

Draft Statement of Accounts 2025/26



SOUTHEND-ON-SEA CITY COUNCIL STATEMENT OF ACCOUNTS 2025/26

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LEADER OF THE COUNCIL

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INTRODUCTION TO THE 2025/26 ACCOUNTS

Narrative Statement

Welcome to the Narrative Statement for the Statement of Accounts for Southend-on-Sea City Council for the financial year 2025/26.

The accounts provide a true and fair view of the financial performance of the Council in the delivery of services to the residents of Southend-on-Sea. They also summarise the overall financial position of the Council for the year ended 31 March 2026. The accounts and accompanying documents are subject to an external independent audit by KPMG LLP and their opinion forms part of this document.

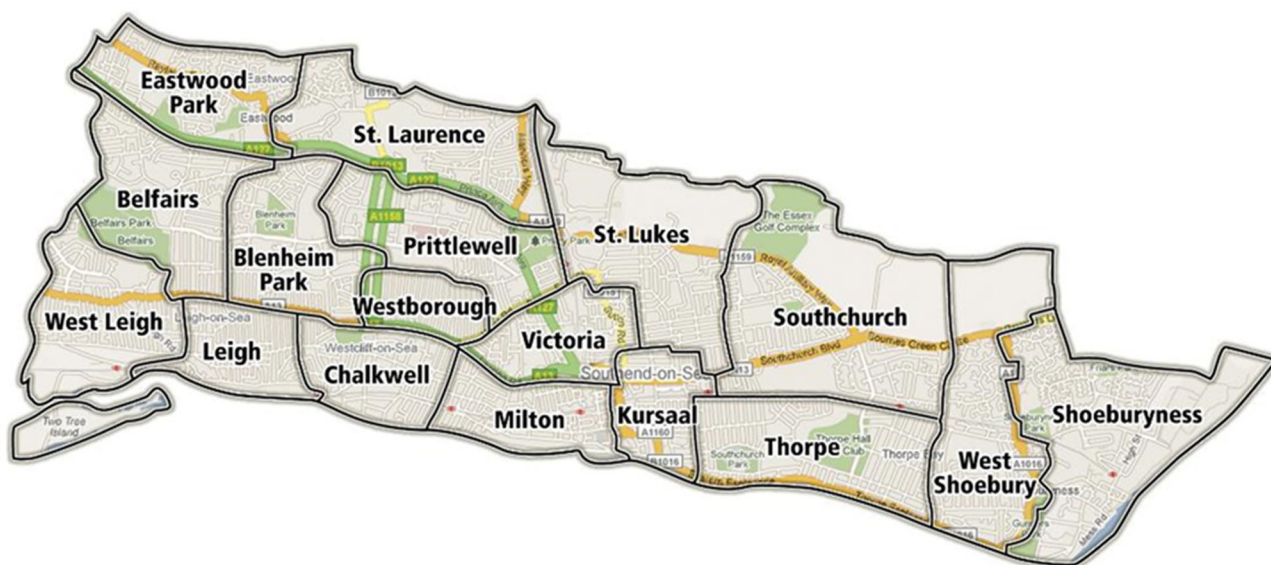
Background

Southend-on-Sea gained full City status on 1 March 2022, a key landmark event for the local area and the Council's history. In accordance with best practice, the Council's 2025/26 budget was formally approved in February 2025. Along with most local authorities across the country, the Council continues to face significant challenges in providing essential services to meet the needs of residents within existing levels of resources. Throughout 2025/26, the Council continued to experience increases in both volume and complexity of local demand particularly for statutory social care services, combined with increases in a range of operating costs across the organisation.

Southend-on-Sea City Council, one of six unitary authorities in the East of England, delivers public services to a current population of around 185,000 residents (NOMIS mid-year estimates - 2024) living in around 84,000 households (Council Tax Records 2026) and covering a geographic area of 16 square miles. On Census Day, 21 March 2021, Southend-on-Sea was the third most densely populated of East of England's 45 local authority areas, with 4,336 people per square kilometre.

The Council's financial turnover for 2025/26 was circa **£531M** (£501M in 2024/25) and our resources are well-managed through our budgetary and financial monitoring framework. Figure 1 shows the geographical area that Southend-on-Sea City Council serves and how it comprises of 17 wards. These are grouped together into four localities: West, West Central, East Central and East. The place is made up of mainly residential areas but also comprises industrial, commercial, retail land and property, with 529.9 hectares of greenspace and seven miles of coastline.

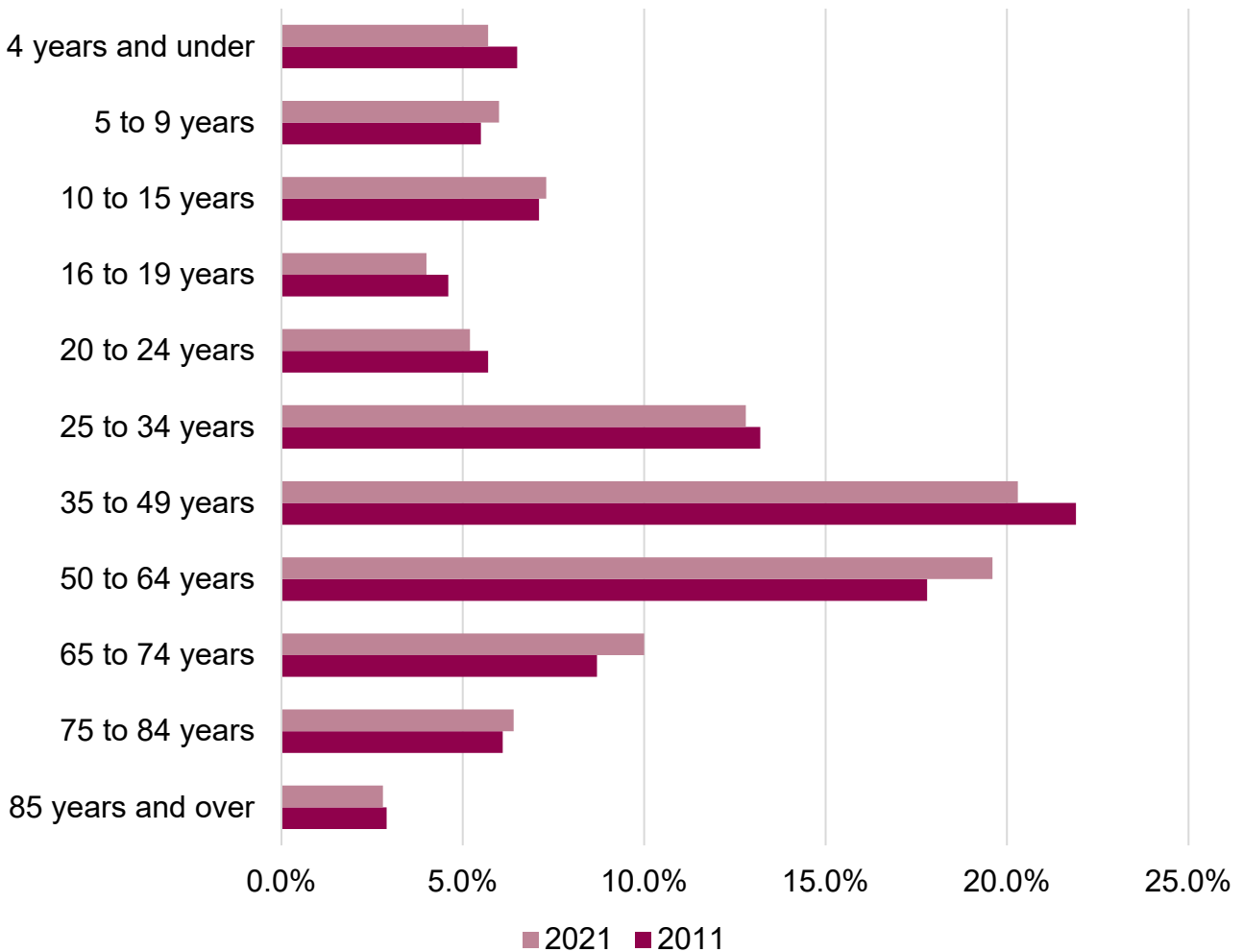
Figure 1 Map of Southend-on-Sea



The Census 2021 results showed that from 2011 to 2021 there had been a 12.2% increase in people aged 65 years and over, a 1.8% increase in people aged 16 to 64 years and a 3.8% increase in children aged under 15 years.

The Southend-on-Sea population chart (Figure 2) shows the population range in different age groups. On Census Day, the age structure of Southend-on-Sea’s population was as follows: 17.7% aged 65 years and over; 63.2% aged 16 to 64 years; and 19.0% aged 15 years and under.

Figure 2 Percentage of usual residents by age group, Southend-on-Sea



According to the Index of Multiple Deprivation 2025, nearly two fifths (39%) of our residents live in areas considered to be in the most deprived 30% in England. This is particularly high in the East Central Locality, which covers the wards of St. Luke’s, Victoria, Milton and Kursaal and includes the City Centre. Twelve neighbourhoods (out of 108) in Southend-on-Sea fall into the 10% most deprived in the country.

There is a significant health inequality between our wards, with a life expectancy gap of 10.8 years for males and 9.3 years for females between the most deprived and least deprived wards across our City (PH Outcomes Framework). A large proportion of children and working aged residents live in these most deprived areas, particularly compared to our residents who are aged 65 and over. In 2025, 16.8% of Southend-on-Sea’s residents were economically inactive (17.9% in 2024).

Southend-on-Sea is located on the Thames Estuary, within close proximity to Central London. It is bordered by Rochford (to the North) and Castle Point (to the West). We are known as a resort destination, and are home to the world's longest leisure pier, built in 1830 that stretches for 1.34 miles into the Thames Estuary. This attraction alone regularly receives over 300,000 visitors a year, with the overall area usually welcoming around 7.5 million visitors every year, making Southend-on-Sea a popular seaside destination of choice.

