



Auditor's Annual Report for Southend on Sea City Council

Year-ended 31 March 2025

—

13 January 2026

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	<p>Our audit report is made solely to the members of Southend on Sea City Council (the Council), as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014. Our audit work has been undertaken so that we might state to the members of the Council, as a body, those matters we are required to state to them in an auditor's report and for no other purpose.</p> <p>To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Council and the members of the Council, as a body, for our audit work, for our auditor's report, for this Auditor's Annual Report, or for the opinions we have formed.</p> <p>External auditors do not act as a substitute for the Council's own responsibility for putting in place proper arrangements to ensure that public business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.</p>	

01

Executive Summary



Executive Summary

Purpose of the Auditor's Annual Report

This Auditor's Annual Report provides a summary of the findings and key issues arising from our 2024-25 audit of Southend on Sea City Council (the 'Council'). This report has been prepared in line with the requirements set out in the Code of Audit Practice published by the National Audit Office (the 'Code of Audit Practice') and is required to be published by the Council alongside the annual report and accounts.

Our responsibilities

The statutory responsibilities and powers of appointed auditors are set out in the Local Audit and Accountability Act 2014 (the Act). Our responsibilities under the Act, the Code of Audit Practice and International Standards on Auditing (UK) ('ISAs (UK)') include the following:



Financial Statements - To provide an opinion as to whether the financial statements give a true and fair view of the financial position of the Group and the Council and of their income and expenditure during the year and have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting 2024/25 ('the CIPFA Code').



Other information (such as the narrative report) - To consider, whether based on our audit work, the other information in the Statement of Accounts is materially misstated or inconsistent with the financial statements or our audit knowledge of the Council.



Value for money - To report if we have identified any significant weaknesses in the arrangements that have been made by the Council to secure economy, efficiency and effectiveness in its use of resources. We are also required to provide a summary of our findings in the commentary in this report.



Other powers - We may exercise other powers we have under the Act. These include issuing a Public Interest Report, issuing statutory recommendations, issuing an Advisory Notice, applying for a judicial review, or applying to the courts to have an item of expenditure declared unlawful.

In addition to the above, we respond to any valid objections received from electors.

Findings

We have set out below a summary of the conclusions that we provided in respect of our responsibilities.

Financial statements and other information	<p>We issued an unmodified opinion on the Group's financial statements on 13 January 2026. This means that we believe the financial statements give a true and fair view of the financial performance and position of the Group and the Council.</p> <p>We have provided further details of the key risks we identified and our response on page 8.</p>
Value for money	<p>We did not identify any material inconsistencies between the content of the other information, the financial statements and our knowledge of the Group.</p>
Whole of Government Accounts	<p>We identified no significant weaknesses in respect of the arrangements the Council has put in place to secure economy, efficiency, and effectiveness in the use of its resources. Further details are set out on page 10.</p>
Other powers	<p>We are required to perform procedures and report to the National Audit Office in respect of the Council's consolidation return to HM Treasury in order to prepare the Whole of Government Accounts.</p> <p>As the National Audit Office has not yet informed us that we are not required to perform any further procedures, we are unable to confirm that we have concluded our work in this area.</p>

See overleaf.

Executive Summary

There are several actions we can take as part of our wider powers under the Act:

Public interest reports

We may issue a Public Interest Report if we believe there are matters that should be brought to the attention of the public.

If we issue a Public Interest Report, the Council is required to consider it and to bring it to the attention of the public.

We have not issued a Public Interest Report this year

Judicial review/Declaration by the courts

We may apply to the courts for a judicial review in relation to an action the Council is taking. We may also apply to the courts for a declaration that an item of expenditure the Council has incurred is unlawful.

We have not applied to the courts

Recommendations

We can make recommendations to the Council. These fall into two categories:

1. We can make a statutory recommendation under Schedule 7 of the Act. If we do this the Council must consider the matter at a general meeting and notify us of the action it intends to take (if any). We also send a copy of this recommendation to the relevant Secretary of State.
2. We can also make other recommendations. If we do this, the Council does not need to take any action, however should the Council provide us with a response, we will include it within this report.

