



Southend-on-Sea
City Council

Transitional Financial Sustainability Strategy

2026-2029

Southend-on-Sea City Council





Southend-on-Sea City Council

Foreword

It is important to reassess, understand, and take responsibility for determining our financial future. We must continue to be proactive in the delivery of our city and Council vision, the key priorities of our Corporate Plan and to provide the best possible value for money services to our residents, businesses, and visitors.

Responsible, innovative and outcome based financial management provides the foundation to help to secure the transitional financial sustainability of the City Council in its current form and provides the best possible platform for the new Organisation following Greater Essex Local Government Re-organisation. This is essential so that we can continue to deliver critical services to our residents, businesses and visitors within the resources that will be available for our city now and to prepare for delivery of services across the wider geographical footprint in the future.

A clear and robust financial strategy is vital to identify the likely level of resources available each year to the council, as well as the anticipated level of demand for, and cost of, providing services. Given the recent and anticipated future funding pressures facing all councils, as well as the unprecedented levels of additional demand and increases in costs of maintaining statutory service provision, it is also important to identify how we intend to respond to these pressures, and particularly how we will meet projected future funding gaps.

The Council has refreshed this Transitional Financial Sustainability Strategy and confirmed its core financial management guiding principles during the transition to creating a new Unitary Authority for South East Essex. A comprehensive Financial Sustainability Strategy for the new Council will be developed in 2028/29 for the period 2029/30 – 2039/40.



Southend-on-Sea City Council

Outlining our intentions and key principles this Strategy focusses on securing the immediate financial sustainability of Southend-on-Sea City Council. It demonstrates how we intend to remain financially resilient, in the face of ever-increasing service demands. The council needs to continue to strive to deliver better value for money services.

Our Financial Strategy

- Frames our longer term financial, intentions, and principles for the council.
- Sets the overall context for the rolling Medium Term Financial Strategy (MTFS) and the effective targeting of resources to deliver the priorities within our Corporate Plan.
- Outlines our approach, desire, and commitment to achieving financial sustainability by embracing Southend's economic potential, growing our local tax base, improving efficiency in service delivery, and increasing our income generating capabilities.
- Is designed to enable all staff and councillors within the organisation, together with our stakeholders to realise our route to achieving long term financial sustainability. This will help to maximise understanding, ownership, and engagement within the local area.
- It will guide and help us to prepare more effectively for the implementation of Local Government Reorganisation for Greater Essex.

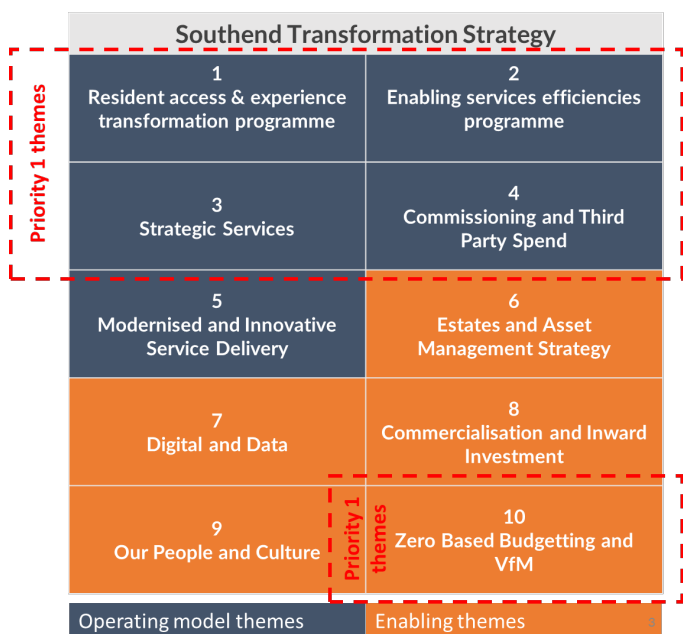
We want to direct our investment, resources and business planning towards activity that will achieve better outcomes for local people, changing the conversation to “where to prioritise” rather than “what to cut”.