The Council is a multifunctional and complex organisation. Its policies are directed by the democratically elected Political Leadership and implemented by officers of the Council.

Political Structure

Southend-on-Sea has **17 wards**, and the Council consists of **51 elected members**. There is one Parish Council within the area, Leigh-on-Sea Town Council. This is governed by 16 elected members across eight wards. Their mission is to protect and promote the heritage and identity of Leigh-on-Sea to preserve the Town for current residents and to provide a legacy for future generations.

Leigh-on-Sea Town Council delivers services to meet additional specific local needs, such as managing the community centre, running a volunteer programme, organising local events, administering local allotment sites, and acting as a statutory consultee on planning, highways and licensing issues.

Southend-on-Sea City Council is responsible for the delivery of major city-wide services such as education, adult and children's social care, housing, waste collection, maintenance of the roads and pavements, looking after the parks, providing street lighting, public health and many other services.

The political make-up of Southend-on-Sea City Council as at 31 March 2026 is summarised in Table 1 and by ward in Figure 3.

Table 1 Southend-on-Sea City Council's political make-up on 31 March 2026

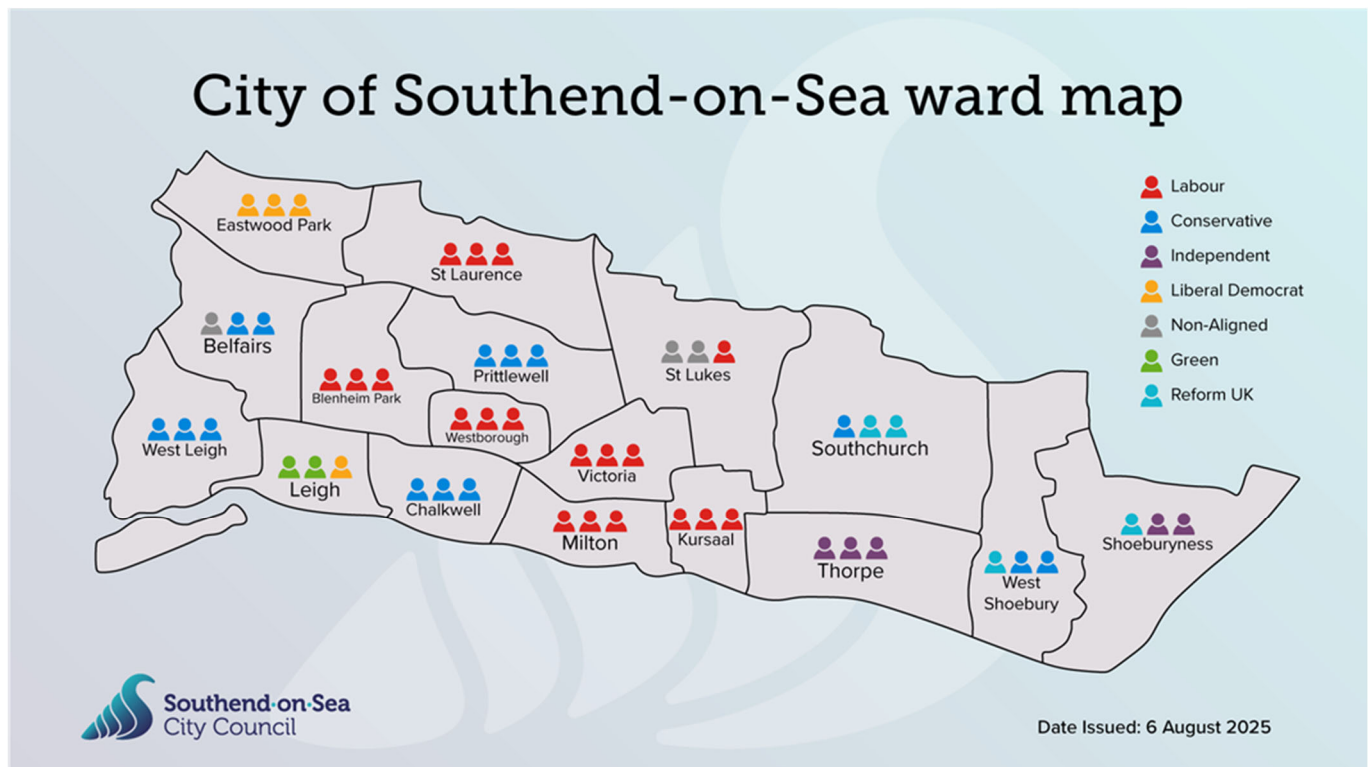
Political Party	Number of Councillors
Labour	19
Conservative	14
Independent	5
Liberal Democrat	4
Reform	4
Non-Aligned	3
Green Party	2
Total	51

The Council has been led by a joint political administration since May 2024. The coalition was made up of Councillors from the following political parties: Labour, Independents and Liberal Democrats.

The Council has adopted the Leader and Cabinet model as its political management structure arising from the Local Government and Public Involvement in Health Act 2007. The requirements of the Act are such that the Leader of the Council has responsibility for the appointment of Members of the Cabinet, the allocation of Portfolios and the delegation of Executive Functions.

The Cabinet is the part of the Council which is responsible for the decisions made within the constitution approved by Full Council. The Cabinet was made up of the Leader, Deputy Leader and seven other councillors as at 31 March 2026.

Figure 3 Political ward representation across Southend-on-Sea as at 31 March 2026

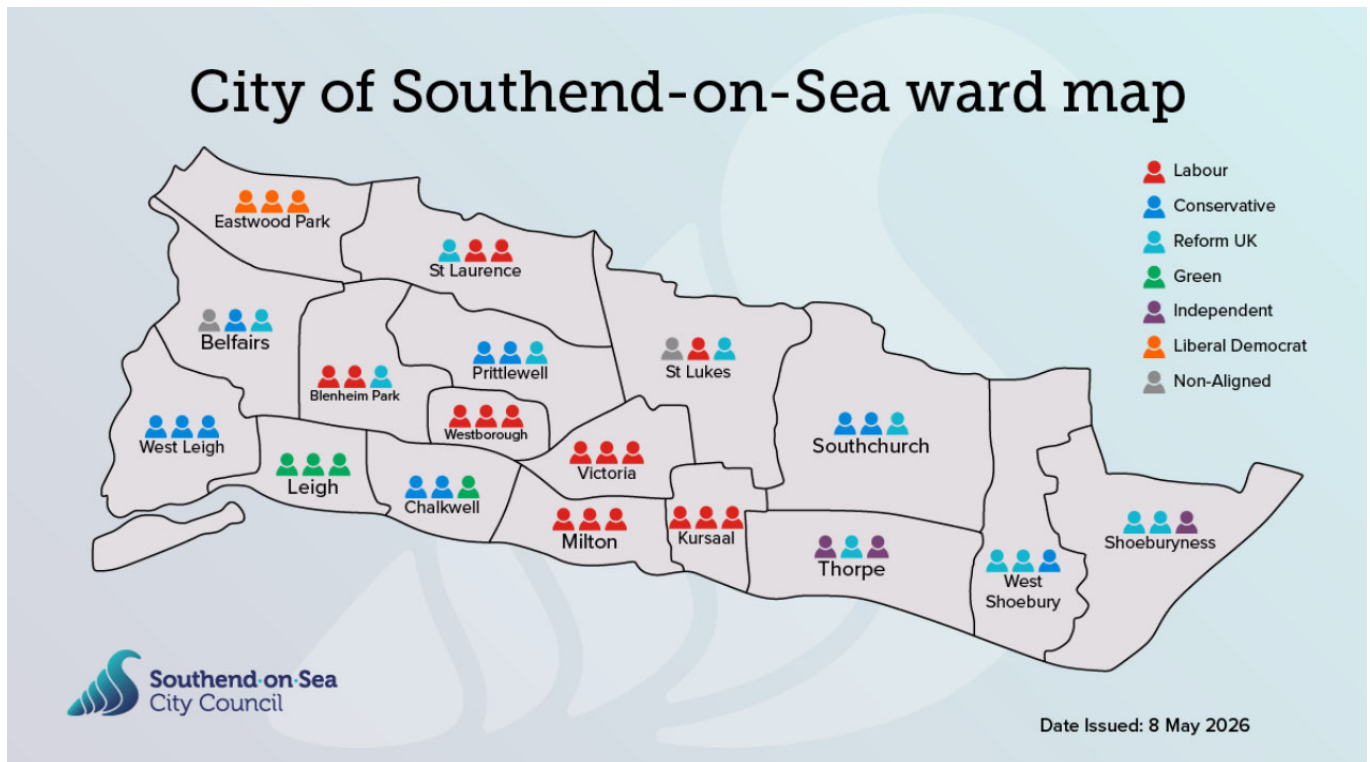


Local Elections were held on 7 May 2026 for 17 of the 51 seats on Southend-on-Sea City Council. The outcome from this democratic process is summarised in Table 2 and by ward in Figure 4.

Table 2 Southend-on-Sea City Council's political make-up following the May 2026 election

Political Party	Number of Councillors
Labour (Incl. Labour & Co-op)	17
Conservative	11
Reform	11
Green Party	4
Independent	3
Liberal Democrat	3
Non-Aligned	2
Total	51

Figure 4 Political ward representation across Southend-on-Sea as at 7 May 2026



At the annual Council’s Appointments meeting held on 18 May 2026 it was agreed that the Leader of the Council would be the Leader of the Labour Group, who has formed a minority joint administration with Liberal Democrat Partnership and Rochford & Southend East Independent Group. The Council will continue to operate a Cabinet model now made up of Leader, Deputy Leader and eight other councillors from (9 Labour, 1 Liberal Democrat and 1 Southend East Independent).

Management Structure

Supporting the work of all elected Members are the Council’s most senior level officers and as at 31 March 2026, this team comprised of the following officers shown in Table 3.