We made no recommendations under Schedule 7 of the Act.

We have not raised any other recommendations

Advisory notice

We may issue an advisory notice if we believe that the Council has, or is about to, incur an unlawful item of expenditure or has, or is about to, take a course of action which may result in a significant loss or deficiency.

If we issue an advisory notice, the Council is required to stop the course of action for 21 days, consider the notice at a general meeting, and then notify us of the action it intends to take and why.

We have not issued an advisory notice this year

In addition to these powers, we can make performance improvement observations to make helpful suggestions to the Council. Where we raise observations we report these to management and the Audit and Governance Committee. The Council is not required to take any action to these, however it is good practice to do so and we have included any responses that the Council has given us.

02

Audit of the financial statements



Audit of the financial statements

KPMG provides an independent opinion on whether the Group's financial statements:

- Give a true and fair view of the financial position of the Group and Council as at 31 March 2025 and of the Group's and the Council's income and expenditure for the year then ended; and
- Have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25.

We conduct our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. We also fulfil our ethical responsibilities under and ensure we are independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard. We are required to ensure that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Our audit opinion on the financial statements

We have issued an unqualified opinion on the Group financial statements on 13 January 2026.

The full audit report is included in the Group's Annual Report and Accounts for 2024/25 which can be obtained from the Council's website.

Further information on our audit of the financial statements is set out overleaf.

Audit of the financial statements: Southend on Sea City Council

The table below summarises the key financial statement audit risks that we identified as part of our risk assessment and how we responded to these through our audit.

Inappropriate capitalisation of expenditure	Management override of controls	Valuation of post retirement benefit obligations
<p>Fraud risk that additions to property, plant and equipment and infrastructure assets are recorded inappropriately when the expenditure is not eligible for capitalisation.</p> <p>Our procedures</p> <p>We evaluated the design and implementation of controls for classifying expenditure as capital.</p> <p>We selected a sample of expenditure capitalised during the year and agreed it back to supporting evidence to ensure it was appropriate to capitalise.</p> <p>Our findings</p> <p>We completed the procedures as described and we did not identify any material misstatements relating to this area.</p>	<p>Fraud risk related to unpredictable way management override of controls may occur</p> <p>Our procedures</p> <p>We evaluated the design and implementation of controls over journal entries and post closing adjustments.</p> <p>We analysed all journals through the year using data and analytics and focused our testing on those with a higher risk.</p> <p>Our findings</p> <p>We completed the procedures as described and we did not identify any material misstatements relating to this area.</p>	<p>An inappropriate amount is estimated and recorded for the Local Government Pension Scheme defined benefit obligation</p> <p>Our procedures</p> <p>We have challenged, with the support of our own actuarial specialists, the key assumptions applied, being the discount rate, inflation rate and mortality/life expectancy against externally derived data.</p> <p>We have assessed the level of surplus that should be recognised by the entity.</p> <p>Our findings</p> <p>We completed the procedures as described and we did not identify any material misstatements relating to this area.</p>

02

Value for Money



Value for Money

Introduction

We are required to be satisfied that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources or 'value for money'. We consider whether there are sufficient arrangements in place for the Council for the following criteria, as defined by the Code of Audit Practice:

-  **Financial sustainability:** How the Council plans and manages its resources to ensure it can continue to deliver its services.
-  **Governance:** How the Council ensures that it makes informed decisions and properly manages its risks.
-  **Improving economy, efficiency and effectiveness:** How the Council uses information about its costs and performance to improve the way it manages and delivers its services

We do not act as a substitute for the Council's own responsibility for putting in place proper arrangements to ensure that public business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. We are also not required to consider whether all aspects of the Council's arrangements are operating effectively, or whether the Council has achieved value for money during the year.

Approach

We undertake risk assessment procedures in order to assess whether there are any risks that value for money is not being achieved. This is prepared by considering the findings from other regulators and auditors, records from the organisation and performing procedures to assess the design of key systems at the organisation that give assurance over value for money.