In response to continuing financial uncertainties within the Local Government Sector, the Council is committed to achieving long term financial sustainability by embracing the area's economic potential, growing our local tax base and being commercial and business-like in the way we operate. This will enable us to become more self-sufficient and generate the resources necessary to maintain and invest in more effective and efficient public services that meet the needs of our local residents.

Delivery of long-term financial sustainability will be underpinned by the Council's Transformation Strategy, structured around ten organisation-wide themes, as shown in Figure 1.

Together, these themes provide a coherent framework for shifting from incremental efficiencies to evidence-led service redesign, operating model change and whole-system demand management. This approach focuses on resetting cost and demand baselines, improving productivity and strengthening financial grip across the organisation, creating a sustainable pipeline of savings aligned to the Medium Term Financial Strategy and Local Government Reorganisation outcomes.

Figure 1: Southend-on-Sea Transformation Strategy (emerging draft)



This will be delivered in practice through the Transformation Strategy’s Zero-Based Budgeting and Value for Money theme, supported by corporate activity baselining and benchmarking. These approaches will create a single evidence base on cost, demand and outcomes, enabling the Council to move from historic budget setting to forward-looking financial planning based on service need, productivity and strategic priorities. This capability will also support Local Government Reorganisation by establishing consistent baselines and comparable service models across functions.

This Strategy sits corporately and is aligned to internal and external future planning influencers and is informed by the drivers and priorities within them.



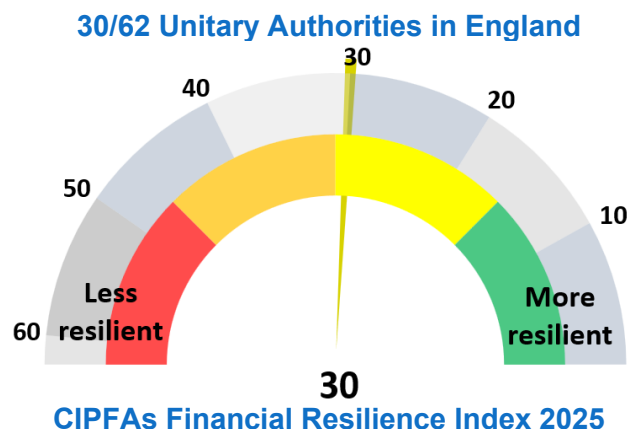
Where we are now

We have developed a shared vision for Southend-on-Sea which instils boldness, creativity, and strong, place-based leadership. The Corporate Plan establishes a set of priorities against which we can

measure and communicate progress, bringing partners and budgets together. It helps shift the mind-set from managing decline to place shaping and developing a more prosperous future for our city and wider sub-region. Given the challenges ahead, the importance of a ‘can do’ culture and positive behaviours within our authority is going to be critical.

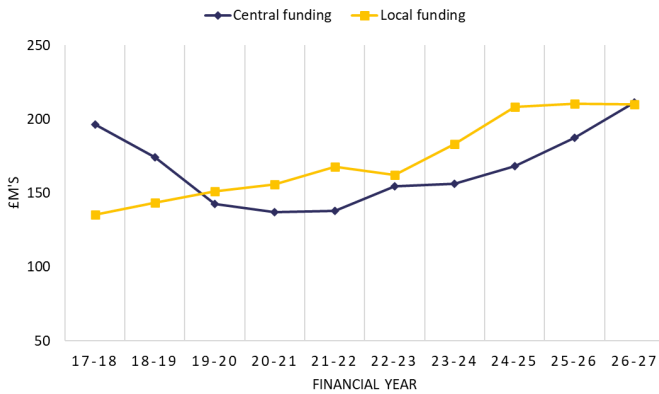
Despite the pressures presented by the reduced level of central government funding and therefore our Core Spending Power, the council’s resilience score currently remains in the top half of all Unitary Authorities in the country, and our aim is to at least maintain this level of resilience. This is based on many factors including evidence presented by CIPFA’s Resilience Toolkit, with the latest assessment published in January 2026.

