adults Structural Deficit Considerations** Alignment of the 2025/26 budget with pressures that have been recognised and reported during 2024/25. Areas addressed are assessments related to mental health capacity of service users and inflated costs of care packages. This includes the permanent investment of the 2024/25 Social Care Grant increase into Adults Social Care. [**EDAC**]	800
	Social Care and Healthier Communities Total	**5,750**
	Total Investments and Pressures Specific to Portfolio Services	**17,690**

Reference	Justification	2025/26 Total £000
	Cross-Organisational Pressures	7,360
	Leader: Infrastructure and Corporate Strategy	1,050
	Deputy Leader: Planning, Housing and the Local Plan	250
	Climate, Environment and Waste	4,400
	Community Safety	435
	Culture, Tourism and Business	185
	Children, Young People and SEND	4,725
	Finance, Assets and Investments	745
	Regeneration and Major Projects	150
	Social Care and Healthier Communities	5,750
	Additional Investments and Unavoidable Cost Pressures Total	**25,050**

Annex 3

Budget Savings and Income Generation Initiatives

Reference	Detail of Proposal	Financial Impact		
		2025/26 £000	2026/27 £000	2027/28 £000
Corporate Initiatives				
COI-01	**Transformation Programme** Delivery of the council's Transformation Programme focussed on modern council services that enable improved outcomes for residents. The following projects are expected to be progressed in 2025/26, subject to viable business cases. ***Service Transformation*** > One Council - systematic service redesign > Commissioning and Contract Management > Social Care demand management ***Foundation Projects*** > Future estate > Data transformation > Workforce > My Southend > Business World The first business case is due in February 2025. [**X-Council: EDSC**]	(500)	(500)	(500)
	Corporate Initiatives Total	**(500)**	**(500)**	**(500)**

Annex 3

Reference	Detail of Proposal	Financial Impact		
		2025/26 £000	2026/27 £000	2027/28 £000
Efficiency and Productivity				
EAP-01	**Estate Efficiencies** Ensuring that buildings and spaces are used to their full potential, including consolidating services into fewer buildings, leasing or selling surplus properties to generate income that can be reinvested into council services and reducing operational costs through energy efficiency measures. [**EDFR**]	(100)	(100)	(100)
	Efficiency and Productivity Total	**(100)**	**(100)**	**(100)**

Organisational Redesign				
ORE-01	**Voluntary Redundancy** Voluntary redundancy programme as part of Organisational Redesign. [**X-Council: EDSC**]	(485)	(485)	(485)
ORE-02	**Strategy and Change Management Structure** Restructure senior management under the Executive Director for Strategy & Change to align with Organisation Design Principles and service requirements. [**EDSC**]	(355)	(355)	(355)
ORE-03	**Property and Asset Management Staffing Restructure** The combining of the Property and Asset Management teams will deliver staff savings in the current establishment. [**EDFR**]	(100)	(100)	(100)
	Organisational Redesign Total	**(940)**	**(940)**	**(940)**

Reference	Detail of Proposal	Financial Impact		
		2025/26 £000	2026/27 £000	2027/28 £000
Service Offer Changes				
SOC-01	**Connected Southend Transformation: Prevention and Independence** Transformation of service model and implementation of connected Southend. > Quicker and more preventative approach to providing support and care for local citizens. > Improved contact centre and prevention service to deliver better information, advice and signposting to reduce the volume of referrals through to secondary and tertiary social care teams. > Better use of one-off direct payments to enable short-term preventative interventions. [**EDAC**]	(250)	(250)	(250)
SOC-02	**Connected Southend Transformation: Focused care package review** Planned review of all packages of care. The total value of care packages is circa £75M for 3500 clients, with a proposal to reduce the overal cost by 0.5%, following reviews of packages to ensure they continue to be appropriate to meet wellbeing needs and link to statutuory eligibility and maximise the preventative and reablement offer. [**EDAC**]	(350)	(350)	(350)
SOC-03	**Southend Care Limited Transformation** Restructure and remodelling to support new services in line with Connected Southend. [**EDAC**]	(150)	(150)	(150)
	Service Offer Changes Total	**(750)**	**(750)**	**(750)**

Reference	Detail of Proposal	Financial Impact		
		2025/26 £000	**2026/27 £000**	**2027/28 £000**
Third Party Payments / Contractual Arrangements				
TPP-01	**Community Sector Discretionary Grants** A full review of all Voluntary spend by the council and NHS to ensure no double payment and a clearer defined set of outcomes to fully evaluate council spend in the sector. To then look at active reduction in grant focused spend. [**EDAC**]	(100)	(100)	(100)
TPP-02	**Market contract and inflation negotiation** As part of contract price negotiation aligned to graded inflation offer ensure open book exercises for high-cost contract requests are efficient and cost effective. [**EDAC**]	(100)	(100)	(100)
TPP-03	**Essex County Council (ECC) Transferred Debt** Reduction in the amount we are required to reimburse ECC for the debt costs (interest and provision for repayment) on the remaining balance of the transferred debt. [**EDFR**]	(50)	(50)	(50)
	Third Party Payments / Contractual Arrangements Total	**(250)**	**(250)**	**(250)**