Where a significant risk is identified we perform further procedures in order to consider whether there are significant weaknesses in the processes in place to achieve value for money.

We are required to report a summary of the work undertaken and the conclusions reached against each of the aforementioned reporting criteria in this Auditor's Annual Report. We do this as part of our commentary on VFM arrangements over the following pages.

We also make recommendations where we identify weaknesses in arrangements or other matters that require attention from the Council.

Summary of findings

Our work in relation to value for money is complete.

	Financial sustainability	Governance	Improving economy, efficiency and effectiveness
Commentary page reference	13	16	19
Identified risks of significant weakness?	✓ Yes	✓ Yes	✗ No
Actual significant weakness identified?	✗ No	✗ No	✗ No
2024-25 Findings	Risk of significant weakness noted but did not materialise into significant weakness	Risk of significant weakness noted but did not materialise into significant weakness	No significant risks identified
Direction of travel	↔	↗	↔

Value for Money

National context

We use issues affecting Councils nationally to set the scene for our work. We assess if the issues below apply to this Council.

Local Government Reorganisation

The Government has announced proposals to restructure local government throughout England. County and District councils (and, in some cases, existing Unitary authorities) will be abolished and replaced with new, larger Unitary authorities, which will (in many cases) work together with peers in a regional or sub-regional Combined Authority. Authorities which are unaffected by these proposals may still see changes in local police and fire authorities and in the Councils they already work in collaboration with.

Restructuring has, in some cases, resulted in differing views on how services should be provided in their regions – with little consensus on how previously separate organisations will be knitted together. Councils will need to ensure that investment decisions are in the long-term interest of their regions, and that appropriate governance is in place to support decision making.

Financial performance

Over recent years, Councils have been expected to do more with less. Central government grants have been reduced, and the nature of central government support has become more uncertain in timing and amount. This has caused Councils to cut services and change the way that services are delivered in order to remain financially viable.

Whilst the Government has indicated an intention to restore multi-year funding settlements, giving Councils greater certainty and ability to make longer-term investment decisions, the Government has also proposed linking grant funding to deprivation. For some authorities this presents a significant funding opportunity, whereas for others this reinforces existing financial sustainability concerns and creates new financial planning uncertainties.

Education

Many schools are now the responsibility of academy trusts, however some schools are still controlled and overseen by the local Council. Dedicated funding is provided by central government to run schools, however due to cost pressures many Councils have overspent against their central government allocation, particularly in relation to "high needs" expenditure (i.e. to support students with special educational needs and disability (SEND)). Government guidance is awaited on childrens services reform and SEND, and some authorities are delaying transformation programmes until there is clarity on how services should evolve.

An accounting override exists meaning Councils do not need to recognise schools deficits as part of their reserves which, for some, avoids Councils becoming insolvent. This override was extended to March 2028. However, some have raised concerns that this extension only defers the problem, and the underlying unsustainability of education expenditure has not been resolved.

Local context

- There are 15 councils within the Greater Essex area and an interim reorganisation proposal was submitted to government on 21 March 2025.
- Southend on Sea City Council (the Council) is a Unitary Coastal Authority which has a diverse population of 185,000 residents.
- The Council employ over 1,800 people with staff costs of £94m
- The Council made a deficit on provision of services for the year of £7.656m compared to a deficit in the 2023/24 year of £32.556m
- The Council reported an adverse variance to budget in 2024/25 of £3.4m
- The Care Quality Commission issued a report on Adult Social Services in 2024/25 rating the service as "Good"
- The outcome of the OFSTED ILACS inspection judged overall effectiveness to be "Good"
- The Council have a Housing Revenue Account which manages and oversees 6,000 properties
- The Regulator for Social Housing issued a grading of C3 subsequent to the year end.
- The Children's Services department is under pressure to deliver their budget as it has a very high level of residential care placement costs

Financial Sustainability

How the Council plans and manages its resources to ensure it can continue to deliver its services.