Figure 2: SCC Financial Resilience score



The following resources graph shows the changing nature of our funding sources. There had been a clear decline in the overall level of funds and a shift from central to more local funding streams for many years. The two sources have converged in 2026/27, but the divergence is expected to be re-established during the life of this strategy.

Figure 3: SCC Funding Sources



The headline external challenges that will impact on our financial resilience for Southend-on-Sea:

- National funding reform and legislative changes
- Deprivation, ageing population and more complex social care interventions are all contributing to an increased demand for services
- Economic and societal changes

National funding reform and legislative changes

The three-year funding settlement for Local Government for 2026/27 to 2028/29 is the first multi-year settlement in a decade. It starts the implementation of the Government's Fair Funding Review 2.0 and includes:

- A new, evidence-based formula for assessing local needs, reflecting deprivation and cost differences.
- Reform of business rates distribution, with past growth (since 2013) being redistributed and future growth being retained locally until the next reset.
- Full equalisation of revenue-raising capacity across councils with the

Government intending to compensate areas with weaker tax bases.

Like all Local Authorities, Southend-on-Sea City Council has seen a decline in the amount of funding it receives from central government grant. This represents a significant challenge to our ambitions and service delivery intentions.

Climate Change - In the UK, the Committee on Climate Change (CCC) sets legally binding science-based carbon budgets and recommends policies and actions to drive change. The UK has an ambitious target to reduce emissions by 68% on 1990 levels by 2030, the first target consistent with achieving Net Zero in 2050.

Financial sustainability and climate sustainability are interlinked, and meeting carbon reduction commitments will require investment from the Council. In both circumstances we must ensure we do not create irreversible impacts by consuming too many resources, so that others in the future suffer at our expense. Done well, we can ensure that our actions are cost effective, delivering economic and public health benefits, creating jobs, and cutting spending on energy.

As a Council we have an important part to play in acting on climate change and becoming more sustainable through our role as community leader, service provider and estate manager.

The Council's Caring Well Strategy for Southend-on-Sea City Council and Southend Clinical Commissioning Group 2022-2027 has been co-produced with Southend-on-Sea carers, and they helped to develop eight priorities for that five-year period. The strategy sets out the commitment to carers and describes how we intend to meet the key priorities that carers and the people they

care for have told us are most important to them.

This is supported by the Corporate Plan priority of 'Caring with a good quality of life for all'. In particular that 'people live well, age well and care well and remain living independently in the community for as long as possible'.

The Council's Housing, Homelessness & Rough Sleeping Strategy runs from 2018-2028 and sets out several strategic priorities such as prioritising the supply of safe, locally affordable homes, encouraging good quality housing design & management, and supporting people to live independently in their own homes and avoid homelessness.

This is supported by the Corporate Plan priority of 'Caring with a good quality of life for all'. In particular that 'quality, affordable and safe homes are available for residents in Southend-on-Sea, with the right infrastructure to support this'. To meet this priority, the Council will continue to bring forward plans for the development and acquisition of property for Council Housing requirements via the Council's in house teams and via private pipeline opportunities and major investment that has been approved from the Housing Revenue Account capital reserves.

The Council in partnership with South Essex Homes, continues to support improvement in the quality of the existing housing stock to achieve decent, healthy, and environmentally sustainable homes. Emerging priorities include continued delivery of the improvement plan in response to the Regulator for Social Housing judgement and planning for the decarbonisation of the Council's housing stock to meet the Climate Emergency timescales.

In terms of the Council's ongoing commitments to reducing homelessness and rough sleeping, the Council will continue to bid for available external grant funding.