Table 3 Southend-on-Sea City Council's Senior Officers on 31 March 2026

Position	Name
Chief Executive and Town Clerk	Colin Ansell
Executive Director (Finance and Resources) (s151 Officer)	Joe Chesterton
Executive Director (Adults and Communities)	Mark Harvey
Executive Director (Children and Public Health)	Michael Marks
Executive Director (Environment and Place)	Alan Richards
Executive Director (Strategy and Change)	Claire Shuter

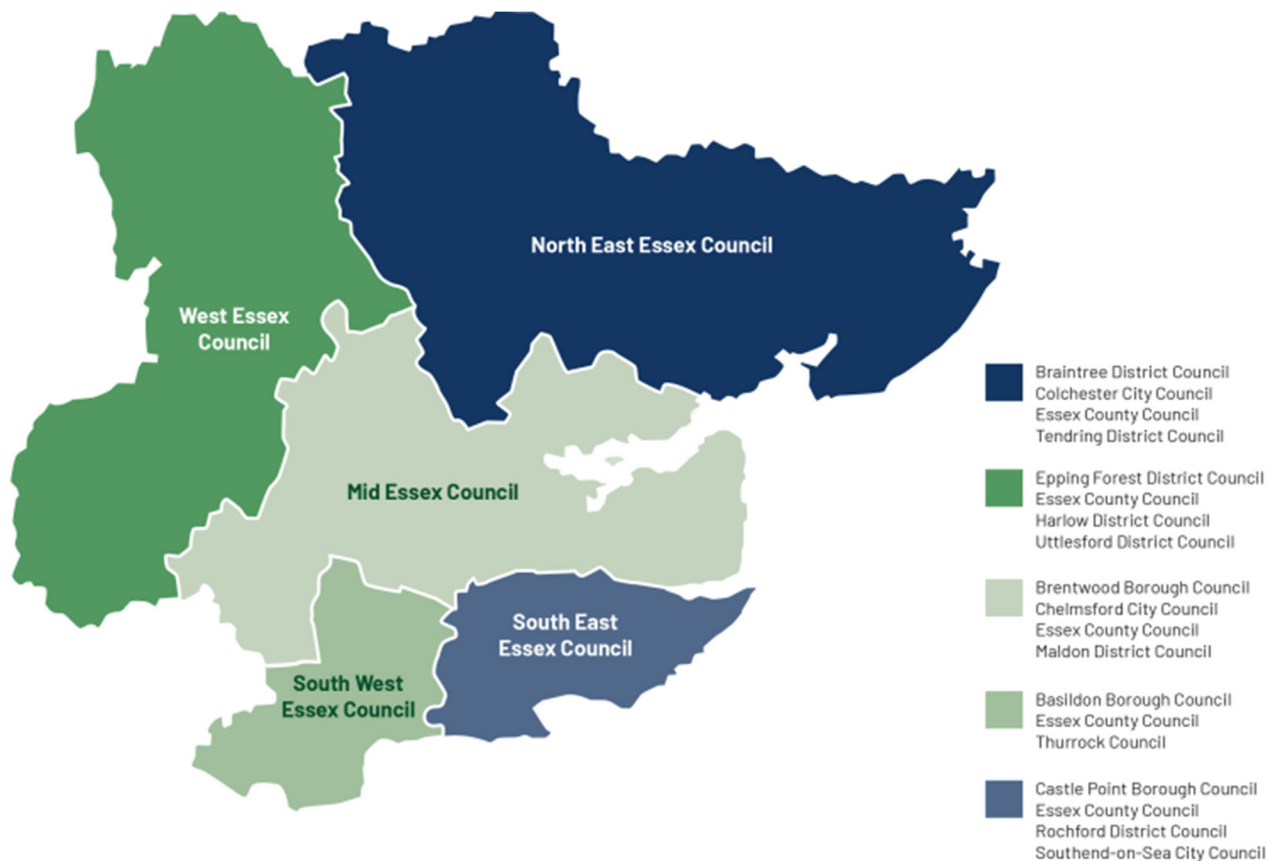
The Council has experienced a period of stability and continuity within its senior officer leadership team since February 2024.

Local Government Reorganisation (LGR)

The Government's minded to decision on 25 March 2026 to create five new unitary councils for Greater Essex (Figure 5) will replace the current system of 15 councils. For this council, the decision means that a new unitary council will be formed across Southend-on-Sea, Castle Point and Rochford in April 2028. As a council we have supported and led the five unitary authority proposal and so we are pleased by this Government decision, which is still subject to parliamentary approval. 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.

Local Government Reorganisation (LGR) will now mean that SCC will work with Castle Point Borough Council, Rochford District Council and Essex County Council, on a detailed implementation plan to form a new unitary council in South East Essex. Under the Government's timetable, the new unitary authorities will go live in April 2028, with shadow elections planned for May 2027.

Figure 5 Map of the new five Unitary Authority model



The Council will 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.

Devolution

Following the Government's decision to postpone mayoral elections in Devolution Priority Programme areas from May 2026 to May 2028 and the consequent alterations to the package of powers and funding that would be provided upon establishment of the Greater Essex Combined County Authority, a decision was taken early in 2026 to retake the previous consent decision after the Local Elections taking place in May 2026.

A sector that remains under 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 3 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 2025 and September 2025. The position as at November 2025 was considered by Cabinet at its meeting on 19 January 2026.

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 other local authority 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.

Southend-on-Sea City Council, along with most local authorities across the country, continues to face significant challenges in providing essential services to meet the needs of residents within existing levels of resources. We also have a range of challenging inequalities and disparities that exist across the city's neighbourhoods.

Financial resilience across the local government sector continues to be challenging and Southend-on-Sea City Council is not immune to that, but the overall financial performance of most service areas has stabilised and are showing positive signs of improvement. Significant challenges remain, particularly with regards to the continuing growing pressure of statutory social care arrangements for children and vulnerable families.

Southend-on-Sea Key Financial Headlines 2025/26

The Council's most significant financial challenge continues to be the cost of externally commissioned residential and supported accommodation placements for children in care. This service area experienced substantial pressures during 2024/25 and, despite significant intervention, enhanced oversight, and more than £4M of cost avoidance and financial benefit delivered through transformation and service improvement activity, pressures increased further during 2025/26 as demand continued to rise.

The national shortage of residential care placements continues to place significant upward pressure on costs across the sector, particularly where children have complex needs and require specialist support. The safety and wellbeing of children will always remain the Council's highest priority and, whilst all placements continue to be subject to rigorous review and challenge, increasing demand and complexity of need remain the single largest financial pressure facing the Council.

The Council has also experienced an increasing trend of more externally purchased foster care placements and less in-house foster care arrangements. The Council continues to try to respond positively to these challenges, which are not only financial but also more importantly in trying to deliver better outcomes and life chances for every child. This ambition seeks to provide care, safety and support for them within a local family environment including providing additional advice and access to local networks.

The impact on the Council's reserves caused by this combination of challenges resulted in an overall **£24M reduction** in the level of Earmarked Reserves held by the Council from **1 April 2025 to 31 March 2026**. Specific risk reserves for statutory social care pressures began to be created by the Council several years ago. This foresight and prudent financial planning have helped the Authority to respond positively to the range of unprecedented circumstances experienced during the period from 2021/22 to 2025/26. A robust budget has been set for 2026/27, and we remain in a relatively financially resilient position, compared to many other local authorities across the country.

Throughout the financial year the Council has also proactively supported local communities and our most vulnerable residents, minimising the impact of the cost-of-living crisis wherever possible. The amount of information on available support is sometimes overwhelming and to make life easier for residents and to help accessing trusted and safe information, the Council collated key information and guidance at www.southend.gov.uk/costofliving

The Council will continue to face significant challenges in 2026/27 due to increased core service demand and a range of other operational cost pressures. It should be noted that the majority of services are operating within their approved budget parameters, but Children's Services in particular remains a major concern. The Council has developed and published a comprehensive Medium Term Financial Strategy (MTFS) 2026/27 – 2030/31¹ which sets out the Council's future financial framework and considerations.

Local Impact – Finance Settlement 2026/27

The Ministry of Housing, Communities and Local Government (MHCLG) published its Local Government Finance Policy Statement 2026/27 to 2028/29 on 20 November 2025. This was followed by the Autumn Statement 2025, delivered by the Chancellor on 26 November 2025. The Provisional Local Government Finance Settlement was published on 17 December 2025 and the detail it contained was the first time the various reforms were seen at an individual local authority level. The Final Local Government Finance Settlement was approved by the House of Commons on 11 February 2026, this contained very limited changes from the provisional settlement, the most significant being a recalculation of the 2025/26 base line funding levels as a result of an adjustment to the treatment of Business Rates Pooling benefits.

The '**Core Spending Power**' of a local authority is a phrase that is now often used by Central Government. Core Spending Power (CSP) includes revenue grant funding provided through the finance settlement, locally retained business rates and council tax income. In simple terms, CSP is designed to show how much money councils can spend on day-to-day services from their main general-fund revenue sources. For councils, CSP represents the headline figure for the resources they are expected to rely on when planning budgets, though it does not include all funding streams Local Authorities receive (examples include Dedicated Schools Grant, Public Health Grant, capital funding etc).