We have considered the following in our work:

- How the Council ensures that it identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them;
- How the Council plans to bridge its funding gaps and identifies achievable savings;
- How the Council plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities;
- How the Council ensures that its financial plan is consistent with other plans such as workforce, capital, investment, and other operational planning which may include working with other local public bodies as part of a wider system; and
- How the Council identifies and manages risks to financial resilience, e.g. unplanned changes in demand, including challenge of the assumptions underlying its plans.

Budget setting and financial performance:

- The budget setting process is underpinned by the Council's Financial Regulations. We discussed the process with the executive directors of multiple Service Lines and note that the process is consistent throughout the Council. The budget is challenged at the Policy and Resources Scrutiny committee, before going to Cabinet and then the Council.
- Budget holders are involved throughout the year in putting forward savings proposals and identifying cost pressures. They work with the Finance Business Partners to review the budgets and identify monthly the areas where overspend is occurring.
- The Council made a deficit on provision of services for the year of £7.656m compared to a deficit in the 2023/24 year of £32.556m.
- The Medium Term Financial Forecast and Strategy covers the current year, and future four years, and is the key financial planning document which is used to inform business and resources planning and shows how spending needs to be balanced with the amount of available funding. This is used to identify budget gaps and to give the Council sufficient time to address them.
- The Council's revised budget suggested a balanced General Fund budget, with the outturn for 2024/25 year showing an overspend of £3.4m. A key driver of the overspend was the Children's Services Directorate which faced a higher volume of specialist care activity. The budget for Children, Young People and SEND was £49.5m for 2024/25. The outturn showed a negative variance against budget of £6.1m. The Finance Performance Report July 2025 taken to September Cabinet estimates a continued overspend for the directorate of £6.4m, as at period 4 2025/26.
- The main driver for overspend in the children's services directorate stems from a national shortage of Residential Care placements, requiring the Council to address shortfalls through externally purchased Children in Care placements. The Council aims to build capacity for Residential Care placements to reduce usage of external placements. We recognise this is an issue facing local authorities on a national scale.
- Councils are required by law to maintain adequate reserves. The Council's general fund reserve has remained stable over recent years with the Council replenishing £1m of its General Fund balance during 2024/25. The General Fund balance as at 31st March 2025 is £11m, up from £10m as at 31 March 2024 with total usable reserves of £182,857m as at 31 March 2025, down from £192,570m as at 31 March 2024.
- We have not identified any signs of non-prudence in our review of prudential indicators and through review of the Medium Term Financial Strategy.

Financial Sustainability

Children's services cost pressures

The Councils revised budget for Children, Young People and SEND was £49.5m for 2024/25. The outturn showed a negative variance against budget of £6.1m. The July 2025 Finance Performance Report taken to September Cabinet estimates a continued overspend of £6.4m, as at period 4 2025/26.

From review of the corporate risk register we have noted there is a recurring overspend in relation to children's services caused by the large number of children in high-cost care placements. From review of the medium-term financial strategy, we can see that the number of children in in-house fostering placements is reducing and the number of children in higher cost independent fostering and residential care is increasing.

We note Southend are aware of the budget pressures and this has been highlighted in their financial performance reports that are presented at Cabinet as well as in the Medium-Term Financial Strategy which went through the Policy and Resources Committee, the Cabinet and then the Council committees. The MTFS included data on the number of children in care in Southend over time, where Southend compared to other councils, the number of children in each type of care and the cost of this care. KPMG note a number of actions are in place and have already been implemented to mitigate the recurring overspend, and Southend is able to demonstrate positive movement against these actions.