Future priorities will include the development of several strategies and policies to assist in delivering this priority including improving the choice of temporary accommodation, older peoples housing, transitional supported housing, that will guide the Council to longer term thinking on provision and potential savings and increased sustainability over the next 10 years.

The scale and persistence of these pressures demonstrate that incremental efficiencies alone are insufficient. Long-term sustainability requires structural change in how services are designed and delivered, how residents access support, and how the Council manages resources. The Transformation Strategy provides the mechanism for this change by combining early delivery with longer-term redesign to address demand growth, improve productivity and value for money.



Transitional Ways of Working

Our transformation programme underpins the whole approach to organisational design and the culture change needed to deliver the intentions and principles outlined in this strategy. The Council is putting in place the conditions that our staff have identified as being necessary to make us 'match fit' for the future. These conditions form an overarching change programme for the organisation:

- Clear vision and delivery strategy
- Digital enablement to support the vision

- Trusted, empowered, and engaged workforce
- Appetite to invest wisely in people, outcomes and to accept evaluated risk
- Closer collaboration with staff, members, citizens, and partners
- Simple and effective governance
- Open mind-set that will drive forward transformation and change

These conditions collectively describe the culture we need to develop and nurture to take our organisation to the next stage in its journey.

This will mean a very different approach to planning and designing our services in the

future – one based around outcomes for people, not around the services themselves.

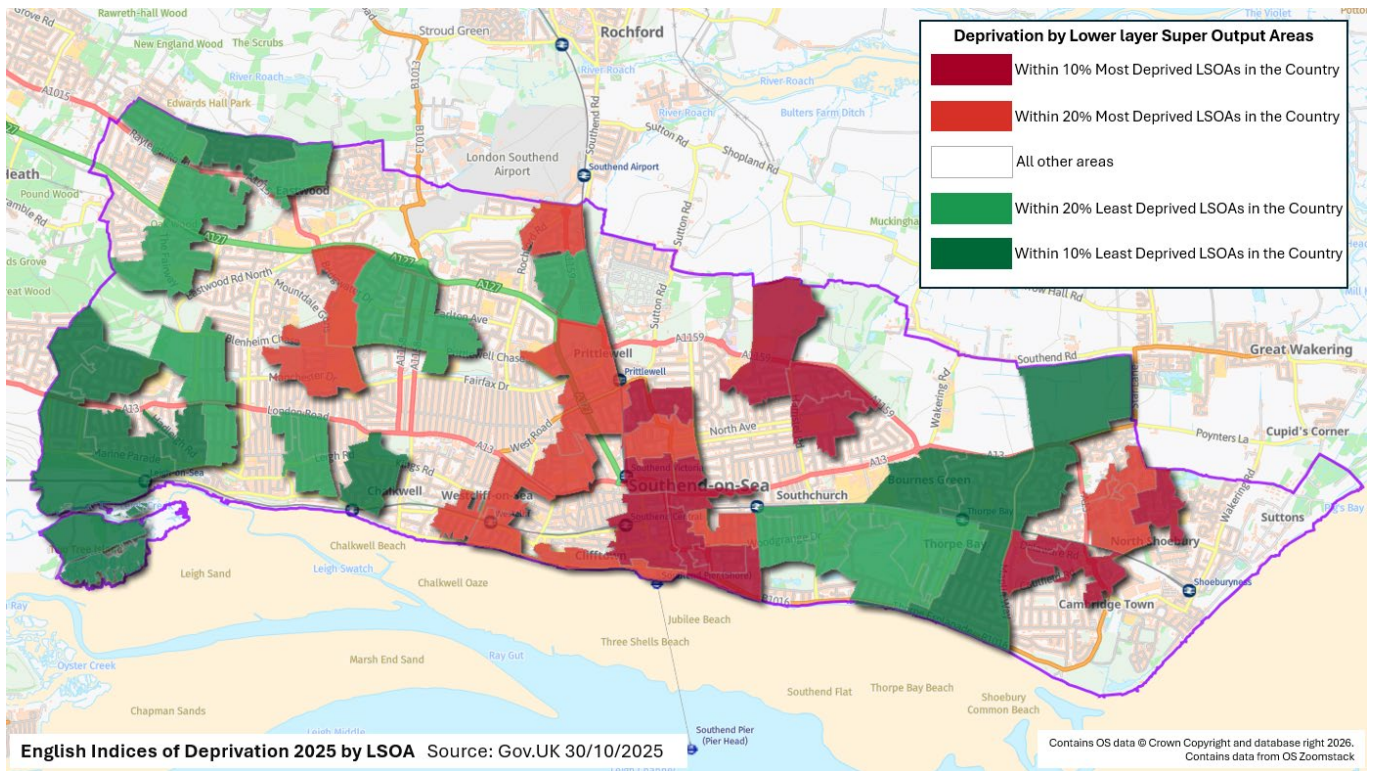
The Transformation Strategy formalises this shift through priority programmes covering Resident Access and Experience, Enabling Services, Strategic Services, Digital and Data, Third Party Spend and Zero-Based Budgeting. These programmes move beyond isolated service improvements towards whole-council redesign, embedding common operating standards, modern commissioning practice, improved contract management and digitally enabled services.