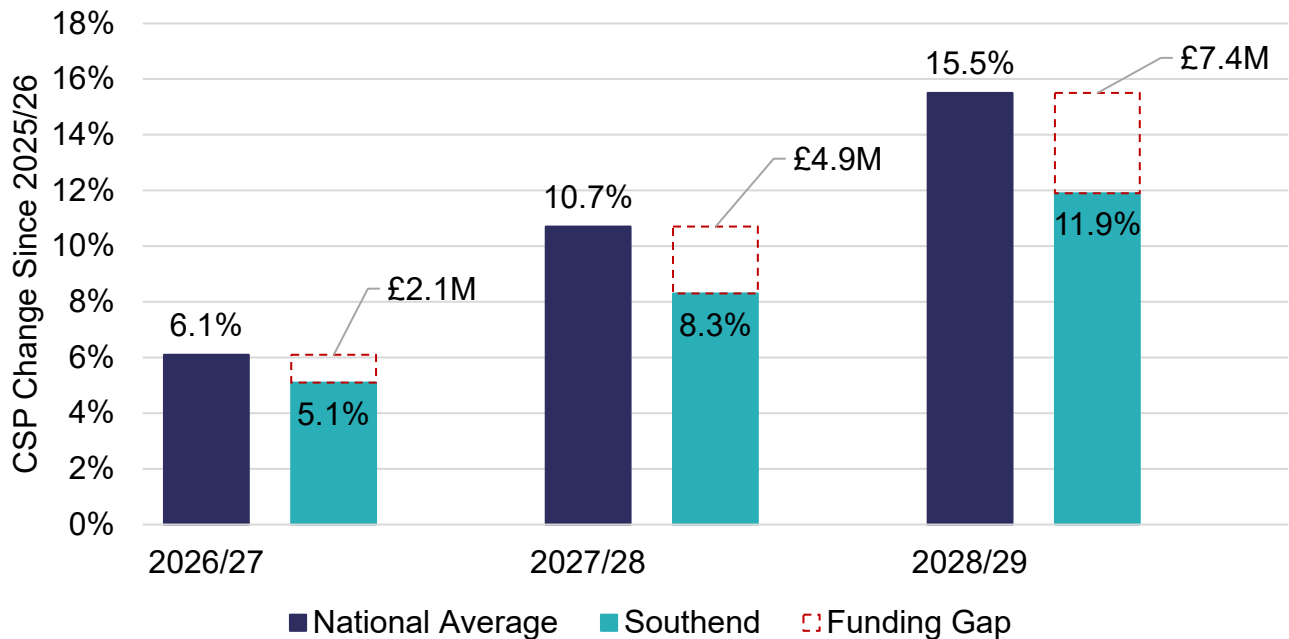
The headlines announced within the finance settlement indicate that the average national increase in '**Core Spending Power**' for local authorities over the next three years will be **6.1% in 2026/27**, 4.3% in 2027/28 and 4.4% in 2028/29.

The wide-ranging funding reforms have meant it has been necessary for the Ministry of Housing, Communities and Local Government (MHCLG) to recalculate the CSP between 2015/16 and 2025/26 for England and all local authorities so that they can be comparable with the new 2026/27 funding allocations. When setting the previous year's budget Southend-on-Sea's CSP for 2025/26 was £200.6M but the recalculated and restated value was **£208.2M**.

¹ <https://www.southend.gov.uk/downloads/file/9462/medium-term-financial-strategy-2026-27-to-2030-31>

MHCLG have calculated **Southend-on-Sea City Council's CSP for 2026/27 to be £218.9M**, an increase of **5.1%** compared to the adjusted 2025/26 value. The estimated CSP increases for Southend-on-Sea equates to 3.0% in 2027/28 and 3.4% in 2028/29. (These percentages are compared to the prior year). An illustration of the potential funding gap of the difference between the CSP estimated increase for Southend -on-Sea compared to the national average CSP increase over the three years is shown in Figure 6. (Please note that the percentages in the Figure 6 are all compared to the adjusted 2025/26 values).

Figure 6 Comparison of Core Spending Power change since 2025/26



City Vision

In 2024/25, we worked with partners in the Southend City Partnership to create a new vision for the city. The Southend City Partnership, which comprises the council and City Family, Essex County Fire and Rescue Service, Essex Police, London Southend Airport, Metal, South East Essex Alliance, South Essex Homes, Southend Association of Voluntary Services, Southend Business Partnership, South Essex Colleges Group, Southend Tourism Partnership, Southend Business Improvement District, Southend Pubwatch and University of Essex, consulted with businesses, organisations, students, residents and visitors in the development of a new 10-year vision and priorities for the city, owned by local partners, businesses, organisations, residents and communities. Over 2,000 responses were received as part of the consultation for the City Vision in 2024.

The City Vision is:

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.

Council vision

An updated council vision statement was developed and launched in 2024/25, which set out a compelling future for the organisation that all council employees can get behind. Our council 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.

Southend-on-Sea City Council's Corporate Plan

The Council has a [Corporate Plan](#) for 2024 to 2028, which sets out four strategic priorities for the council. These priorities set out the council's high-level ambitions for sustainable economic, social and environmental benefits. Our four strategic priorities are as follows:

A city that is:

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

The Council embeds these priorities through a strategic framework (see Figure 7), an approach described as the 'golden thread', where goals are articulated throughout onward plans. For 2025/26, this included the corporate plan, executive directorate plans and individual officer performance goals and objectives. High-level executive directorate plans set out the business activities of each executive directorate and enable better coordination across the organisation. They inform key corporate planning processes like the Cabinet Forward Plan, Policy Register, Corporate Delivery Plan, Corporate Performance Report and Corporate Risk Register.

To support delivery of early phases of activities to achieve better outcomes for residents, the Council for 2026/27 is continuing to develop a longer-term view of the use of its resources and financial planning arrangements. This approach enhances the profiling of investment, supports effective prioritisation of activities and will enable improved consideration of major regeneration plans spanning more than one financial year from both a revenue and capital perspective.

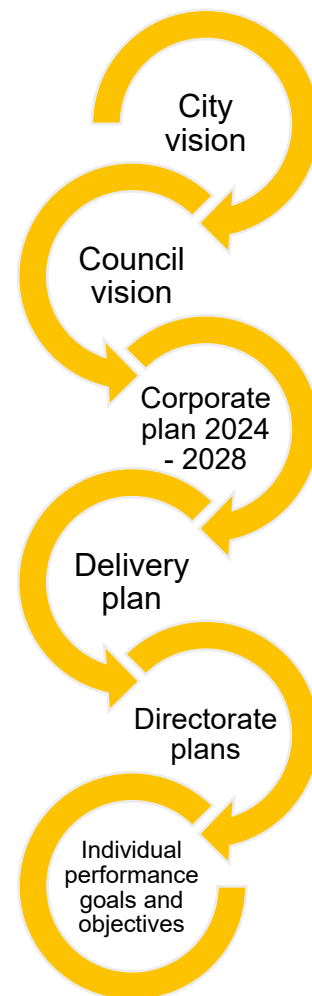


Figure 7 Southend-on-Sea City Council's Strategic Framework

Our intention is to target scarce resources to the agreed priorities within the Council's Corporate Plan, support our most vulnerable residents, respond positively to cost-of-living challenges and address the inequalities that exist across the city, while coping with inflationary impacts and rising local demand pressures in social care. Navigating and responding to these challenges while maintaining financial sustainability remains a challenging task for the Council, as it will do for most local authorities across the country.

Financial and Performance Overview 2025/26

The General Fund Revenue Account for 2025/26 had a net expenditure budget, including Leigh-on-Sea Town Council, of **£165.5M**. Revenue spending covers the day to day running costs of the Council's services, such as schools, social services and leisure. This spending is financed by government grants, council tax, retained business rates and other income such as fees and charges. The Council agreed a council tax requirement, including Leigh-on-Sea Town Council precept, of **£110.0M** for 2025/26 (*£104.0M for 2024/25*).

Despite the huge challenges in 2025/26, it was still a year of successes and creativity across our 400+ services with a variety and complexity unlike any other organisation locally. Not every resident will use every service, but the work of the Council is vital to the wellbeing and way of life of residents across the city. Some of our key achievements against our four overarching priorities in 2025/26 are summarised below.

Proud and Prosperous

We have:

- progressed the Better Queensway regeneration project, demolishing the pedestrian footbridge over Queensway and the two arms of the Queensway roundabout to enable preparatory works for the installation of underground flood defence tanks able of holding up to 750,000 litres of water to provide long-term flood protection for the area
- helped the council-owned Victoria Centre become one of the UK's fastest-growing shopping destinations, bolstered by 'The Bridge', an incubator created to support emerging businesses and reinvigorate vacant retail space
- attracted new investment and tenants to The Airport Business Park Southend, a commercial hub offering modern industrial, logistics and advanced manufacturing space
- enabled the council's Launchpad business centre to remain fully occupied
- hosted the city's first-ever Investment Summit at the Cliffs Pavilion and held Business Expos in Southchurch and Leigh-on-Sea
- reaffirmed our commitment to strengthening apprenticeship opportunities by making sure that apprenticeship pathways are routinely considered for suitable roles during recruitment
- appointed a new Digital Inclusion Officer, in conjunction with Digital Essex, to assist residents with digital skills and access to data and devices
- launched a new round of the government-funded Household Support Fund, providing over £2 million to assist residents in financial crisis, with £250,000 of the funding ringfenced to support pensioner households facing rising living costs
- set up a Pride in Place Programme and worked closely with the office of Bayo Alaba, MP for Southend East and Rochford, following the announcement that Shoeburyness is one of the wards to receive up to £20 million over 10 years through the government's Pride in Place scheme