Reference	Detail of Proposal	Financial Impact		
		2025/26 £000	**2026/27 £000**	**2027/28 £000**
Income Generation Capability				
IGC-01	**Increased Fees and Charges Yield** Medium Term Financial Plan (MTFP) assumed increase in yield from fees and charges. [**X-Council**]	(500)	(1,000)	(1,500)
IGC-02	**Investment Income** Increased revenue from higher interest rates and balances. [**EDFR**]	(250)	(250)	(250)
IGC-03	**Rental and Lease Income** Increased yield from new sources and renewals. [**EDFR**]	(100)	(100)	(100)
IGC-04	**Court of Protection** Additional administration fees set by statute and deferred payment fees (increase in volume of clients). [**EDFR**]	(100)	(100)	(100)
IGC-05	**Community Safety** Castle Point Service Level Agreement to support Community Safety services with SCC staff. [**EDEP**]	(50)	(50)	(50)
IGC-06	**Pier Admission Charging** Review all Pier admission charges and reshape pricing structure with small over inflation charge. Develop new reduced cost annual pass. [**EDAC**]	(30)	(30)	(30)
IGC-07	**Passenger Transport Office and Fleet** Relocate from third party contract into SCC land/assets. Part year effect of £20K in 2025/26, from January 2026. [**EDFR**]	(20)	(90)	(90)
	Income Generation Capability Total	**(1,050)**	**(1,620)**	**(2,120)**

Total 2025/26 Budget Saving / Income Generation Proposals	**(3,590)**	**(4,160)**	**(4,660)**

Reference	Detail of Proposal	Financial Impact		
		2025/26 £000	2026/27 £000	2027/28 £000
Agreed Savings from Prior Years - figures are as per February 2024 Council				
COI-05 (2425)	**Redesign the 'Front Door' to the Council** Optimise digital channels and streamline contact points to improve the response to residents and align resources to the most complex interactions, this is the second year of savings with £300k delivered in 2024/25 taking the total savings for this project to £600k. [**X-Council: EDSC**]	(300)	(300)	(300)
IGC-10 (2425)	**Electric Vehicle (EV) Charging Opportunities (Deferred)** Install EV charging points and receive commission on charging. [**EDEP**]	-	(100)	(100)
COI-01 (2324)	**Employer Pension contribution levels - actuarial review** The Council took proactive action in 2019 to increase contributions and together with strong investment performance from Essex Pension Fund, we are now in the position to reduce contributions for the next 3 years. Primary rate for 2023/24 to 2025/26 will be 21.3%, with a secondary rate for 2023/24 and 2024/25 of -1.3% and -0.7%, respectively. **This is the second year impact and reduces the saving from the £1,500,000 in 2023/24 to £1,250,000 in 2024/25, this is due to the 0.6% change in the secondary rate outlined above.** [**X-Council: EDFR**]	250	250	250
EAP-06 (2324)	**System for management of sickness absence (Deferred)** This saving is dependent on enhancements being delivered by the Business World project. Delays in delivery mean the saving in 2024/25 has not been achieved, this line reprofiles the saving across the new timeline for the project. [**EDSC**]	(65)	(65)	(65)

Reference	Detail of Proposal	Financial Impact		
		2025/26 £000	2026/27 £000	2027/28 £000
IGC-14 (2324)	**Registration Service** This proposal encompasses a combination of income generating opportunities and some cost saving measures which will put the service on a more commercial footing. Proposed changes to fees are outside delegated authority, a detailed schedule of Sales, Fees & Charges will be part of the budget report. [**EDSC**]	(15)	(15)	(15)
IGC-16 (2324)	**Long Term Empty Premium/Second Home Premiums (Deferred)** This was presented in the 2023/24 budget as being achievable from 2024/25 onwards but will now not be achievable until 2025/26 so the saving has been deferred. The delay is due to the legislative process outside of the Council's control. [**EDFR**]	(1,000)	(1,000)	(1,000)
IGC-18 (2324)	**Review allotment rents from 2024/25 (Deferred)** This was presented in the 2023/24 budget as being achievable from 2024/25 onwards but will now not be achievable until 2025/26 so the saving has been deferred. [**EDEP**]	(25)	(25)	(25)
SW27-SP (2223)	**Adult Social Care Client Contributions** Expected increase in client contributions which is directly related to the rise in cost of delivery. [**EDAC**]	(528)	(1,066)	(1,066)
	Agreed Savings from Prior Years Total *Figures are as per February 2024 Council*	**(1,683)**	**(2,321)**	**(2,321)**

Grand Total 2025/26 Budget Savings / Income Generation ***plus*** **Agreed Savings from Prior Years**	**(5,273)**	**(6,481)**	**(6,981)**