Collectively, they establish the organisational capabilities required to deliver sustained financial resilience rather than delivery of a series of one-off savings initiatives.

Deprivation, ageing population and more complex social care interventions are all contributing to an increased demand for services

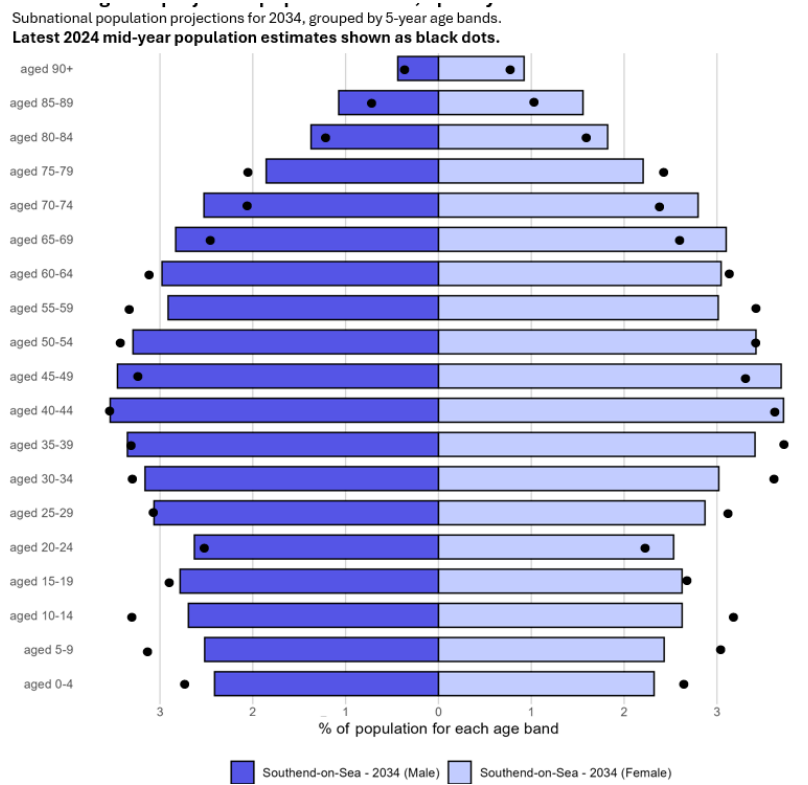
Southend has varying levels of deprivation across the city as illustrated in the map below. We use this data to target resources and services based on need. There is a direct correlation between deprivation and life expectancy, whereby those living in more deprived areas have a significantly lower life expectancy. Southend-on-Sea is one of the most densely populated areas in the country and includes some of the most affluent and deprived wards living near each other when compared nationally.