- used our spending power to support economic growth and regeneration and achieve the best impact possible for our residents, with a full year local spend by the council of £99,013,787.54 (36.58 per cent of spend) across 1,134 Southend-on-Sea suppliers and £157,687,038.90 (58.25 per cent of spend) across 1,870 Essex suppliers (including Southend-on-Sea) in 2025/26
- used funding from the government's UK Shared Prosperity Fund to support local people to develop new ideas, strengthen community events and boost civic pride, such as:
 - upgrading the children's library garden at The Forum
 - Southend Cultural Activation Small Grants Scheme providing grants between £250 to £1,500 for creative, cultural and community-led activities across the city
 - Southend Summer Sails project to improve the approach from Southend Victoria train station to the High Street
 - creating a learning suite at the Beecroft Art Gallery
 - electric points for two lampposts on Hamlet Court Road for Christmas tree lighting
- overseen the following major events:
 - the return of the iconic Southend Shakedown biker rally
 - Southend City Jam's return, the UK's largest free street art festival
 - a Halloween pumpkin patch and petting farm at Prittlewell Priory
 - Armed Forces Day and the Remembrance Parade
 - seafront fireworks and New Year's Eve fireworks
 - the second annual Southend City Day on Saturday 7 March 2026
 - 45 free Music in the Park events at the Priory Park bandstand last year
 - free to attend lunchtime concerts at the Civic Centre and a series of professional evening concerts and schools' workshops
- provided musical opportunities to children and young people through Southend Music Service 'Music on Sea' outreach
- participated in the Department for Education's National Year of Reading 2026 campaign, organising activities at all of our libraries throughout the year to encourage people of all ages to keep reading, including running our annual Summer Reading Challenge
- attracted national and international critical acclaim for the Focal Point Gallery's contemporary visual arts exhibition programme, receiving 4-star reviews in The Guardian (Rafał Zajko) and Acts of Translation inclusion in British Vogue's 'Must See Summer Exhibitions in London and Beyond, 2025'
- implemented our Civic Pride Action Plan, working with residents, businesses and organisations to achieve this
- opened the new Museums Collections Centre at the Beecroft Art Gallery, bringing tens of thousands of historic objects into a publicly accessible space for the first time
- confirmed that Remblance Leisure Limited, led by local leisure operator Star Amusements, has been secured as the new leaseholder for the Kursaal
- turned Southend Pier into the centrepiece of a poignant 'Poppies on the Pier' Remembrance tribute, which welcomed 33,681 visitors who came to experience the display of more than 110,000 handmade poppies, generating considerable media attention and digital engagement
- had awards success:
 - Southend Pier ranking the best seaside pier in Britain, topping a national list compiled by The Telegraph that evaluated over 60 piers. The pier's unique features, including its world-record 1.3-mile length, railway and museum, Royal Pavilion, RNLI station, food and drink options, proximity to Adventure Island and hotel Park Inn Southend, all contributed to its top ranking

- Southend Pier and railway named number one icon in Essex in April 2025, leading Visit Essex's 'Top 50 Icons of Essex' list, following a public vote, with over 1,600 Essex residents nominating more than 200 locations across the county
- the Poppies on the Pier campaign shortlisted for the Communications category of The Municipal Journal Achievement Awards 2026
- allocated £3.75 million for ongoing planned refurbishment and maintenance work on Southend Pier from April 2027 to March 2030, in addition to £3.1 million already budgeted for the period from April 2024 to March 2027
- re-procured our leisure services, with newly contracted leisure provider, Freedom Leisure, beginning the operation of Belfairs Swim Centre, Shoeburyness Leisure Centre, and Southend Leisure and Tennis Centre and carrying out improvement works with the council at all three facilities.

Safe, Clean and Green

We have:

- created a safer environment through our multi-partner Community Safety approach, the addition of three new community safety officer roles, high visibility patrols, community engagement and the expansion of CCTV assets
- completed funded initiatives worth over £375,000 on Safe Space and CCTV infrastructure, installing additional CCTV at Warrior Square, purchasing new mobile CCTV cameras, and upgrading the CCTV mobile van to provide live imagery back to the council's control room
- implemented a ten-year contract for TownLink Radio, an important communication channel used by the council's Community Safety Unit, CCTV, BID Street Rangers and Essex Police
- helped the city retain its Purple Flag accreditation Award, for safety in the night-time economy
- received Seaside Awards for eight of our beaches and Blue Flags for three of our beaches
- had all of Southend-on-Sea's beaches rated either 'Good' or 'Excellent' for water quality by the Environment Agency
- launched a new Tree Wardens Network, in partnership with charity The Tree Council, to give residents the opportunity to take an active role in tree planting, maintenance and wildlife monitoring
- received a national Green Flag Award for eight of our parks in Southend-on-Sea
- promoted our anti-idling campaign 'Cough! Cough! Engine Off!':
 - Clean Air Day campaign materials placed at schools, South Essex College, Shoebury Library, health centres and Southend University Hospital
 - events with Hamstel Junior School and Chronic Obstruction Pulmonary Disease Community Connectors via the Southend Association of Voluntary Services
 - support from rail operators Greater Anglia and c2c, with campaign banners placed in car parks reminding drivers to turn off their engine while waiting to collect and drop off passengers
- had five local schools join the Clean Air Schools Project, alongside the 11 schools already taking part in the three-year Department of Environment, Food and Rural Affairs funded project, which aims to monitor and improve air quality in and around schools and help protect children from the harmful effects of air pollution. The project has delivered real improvements, including classroom air purifiers, planting schemes and a living green wall at St Mary's Primary

- worked with Anglian Water on the £90 million Advanced Water Industry National Environment Programme (A-WINEP), a 10-year initiative aiming to eliminate Combined Sewer Outfall spills, reduce surface water flooding, enhance public spaces and increase biodiversity
- progressed the 'Marine Parade Green Oasis', a Levelling Up-funded scheme with £500,000 from Anglian Water and £800,000 from the Environment Agency, which is at the design phase and will form part of the wider A-WINEP programme
- made Better Queensway project major infrastructure upgrades that will provide substantial new flood protection for Southend-on-Sea's seafront
- advanced the 'Catchment to Coast' project, with wet woodland and leaky dams installed in Belfairs Wood and coastal erosion work completed at Two Tree Island
- been shortlisted in the Community Involvement category at the 2026 Local Government Chronicle Awards for 'The Situation Room: How time travel increased trust in the council', a new, immersive engagement tool created by innovation agency Nesta, to raise awareness and gather public opinion on water scarcity, flooding and coastal erosion
- taught Bikeability cycle training to over 2,000 pupils in Southend-on-Sea
- received £8.5 million in dedicated bus funding from the government over the next three years and seen improvements to the local bus travel offer, including new bus routes that will provide direct connections to services along London Road, Leigh town centre, and Chalkwell and Westcliff stations
- installed the first five of 3,000 planned public electric vehicle (EV) chargers across the city, funded by £1.4 million from the government's Local Electric Vehicle Infrastructure fund and investment from Zest, a sustainable infrastructure provider
- invested in street lighting upgrades, resurfaced roads and pavements, car park enhancements and accessible public spaces, such as the Chalkwell Beach boardwalk and Crowstone Footbridge
- extended our partnership with Marlborough with a new seven-year Term Maintenance Contract, starting from April 2026
- installed a secure and stable temporary replacement ramp at Chalkwell Station and given residents the opportunity to vote on their preferred design option for the permanent ramp
- moved our parking enforcement contract in-house to South Essex Property Services, a Local Authority Trading Company owned by the council
- provided a new high quality recycling and waste collection service for all residents
- carried out routine inspections of more than 400 food businesses, checking use of single-use plastics and providing advice to businesses on how to comply with single-use plastics regulations.

Caring with a good quality of life for all

We have:

- received a 'Good' rating from the Care Quality Commission (CQC) for our Adult Social Care services
- increased the proportion of children leaving care through reunification, special guardianship orders and adoption, rising from 42 per cent in 2024/25 to 60 per cent in 2025/26
- worked with consultancy Peopletoo to achieve a £3.8 million reduction in council expenditure on care placements between August 2025 and February 2026
- reduced the duration of care proceedings

- established three new Autism Resource Bases (ARBs) at Blenheim Primary School, Thorpedene Primary School, and Shoeburyness High School to enable more children and young people with special educational needs and disabilities to access specialist support while remaining in mainstream schools and their communities
- opened the UK's first high street sensory pod, 'Cubbie', in Southend-on-Sea in October 2025, providing a safe, calming space for anyone experiencing sensory overload or anxiety while visiting the city centre
- invested £1 million in upgrading play areas across Southend-on-Sea and created inclusive, high-quality green spaces for families, children and young people
- provided Big Sparks Fund grants to residents, businesses and community groups who want to reduce health inequalities, strengthen community leadership, support localised solutions, build community capacity and boost civic pride. Projects funded from the £160,000 funding pot include food support, mental wellbeing activities, physical activity programmes, digital inclusion, safety initiatives, environmental improvements and youth opportunity expansion
- carried out over 4,300 Adult Health Checks during 2025/26; almost half (49 per cent) of these were for residents living in our most deprived areas
- increased flu vaccination uptake across almost all cohorts compared to last year, facilitated by increased outreach and engagement
- led the development and adopted the East of England's 'Let's Be Clear' Public Health Stop Smoking brand
- supported around 400 residents to successfully quit smoking in the past year
- made free period products available in nine council-owned venues as part of Red Relief, a two-year trial led by Southend City Youth Council to reduce period poverty
- achieved White Ribbon accreditation for our commitment to end violence against women
- been awarded the Silver Award from the Defence Employer Recognition Scheme in recognition of our commitment to supporting the Armed Forces community through inclusive hiring practices and wider support initiatives
- offered nearly all Southend-on-Sea pupils places at one of their preferred schools – in September 2026, 99 per cent of pre-schoolers and 97 per cent of year six children will start at one of their top three choices of school
- been awarded the Baby Friendly Initiative gold status by UNICEF UK, a global programme promoting and supporting breastfeeding and infant feeding and improving standards of care for all mothers and babies
- set out a bold, shared ambition to improve outcomes for young children and families in our Best Start Local Plan
- organised the council's twelfth annual Toy Drive, with 4,418 toys donated by businesses and residents were delivered to 2,935 children and young people
- secured national funding for Southend Libraries to launch a three-year project creating 'Storysacks', creative kits that pair a picture book with a related information book, props, games and activities, designed for children aged six months to five years
- launched a Preparation for Adulthood strategy to support children and young people with Special Educational Needs and Disabilities (SEND) and their families
- progressed the SEND strategic action plan, helping children and young people with SEND in Southend-on-Sea and in partnership with the Southend SEND Independent Forum (SSIF) been recognised nationally by the Council for Disabled Children for our Accessible and Inclusive Communications Strategy for SEND.
- promoted the Neurodivergent Support Pack, a resource created by the Southend City Youth Council to foster understanding and support for Neurodivergent teenagers