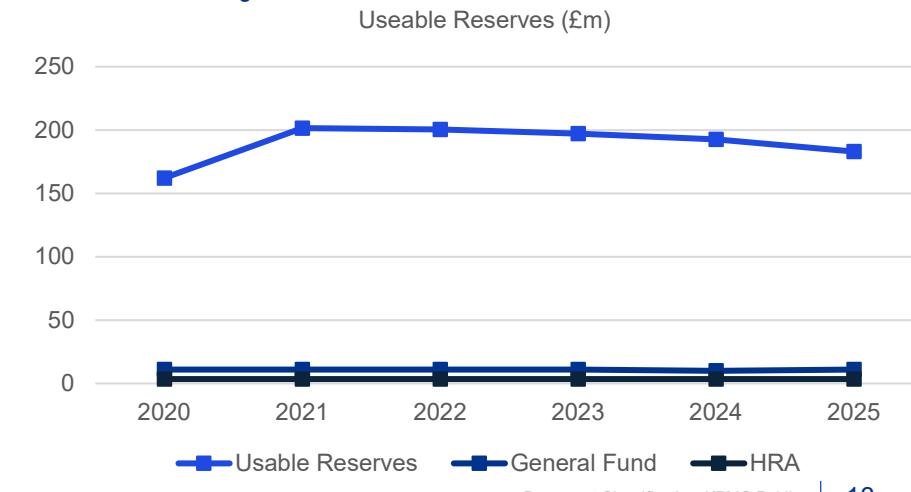
We note the Council are taking proactive steps to improve cost management including permanent additional funding to address the increased use of external care placements and savings in the Childrens Services directorate as a result of a service line review to identify potential savings. As at period 4, July 2026, a saving of £0.9m has been reported against budget for 2025/26.

Conclusion

We identified a significant risk in relation to the cost of children's care placements. Additional procedures were undertaken to address this risk. Details of the additional procedures performed and our conclusion over the existence of a weakness to Financial Sustainability are detailed on page 14. In summary, we have not identified a weakness relating to Financial Sustainability.

Key financial and performance metrics:	2024-25	2023-24
Actual surplus/(deficit), excluding HRA	(9.101m)	(32,273m)
Actual HRA surplus/(deficit)	1.445m	(0.283m)
Usable reserves	182.857m	192.570m
Children, Young People and SEND outturn	55.6m	39.0m
Year-end short-term borrowings	1.863m	9.844m
Year-end long-term borrowings	346.920m	347.158m
Year-end cash position	18.865m	32.265m

HRA: Housing Revenue Account, a ring-fenced fund relating to social housing



Significant Value for money Risk

1

Financial sustainability of Children's Services in relation to the cost of care placements

Risk that value for money arrangements may contain a significant weakness linked to Financial Sustainability

Significant Value for Money Risk

The Children's Services directorate has reported expenditure of £6.1m adverse to budget in 2024/25.

There is a recurring overspend observed from 2022/23 - 2024/25 in the Childrens Services Directorate. This is primarily driven by the large and increasing cost of external child-care placements and a shortage of in-house fostering placements.

Our response

We have performed the following procedures:

1. Understood the process for identifying cost savings for future financial periods and considered how the Council plans to address future financial performance, including the process and input into development of the 2025/26 medium term financial strategy (MTFS).
2. Considered the development of the Council arrangements in place to establish the required efficiency programme and savings to achieve short and medium term financial sustainability with regards to Children in Care placements.
3. We have reviewed the Council's process for reporting of the issue to Cabinet, the action plan being implemented to address the overspend and the minutes of the meetings to address the high cost of placements focussing on how the Council ensures cost savings do not impact on quality.

Our findings

The Council are aware of the budget pressures. This has been highlighted in their financial performance reports that are sent to the Cabinet and the MTFS which went through the Policy and Resources Scrutiny Committee, the Cabinet and then the Council. The MTFS included relevant data on children in care in Southend over time, relevant Council comparators, the number of children in each type of care and the associated cost. We note the adverse position to budget has reduced from £6.6m (20.3% of the Children's Services budget) in 2023/24 to £6.1m (12.3% of the budget) in 2024/25 indicating positive movement and effective response to the financial sustainability risk. This is further demonstrated through our risk assessment procedures where we note budget monitoring training has been provided to leaders to improve management of financial risks and response to opportunities.

Based on the findings above we have not identified any significant weaknesses in arrangements as we deem there to have been adequate reporting and monitoring of this spend during the 2024/25 reporting year. We do however note that this continues to be an area of financial pressure for the Council and that continued action will be required to manage this risk.

Governance

How the Council ensures that it makes informed decisions and properly manages its risks.