Figure 4: Southend City Council Deprivation by Area 2025



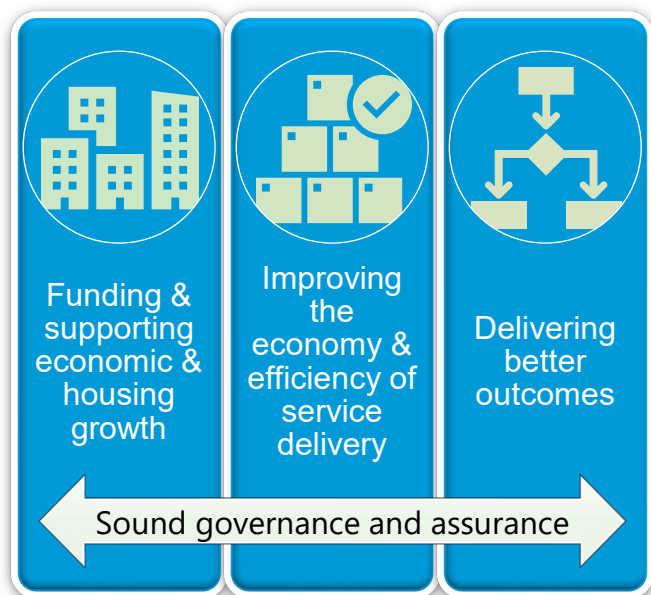
The adjacent graph illustrates projected population changes in Southend between 2024 and 2034. Whilst the proportion of some middle aged and younger people will reduce, those aged 65+ and in particularly 80+ will increase significantly. The change in demographics reinforces the need to prioritise and target resources effectively to deliver better outcomes and invest in activities that have the most positive community-based impact. It also provides an insight into the changing nature and likely demand patterns of residents in Southend, particularly demand from the older population and the importance of ensuring that the Council is and remains financially sustainable.

Figure 5: Percentages of projected population 2034, split by males and females.



Source: ONS subnational population projections (2024-based) 27/04/2026

What Financial Sustainability Looks Like for Southend-on-Sea (Figure 6)



Delivering Financial Sustainability

To achieve financial sustainability, it is important to recognise and overcome the challenges that face Local Government generally and Southend-on-Sea specifically.

Locally, the council has historically seen sustained reductions in its core Central Government funding and over the same period experienced increased and more complex and costly demand across a range of services. This is likely to continue for the foreseeable future.

Financial sustainability will be delivered through four enduring levers:

- **Demand and flow** – reshaping resident access, prevention and pathways to reduce avoidable escalation and improve outcomes.
- **Unit cost and productivity** – redesigning services, workforce models and enabling processes to release capacity and reduce manual activity.
- **Commercial and contract value** – strengthening commissioning,

procurement and contract management to reduce leakage and secure better value from external spend and local businesses.

- **Assets, digital and infrastructure** – aligning our digital and physical infrastructure to fit the future service model.

These levers will be implemented through our Transformation Strategy which will combine the early delivery with longer-term service redesign. Together they reset organisational baselines for cost and demand and embed a sustainable model of financial management.

Achieving greater financial independence will enable us to shape services to meet local needs. The council will be required to move towards resident empowerment, rather than being a universal and direct provider of services.

The headline areas for delivering financial sustainability are:

- What resident empowerment and community resilience means.
- Commercial Opportunities and Income Generation.
- Planning Policy.
- Capital Investment.
- Smarter Commissioning & Maximising Social Value.



What resident empowerment and community resilience means

- Embracing Southend's economic potential and creating positive conditions for businesses.
- Enabling others to do more for themselves through asset-based community development – people

taking personal responsibility and enabling them to live fulfilling lives.