- been recognised for our efforts helping Southend City Youth Council members to create the Neurodivergent Support Pack, with the Youth Voice team shortlisted for the Community Engagement category of The Municipal Journal Achievement Awards 2025
- adopted the 'Creating Hope Through Light' campaign to raise awareness for suicide prevention and mental health support
- run a pilot of NHS backed mental health programme 'myHappymind' with three primary schools
- launched Youth Fest 2026 at the Victoria Centre in February 2026 to promote children and young people's mental health and wellbeing
- provided support for children in care and care leavers up to the age of 25 as a corporate parent, including help accessing education, training and employment
- been recognised with four major honours at the Essex Housing Awards 2025, taking home both Climate Action awards and council officers winning Housing and Development Professional of the Year and the Mo Slade Rising Star Award, which celebrates emerging professionals making a real difference in the housing sector
- approved a £100 million, five-year investment plan to build and acquire new homes
- progressed on developing new council homes at Eagle Way, Lundy Close, Bradford Bury, Denton Avenue and the Cattery, with the council's first Strategic Acquisition agreed in Eastwoodbury Lane
- continued our retrofit programme, with the completion of the £4.2m Social Housing Decarbonisation Fund Wave 2.1 programme and the commencement of the £7m Warm Homes: Social Housing Fund Wave 3 project delivering ground source heat pumps at the Balmoral tower blocks
- launched a support programme to bring more empty homes back into use by offering practical guidance to owners of long-term empty properties and a one-stop place for support to help unblock common issues
- secured £334,000 funding from the Ministry of Housing and Local Government to assist in delivering a new Local Plan for the city.

Led by a transformative, responsive council

We have:

- launched a new digital network, starting with the rollout of smart water meters
- helped around 55 adults with learning disabilities learn about their rights to register to vote and to feel confident to vote in elections should they choose to do so at an event organised by the council, the Learning Disability User Voice Group and Southend Care Ltd
- been recognised for our engagement with communities to better understand the barriers faced by electors when it comes to registering to vote and taking part in elections, and improving the service and level of support available from registering to vote through to polling day, with the Electoral Services team shortlisted for the Small Team of the Year category of the Local Government Chronicle Awards 2025
- been named the fourth most productive council in England in The IMPOWER Index, a benchmarking tool that grades councils on productivity (outcome value per £)
- agreed the council's budget for 2026/27 through a robust financial process, with engagement across the organisation and a focus on outcomes, savings and investments
- developed a procurement plan for 2026/27
- relaunched our Southend Themes Outcomes and Measures (STOMs) to help embed social value into the council's procurement processes
- reviewed our Social Value Policy to make sure our resources are used wisely and local businesses are used more for council contracts
- achieved £3.5 million in financial benefits for 2025/26 and identified approximately £5 million in future financial benefits for 2026/27 through our Transformation Strategy and Programme
- enhanced the capabilities of MySouthend, the council's online customer service portal
- implemented a Business World project to provide the tools we need for effective financial and workforce management
- used modern analytics, automated processes and large-scale linked data to deliver better services, understand resident needs and support decision-making
- made it easier for residents, businesses and stakeholders to access council services through the Front Door project, which is now in its final delivery phase
- redesigned council services through the One Council project, with a focus on customer experience, digital services and reducing manual processes
- conducted a new Residents Perception Survey 2025 to gather up to date insight on the views of residents on a range of issues. Headline results highlighted that:
 - 3 out of 4 residents feel a strong connection to their local area, that people are willing to help their neighbours and are satisfied with their local area as a place to live
 - a greater number of residents feel that there is good support for families with young children in their local area and can access the service they need compared to the previous survey
 - residents feel better informed about the services the council provides compared to the previous survey
 - the council needs to continue to work to support residents and provide services that meet their needs
- updated workforce policies to align with modern standards, develop skills and foster a culture that supports our vision

- better managed demand for social care to achieve financial and non-financial benefits, with a focus on prevention, equitable service, effective use of community resources and reducing future social care costs
- taken a strategic approach to Commissioning and Contract Management to improve how we manage third-party spending, embed efficient processes, prioritise resources and drive cost reduction
- a new Estates strategy to define our approach to locality working and how our assets will meet the needs of the organisation as it transforms.

Corporate Plan Performance

Set out below are the Council's 2025/26 corporate plan key performance indicators, grouped by the four priorities.

Proud and prosperous

- 1,824 businesses were supported through engagement with the Economic Inclusion Service, above the target of 600
- For quarter 4 2025/26, the average processing time for Essential Living Fund applications was 5.74 days, better than the target of less than 25 days.
- £99,013,788 of the council's spend was with local businesses in the city, above last year's spend of £85,481,763.
- 1,538,066 total footfall for all identified council-run cultural assets (museums, galleries, arts, libraries and the pier) and council-owned/affiliated sports and leisure centres and events, above the target of 1,400,000.

Safe, clean and green

- 162 reported anti-social behaviour incidents to the Community Safety Unit between January and March 2026, compared to the target of less than 148.
- The council continues to monitor the air quality levels in air quality management areas, in line with Local Air Quality Management statutory guidance.
- 100% of inspected carriageway pothole defects that required a repair were completed within 28 days, above the target of 95%.
- 100% of safety inspections were completed on time for footways and carriageways, above the target of 95%.
- 99.94% of waste collections were carried out on schedule, above the target of 99%.
- We continue to monitor the amount of waste recycled across the city.
- 539 tree net gain in the city, above the annual target of 500. This includes 750 trees planted and 211 trees removed.

Caring with a good quality of life for all

- 4,731 NHS Health Checks were delivered, below the target of 6,300.
- 91.8% of MMR immunisations – one dose at 5 years old in quarter 3 2025/26 (October – December), lower than the target of 95%.
- 9.3% of adults with a learning disability were in paid employment at the end of quarter 4, slightly below the target of 9.5%
- 95.9% of concluded section 42 enquiries (safeguarding investigations) with a risk identified had a result of Risk Reduced or Risk Removed, above the target of 90%.
- 86.4 of children in care per 10,000 population under 18 years old, above the target of less than 76.
- 17.5% of repeat referrals for Children’s Services within 12 months, better than the below 22% target.
- 67% of all care experienced young people aged 17-21 were in education, employment and training, of those that are in touch, above the target of 65%.
- 99.5% of council homes meet the Decent Home Standard, slightly lower than the target of 100%.
- 426 households were in temporary accommodation, compared to the target of less than 447.
- Throughout 2025/26 we had no families with children in B&B for more than 6 weeks.
- The rate of temporary accommodation per 1,000 households was 5.00 up to the end of quarter 2 2025/26, lower than our homelessness statistical neighbour average of 5.12.

Led by a transformative, responsive council

- 89.83% of the approved capital budget for 2025/26 has been delivered, lower than the target of 100%.
- 96.9% of Council Tax due was collected, slightly below the target of 97.5%.
- 98% of Business Rates due was collected, slightly below the target of 98.6%.
- 85.23% of complaints were responded to in time, above the target of 85%.
- 96.49% of Freedom of Information requests were responded to in time, above the target of 90%.
- 98.5% of MySouthend cases were progressed in the prescribed timescale, above the target of 90%.
- 87.5% of Transformation Programme initiatives were successfully delivered, above the target of 75%.
- 75% of councillors have attended / completed training, against the target of 70%.

Revenue Outturn 2025/26

The final revenue outturn position for 2025/26 on a net expenditure basis is set out in Table 4. The analysis of the actual costs reflects the way the Council’s finances are managed, as opposed to the statutory required analysis used in the Statement of Accounts.

The analysis in Table 4 does not include any of the following income and expenditure items: pension adjustments, MRP adjustments, recharges, capital charges, Revenue Expenditure Funded from Capital under Statute (REFCUS) and revaluation gains. These numbers can be identified in the Statement of Accounts.

Table 4 summarises the financial performance against the revised budget for 2025/26 for the General Fund and HRA and highlights the scale of spending variations. A comprehensive analysis of the factors that have contributed to this outcome will be presented to the Cabinet meeting in June 2026².

Table 4 Revenue Outturn 2025/26

	2025/26 Revised Budget £000s	2025/26 Actual £000s	2025/26 Variance £000s
Portfolios			
<i>Leader: Infrastructure and Corporate Strategy</i>	9,068	9,004	(64)
<i>Deputy Leader: Planning and Housing</i>	2,333	3,056	723
<i>Business, Culture, Music and Tourism</i>	7,948	7,053	(895)
<i>Children, Learning and SEND</i>	54,448	66,088	11,640
<i>Climate, Environment and Waste</i>	25,177	26,288	1,111
<i>Community Safety and Regulatory Services</i>	14,426	12,561	(1,865)
<i>Finance, Assets and Public Transport</i>	12,608	13,300	692
<i>Regeneration, Law and Governance</i>	4,193	3,933	(260)
<i>Social Care and Healthier Communities</i>	60,740	66,170	5,430
<i>Housing Revenue Account</i>	(4,686)	(5,041)	(355)
<i>Corporate Budgets</i>	919	699	(220)
Net Controllable Cost of Portfolios	187,174	203,111	15,937
<i>Levies</i>	865	869	4
<i>Leigh Town Council Precept</i>	485	485	0
<i>Financing Costs, Interest, etc.</i>	12,136	12,103	(33)
Net Operating Expenditure	200,660	216,568	15,908
<i>Revenue Contribution to Capital</i>	7,770	1,898	(5,872)
<i>Non-Service Specific Grants</i>	(28,166)	(31,697)	(3,531)
<i>Contribution to / (from) Earmarked Reserves</i>	(14,720)	(20,494)	(5,774)
Total to be Funded from Council Tax and Formula Grant	165,544	166,275	731
<i>Funded from</i>			
<i>Revenue Support Grant</i>	(7,799)	(7,799)	0
<i>Retained Business Rates</i>	(46,388)	(46,955)	(567)
<i>Collection Fund Surplus and Reserves</i>	(1,000)	(1,000)	0
<i>Council Tax (Southend-on-Sea City Council and Leigh Town Council)</i>	(110,357)	(110,521)	(164)
Total Funding	(165,544)	(166,275)	(731)
Contribution (to) / from General Reserve	0	0	0

Table 5 reconciles the analysis of the Comprehensive Income and Expenditure Statement in the Statement of Accounts 2025/26 to the outturn summary in Table 4.