We have considered the following in our work:

- how the Council monitors and assesses risk and how the body gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud;
- how the Council approaches and carries out its annual budget setting process;
- how the Council ensures effective processes and systems are in place to ensure budgetary control; to communicate relevant, accurate and timely management information (including non-financial information where appropriate); supports its statutory financial reporting requirements; and ensures corrective action is taken where needed, including in relation to significant partnerships;
- how the Council ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency; and
- how the Council monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of management or Board members' behaviour.

Risk management

- The Risk Management Policy Statement & Strategy which is the key element of the entity's risk management process. The Council receive a quarterly horizon scanning report considering emerging local and national trends and their potential impact on the council. This is discussed at the executive directorate level and risks are captured on the Corporate Risk Register, monitored quarterly throughout the year.
- We have completed service line inquiries to further our understanding of the governance structure at the Council and determine how each service line identifies, controls, and monitors risks. We inquired how the service line involve stakeholders to identify its risks and how the service line escalate risks to the authority-wide risk register.
- The Audit and Governance Committee monitors fraud through committee meetings where the Counter Fraud Workplan is presented. We note the Council has a Counter Fraud, Bribery and Corruption Policy and Strategy.
- We have assessed the completeness of risks captured in the Corporate Risk Register and the adequacy of detail against each documented risk. The register is reported to the Policy and Resources Overview & Scrutiny Committee and the Cabinet. We have reviewed meeting minutes for November 2024 and June 2025 Cabinet meetings demonstrating monitoring and scrutiny of progress against risks present on the register.

Inspectorate outcomes

- The Council is subject to reporting from external bodies such as Ofsted, Care Quality Commission, HM Inspectorate of Probation, Regulator of Social Housing and the Information Commissioners Office.
- The Care Quality Commission rated Adult Social Care as "good", and the outcome of the Ofsted ILACS inspection judged overall effectiveness to be "good".
- Subsequent to the year end the Council received a C3 rating from the Regulator of Social Housing and we have considered the governance process in response to this. Through our review of reports received we have noted an appropriately robust response to reportable findings, where received, to the relevant governance committees.

Approach to leadership/policies and standards

- There are clear policies in place regarding the expected behaviours for staff and members and we have assessed a number of these including the Employee Code of Conduct, the whistleblowing policy and the declarations of interest policy.

Governance

Housing Revenue Account

Southend-on-Sea Council's Strategic Housing team manages the new build Council housing developments with several sites within the housing development pipeline currently underway (either on site, or in procurement for a contractor). These schemes are included in the capital investment programme to deliver the agreed phases of the affordable housing development programme to provide much needed housing for those on the Homeseeker's Register.

Southend-on-Sea City Council owns roughly 6,000 homes. The Social Housing regulator undertook an onsite inspection in April 2025. We note a regulatory judgement has been applied to Southend on 24 September 2025. The judgement states that as of September 2025, there are serious failings in the landlord delivering the outcomes of the consumer standards and significant improvement is needed. The housing regulator has applied this judgement through observation of meetings, review of complaints from tenants and developing an understanding of the councils Arms Length Management Organisation (ALMO) South Essex Homes.

	2024-25	2023/24
Ofsted rating	Good	Requires Improvement
Regulator of Social Housing grading	C3	Not rated
Care Quality Commission rating	Good	Not rated

A C3 rating from the Regulator for Social Housing concludes serious failings have been identified in the Councils delivering of outcomes of the consumer standards, and significant improvement is required.

Litigations and claims

It was noted through our value for money work in the prior year that there is no consistent centralised process in place at the council for capturing and monitoring litigation and claims against the authority with these instead being managed by individual directorates on an "as and when" basis. There is therefore no overall view of litigation and claims which could mean themes or recurring issues may not be fully captured on a timely basis.

This was raised as a recommendation in the prior year, and we consider the recommendation to remain ongoing. KPMG note the progress made to date and the consideration that litigations and claims are addressed adequately, however the implementation of the new case management system has not operated throughout 2024/25. We will monitor progress throughout 2025/26.