- Proactively using reserves to invest in areas that will provide longer term improvements whilst maintaining adequate levels to deal with risks and exploit opportunities.
- Taking an outcome-based investment approach.
- Making the most of opportunities for improvement through capital projects and maximising external grant funding.
- Open channels of communication with key customer groups to monitor financial health against recent performance.
- Establishing an active flow of monitoring data as quickly as possible to be able to identify and monitor the critical third parties that are most likely to require support.
- Being clear and decisive about our appetite for risk.
- Taking a measured strategic and planned approach to resourcing.
- Applying customer-led 'Design Thinking' methodology to our services.
- Being an organisation that is well run, creative and financially aware and focused on delivering value for money.
- Creating the right conditions for the private sector to invest locally.
- Maximising the use and opportunity to drive efficiencies and improve productivity via technology.

We recognise that it is essential to work in collaboration with our residents, businesses, and our partners to create the right conditions for future investment and expansion to ensure that our ambitions are achieved.

- Maximising community capacity.
- Delivering sustainable, inclusive and place-based growth and housing.



Commercial Opportunities and Income Generation

Having a commercial mind-set is about outcome-based data-led decisions whilst ensuring that we retain a strong public service ethos:

- delivering the best fit to ensure both a financial and social return
- seeking to grow our income base and make efficiency savings and productivity improvement in a variety of ways
- commissioning goods and services efficiently to deliver better more cost-effective outcomes
- exploring and creating optional traded services for residents and businesses that are competitive and provide value for money.

The development of a more commercial outlook will identify and present opportunities for the Council, with due consideration of the risks.

We need to consider and understand all commercial drivers that have a direct revenue benefit, but also wider economic/social benefit felt locally. Examples could include additional business

rate generation, quality jobs, spending power improvement, social value, holistic cost/investment appraisals etc.

We are looking beyond the traditional sources of income generation for opportunities to boost revenue income through fees and charges and selling services where appropriate. Considering 'make or buy' service models to get hybrid best-fit mechanisms for delivery is essential. We will always look to secure social as well as financial returns where appropriate.



Planning Policy

Effectively applying national planning policy locally has a key role to play in minimising vulnerability and providing resilience to the impacts of climate change, including coastal damage, flood risk, drought, water supply and changes to biodiversity across our local landscape. It will be essential that appropriate planning policies are put in place in the new local plan to meet these challenges.



Capital Investment

Successful and timely delivery of our capital investment programme is a key part in delivering the priorities in our Corporate Plan.

The Council has major investment ambitions designed to significantly benefit the people of Southend. There will inevitably be a gap between the scale of our ambition and the level of available resources. This will limit the number and value of viable schemes that are affordable and deliverable. Capital expenditure and investment decisions must take account of the implications for the future financial sustainability of the council.

Future sustainability will be achieved through:

- A long-term view of capital expenditure plans, where long term is defined by the financing strategy of, and risks faced to the life of the project/assets
- Provision for the repayment of debt over the life of the investment as set out in the Minimum Revenue Provision policy
- An overview of asset management planning including maintenance requirements and planned disposals
- The Capital Investment Strategy provides a high-level overview of how investment decisions take account of stewardship, value for money, proportionality, prudence, sustainability, and affordability
- Capital investment proposals follow a project approval process with the decision making and governance process proportionate to the scale and impact of the project.



Smarter Commissioning & Maximising Social Value

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

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

The Council's social value policy will maximise the wider community benefits of the council's commissioning activity. It also

sets the direction for engagement with businesses in Southend to increase the level of local spend, build in skills and employment opportunities, and support small / medium enterprises and voluntary / community organisations.

This will be strengthened through the Transformation Strategy’s Third Party Spend and Contract Management theme, which introduces category management, improved contract governance, negotiation capability and consistent commissioning frameworks. These changes will improve value for money across externally commissioned services, increase transparency over supplier performance, and embed social value into commercial decisions, while contributing directly to the Council’s medium-term savings targets.