² <https://democracy.southend.gov.uk/ielIssueDetails.aspx?Ild=24536&PlanId=0&Opt=3#AI21979>

Table 5 Reconciliation of Gross Expenditure to Transfer to General Fund

	2025/26 £000s
Gross Expenditure on Services	604,349
Gross Income on Services	(530,806)
Net Cost of Services	73,543
Adjustments between accounting basis and funding basis under regulation	(52,150)
Transfers from Earmarked Reserves and HRA	(21,393)
Contribution to / (from) General Reserve	0

The Council has spent **£604.349M** to deliver services funded by £604.349M of income in 2025/26. The following charts show how the expenditure was funded in 2025/26 and how it was spent.

Figure 8 Revenue Income (Funding Sources) 2025/26

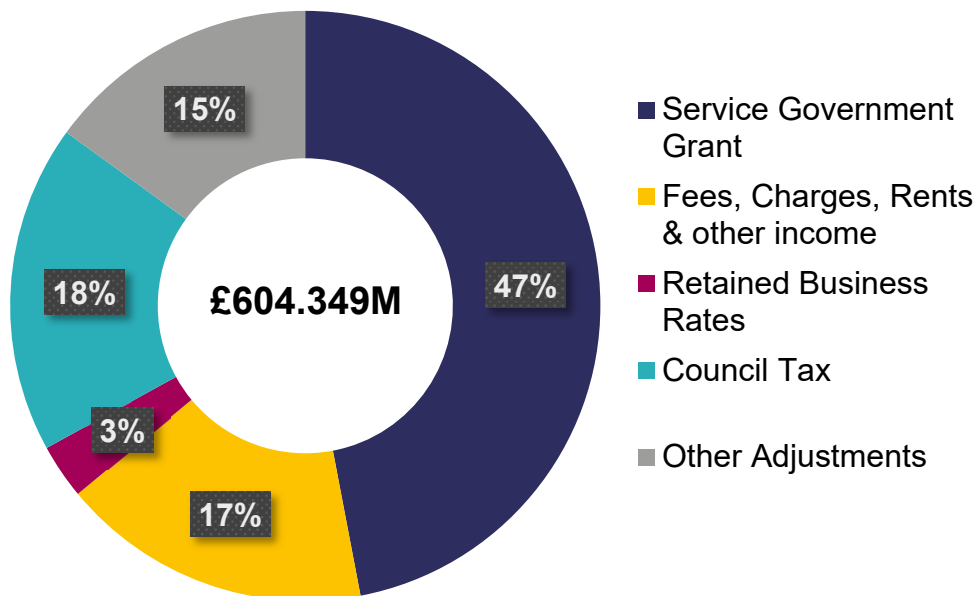


Figure 8 sets out how gross expenditure is funded. The largest source of income is government grants (see Note 18 in the Statement of Accounts 2025/26 for a full analysis). It remains the largest element due to the continuation of the national subsidy arrangements for local eligible benefit claimants; increased Government grants issued in 2025/26 to provide compensation for the continued under-indexing of the small business rates multiplier cap and funding for local schools from the Dedicated Schools Grant. For the majority of Council services direct support from Government Grant represents a smaller proportion of the total cost of provision. Whilst not direct income received in year, other adjustments include the appropriate application of earmarked reserves and reversal under statutory regulations for accounting charges that are put through the income and expenditure statement.

Figure 9 Gross Revenue Expenditure Objective (Service Area) 2025/26

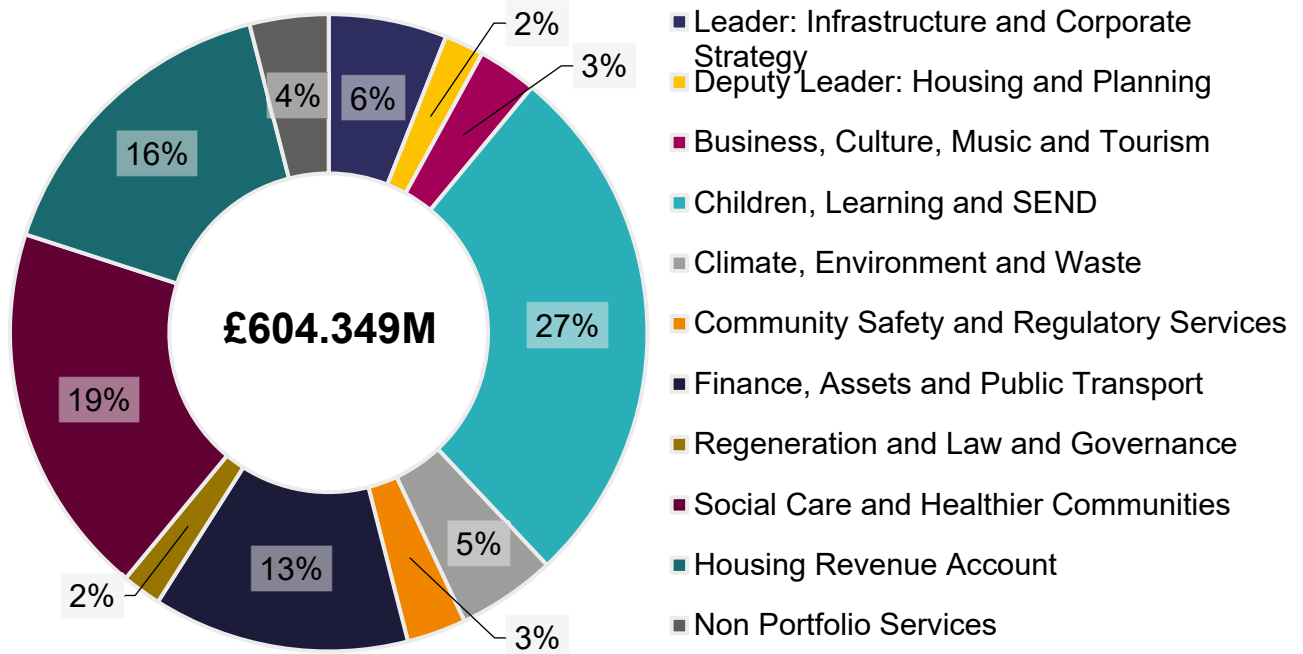


Figure 9 sets out how gross expenditure is split across the various Cabinet portfolios of services the Council operates under. As part of the funding source commentary highlighted for Figure 8 the portfolio for Finance, Assets and Public Transport includes the **£47M** cost of housing benefit payments made. Children, Learning and SEND includes the ‘passing onwards’ of dedicated schools’ grants and other payments to the Council’s maintained schools. Non portfolio services include interest payable, levies and net cost of traded services.

Figure 10 Gross Revenue Expenditure Subjective (By Type) 2025/26

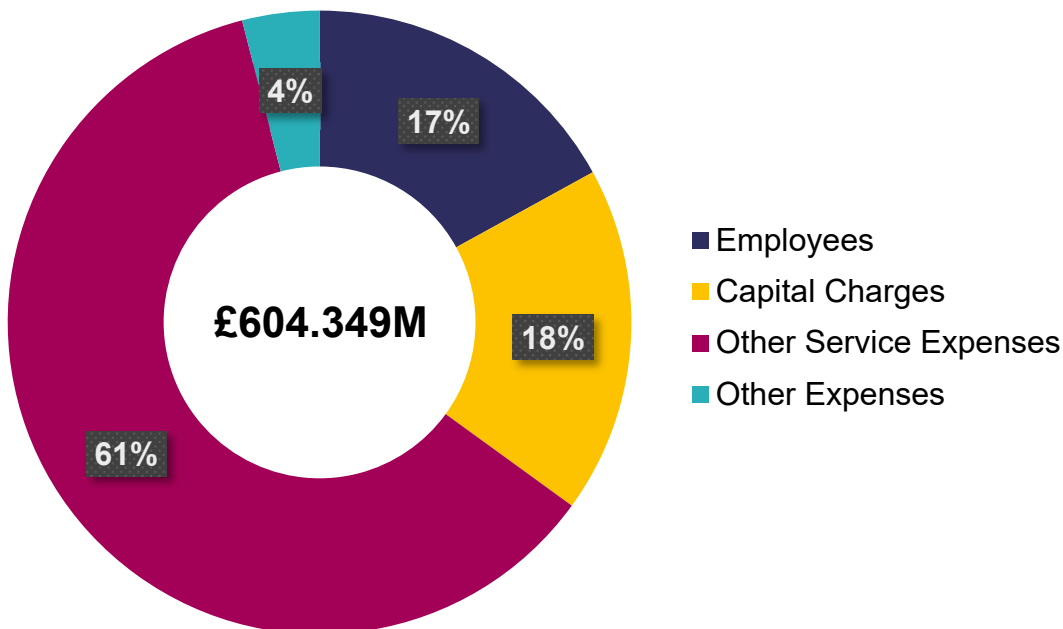
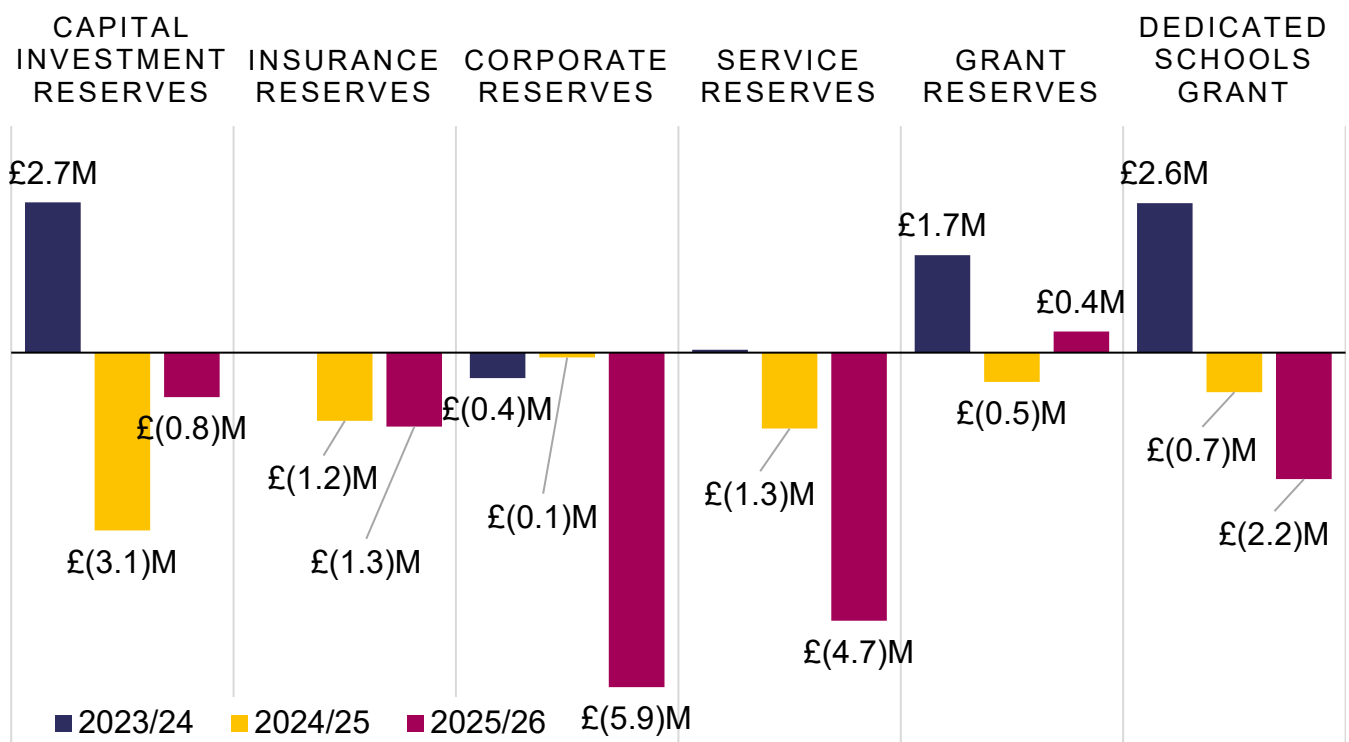