Conclusion

We have identified a significant risk of weakness to Governance as a result of our risk assessment procedures. We note a risk exists due to failings in upholding consumer standards in the Councils role as landlord to the approximately 6,000 social housing properties managed by the Council.

We have performed additional procedures to address this risk. Details of the additional procedures performed and our conclusion over the existence of a weakness to Financial Sustainability are detailed on page 17. In summary, we have not identified a weakness relating to Governance.

Significant Value for money Risk

2

Governance over provision of service in the Councils role as landlord for Social Housing properties

Risk that value for money arrangements may contain a significant weakness linked to Governance

Significant Value for Money Risk

During the financial year the Regulator for Social Housing has issued a regulatory judgement that there are serious failings in the landlord delivering the outcomes of the consumer standards and significant improvement is needed.

A risk exists due to the failure to provide suitable governance as a landlord for the 6,000+ homes where Southend City Council acts as landlord.

Our response

We have performed the following procedures:

1. Performed inquiries to document the Councils response to the implementation of new social housing consumer standards in April 2024.
2. Understanding of the Safety and Quality, Neighbourhood and Community standards and assessed the failings against regulatory requirements.
3. Review of the Councils Regulation and Inspection Preparation report to address potential risks over new consumer standards.
4. Understanding of the judgement ruled by the Social Housing Regulator, the basis for the ruling and performed inquiries on the Councils response to regulatory findings.
5. Review and assessment of the Council's improvement plan in response to the ruling reported to Cabinet and proposed the actions.

Our findings

The Council responded to newly implemented consumer standards early in the financial year to address potential risk areas in provision of service through their role as landlord.

The Council had self-assessed their services with a grading of C2, noting areas for improvement and the Consumer Standards Improvement Plan was created in the financial year to address these areas.

The Council have received a grading of C3 from the Regulator for Social Housing, and this will be highlighted in their directorate risk register for Environment and Place, and reports that are sent to the Cabinet.

In response to the ruling, we note a robust update to the Improvement Plan to mitigate further findings, and note demonstrable progress against findings reported by the regulator.

Based on the findings above we have not identified a significant weakness in arrangements. We note the council have responded to the regulatory judgement effectively to mitigate future risks in value for money in their role as landlord.

Improving economy, efficiency and effectiveness

How the Council uses information about its costs and performance to improve the way it manages and delivers its services

We have considered the following in our work:

- how financial and performance information has been used to assess performance to identify areas for improvement;
- how the Council evaluates the services it provides to assess performance and identify areas for improvement;
- how the Council ensures it delivers its role within significant partnerships and engages with stakeholders it has identified, in order to assess whether it is meeting its objectives; and
- where the Council commissions or procures services, how it assesses whether it is realising the expected benefits.

Operational performance review and reporting

- Reporting financial performance to Cabinet occurs at September, November, January and the following June through the financial performance report. Assessment of economy, efficiency and effectiveness is evidenced through reporting to the Cabinet
- The Medium-Term Financial Strategy provides context to sector pressures and summarises efficiency plans, future commitments to value for money, and key risks. The document details the Council's response to each of these and prospective plans to improve performance in delivery of services whilst mitigating the impact of identified risks.
- A new constitution has been implemented in January 2025 which details how the Council operates and is governed to support achieving the corporate aims, objectives and priorities for its constituents. The latest updates to the constitution were made in July 2025.
- The Key performance Indicators are aligned to the four corporate priorities set out within the Corporate plan 2024-28.
- Key Performance Indicators are used to monitor the performance of the Council and the services it provides to residents. The Council have a large range of KPIs they monitor across multiple areas of the business and we are satisfied that these measure financial and other performance measures.

Social Housing

- The Southend Council Housing Revenue Account (HRA) manages approximately 6,000 properties. The HRA reported a surplus on the HRA services of £7.402m before amounts required to be debited or credited by statute which resulted in a transfer to earmarked reserves of £1.445m to keep the HRA account at a stable figure of £3.502m.

Conclusion

- We have not raised any significant risks or weaknesses in relation to this area



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