Local Government Reorganisation (LGR)

The Government confirmed in March 2026 that its minded-to decision is to proceed with a five unitary authority (5UA) model across Greater Essex. This represents a significant structural change and will have important financial, operational and strategic implications for Southend-on-Sea City Council over the medium term.

Figure 7: Map of new 5UA model



In the short term, the Council will need to invest in programme capacity to support mobilisation and delivery of LGR. This includes establishing a core programme team, securing specialist technical expertise in areas such as finance, digital and service transition, and ensuring sufficient capacity within services to engage with the design and transition process. These costs are expected to be time-limited and will be managed through a combination of existing transformation capacity, reserves and, where appropriate, external funding opportunities.

The financial analysis underpinning the 5UA proposal highlights both the **complexity and relative resilience of the model**. Initial disaggregation of Essex County Council’s budget shows that some future authorities may appear to have deficits or surpluses; however, these reflect the current allocation of costs rather than underlying affordability. Further work prior to vesting will rebalance cost sharing, and any residual variances are expected to be manageable overall within future unitary budgets.

Importantly, the 5UA model demonstrates a **more balanced and resilient financial position across Greater Essex**, supported by a broadly even distribution of reserves and reduced extremes of financial sustainability measures. The approach assumes that reserves will not be used excessively to balance budgets pre-vesting, maintaining financial stability into the new structures.

The proposal also identifies that:

- **Council Tax harmonisation is more manageable under a 5UA model**, with fewer residents experiencing significant increases and overall income levels broadly consistent across different configurations

- apparent financial disparities between areas are driven in part by historic placement and funding patterns, particularly in social care, which can be addressed through redesign and more localised service models.
- the scale of any initial deficits is relatively small in the context of total budgets and can be addressed through a combination of transformation and efficiency measures.

Over the medium to longer term, LGR presents both risks and opportunities for greater financial sustainability.

Key risks include:

- the complexity of disaggregating and aggregating services, particularly in Adult Social Care and Children's Services.
- uncertainty around the allocation of assets, liabilities, reserves and funding streams.
- transitional cost pressures and demand volatility during the shadow year and early years of the new authority.
- national factors such as the Fair Funding Review and legacy issues including debt positions across Greater Essex

At the same time, LGR provides a platform to reset financial sustainability through:

- rationalisation of organisational structures and management overheads.
- service redesign at scale, including opportunities to address historic inefficiencies in funding and placement patterns.
- improved commissioning, procurement and contract management.
- more strategic use of assets, capital and digital infrastructure.

- delivery of efficiencies, with modelling indicating that a significant proportion of non-social care savings can be achieved through workforce and organisational redesign, alongside reductions in third-party spend.

The Council will therefore approach LGR as both a **financial risk to be actively managed** and a **strategic opportunity to improve long-term financial sustainability for the new South East Essex Council**. A clear focus will be maintained on ensuring that:

- the opening financial position of the new authority is robust and well understood.
- transition costs are controlled and proportionate.
- opportunities for early alignment, cost avoidance and productivity improvement are maximised.
- financial implications are fully considered in all key decisions throughout the transition period.

Further detail on the financial implications of LGR, including cost estimates, funding strategy and benefits realisation, will be developed as the programme progresses and greater certainty emerges following the Government's final decision.



Future Ambition and Commitment

A key intention is that the new Organisation will use the guiding principles summarised in this strategy to become more effective and accountable in understanding key cost and income drivers across all services in the future. Investment needs to be made in the right areas to have the most positive impact for local communities.

Southend-on-Sea City Council is in a strong position to influence, shape and help to redesign with partner authorities, and other agencies, enhanced services across the new geographical footprint that LGR will create.

A new Financial Sustainability Strategy will be developed for the new Organisation for the period 2029/30 – 2039/40.

The ambition will be to continue to strive to provide better value for money services for all local people, businesses and visitors and to make a real positive difference to the lives of everyone now and within the new South East Essex Unitary Council area from April 2028.