Figure 10 sets out how gross expenditure is split by type. Other service expenses cover the running costs of services excluding employees, and therefore includes the cost of suppliers and contractors, together with monies paid out to schools and benefit claimants. Other expenses cover several accounting charges put through the income and expenditure statement, only to be reversed under statutory regulations.

Given the size and complexity of the Council's operations and the volatility caused by the operating environment and unavoidable increases in costs principally within a small number of demand-led statutory services. Children's and Adult Social Care accounted for **£17.1M** of service overspending during the year, equivalent to approximately 143% of the Council's overall net overspend. This demonstrates both the scale of the statutory demand pressures being experienced and the extent to which savings, additional income, grant funding, and prudent financial management across other services helped absorb and offset a significant proportion of these pressures in 2025/26. As part of the year-end arrangements, consideration has also been given to the need to review the level of provisions for insurance, future transformation priorities, specific service risk assessments, bad and doubtful debts and other local social care demand challenges.

Whilst an overspend of this scale has placed pressure on the Council's financial flexibility in the short term, the Council remains financially resilient and still retains a reasonable reserves position to manage future risk and to support ongoing service transformation. The use of earmarked reserves in 2025/26 has enabled the Council to respond to exceptional and largely demand-driven pressures whilst maintaining service delivery. The impact on the Council's reserves is illustrated in Figure 11. These reserves were intentionally established through prudent financial management over several years and have provided an important buffer against a period of unprecedented challenge for local government. The Council's focus now is on reducing underlying budget pressures through service redesign, transformation, demand management, and productivity improvements, with the aim of reducing reliance on one-off resources over the medium term.

Figure 11 Year End Contributions to / (from) reserves



The overall net impact on the General Fund Revenue Budget for 2025/26 of all the actual income and expenditure variations within services, review of provisions and earmarked reserves, resulted in an overall net overspend of **£12.001M** (£3.403M overspend for 2024/25).

The Council has taken decisive action to limit the impact of the composite range of financial challenges and service demand pressures that it was faced with from the start of the financial year, but more tough choices and decisions will be required in 2026/27.

The final net overspending position for 2025/26 of **£12.001M** has been financed through the application of a combination of previously earmarked reserves.

The Housing Revenue Account (HRA) reported an overall in-year surplus in 2025/26 of **£5.041M** (*£1.445M surplus for 2024/25*). The budget report presented to Cabinet in February 2025 included an ambitious capital programme, with a planned revenue contribution of £7.237M to fund the intentions. This required £4.780M of the planned surplus, as well as £2.457M to be drawn down from the capital investment reserve to fund this level of activity. Due to the prevailing economic and market conditions and a challenging housing market, it has not been possible to deliver all the elements of the capital investment programme funded by RCCO which included housing acquisitions and delivering new housing construction projects. The final funding requirement for 2025/26 was £1.365M. These ambitious plans will look to be accelerated again in 2026/27 alongside an increased capital programme for repairs, maintenance and decent homes improvements.

We plan to continue our ambition to deliver more affordable homes in 2026/27 and provide further investment into the Council's overall housing stock to create better conditions and environments for local tenants. We have maintained strong rental income performance by accelerating the programme of bringing void properties back into use, increasing the availability of our local housing stock. An in-year Housing Revenue Account **surplus of £5.041M** has been declared, principally generated through a major reduction in the planned level of revenue contribution to the Capital Investment Programme. There has also been a reduction in the level of bad debts, reduced depreciation and increased income levels. Generally, a very positive overall financial performance, given the challenging circumstances within the social housing sector.

The level of earmarked reserves held by the Council (including maintained schools) as at 31 March 2026 is **£74.744M** (*£96.137M at 31 March 2025*) (see Note 20 in the Statement of Accounts 2025/26).

Economy, Efficiency and Effectiveness

The Council is continually striving to improve all aspects of the organisation in terms of value for money, employee wellbeing and productivity and providing people with meaning, purpose and stronger connection to the place 'Southend-on-Sea'. We have invested in technology and reviewed our approach to how and where we work at the Council via our Work Smart initiative.

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 service 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.

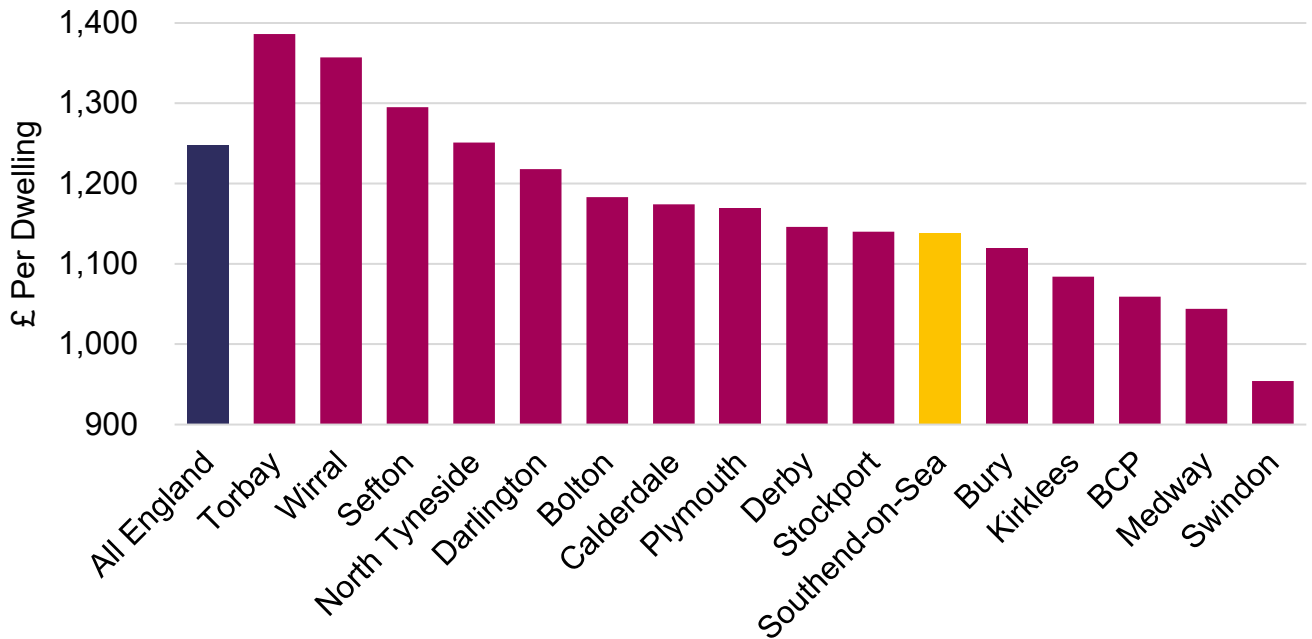
For 2026/27 we have made it a specific requirement for all Directorate / Service Plans to set out actions, intentions and where possible specific metrics to demonstrate how they are achieving value for money for local taxpayers. Financial monitoring and reporting are also key to highlighting any issues as early as possible and the embedding of strong financial management principles is essential. These arrangements have been strengthened by the offer of formal financial training to provide enhanced support and advice to all senior officers and service managers.

The Council's Transformation Board is driving effectiveness and innovation by aligning Council activities with strategic objectives, ensuring efficient and effective delivery of investments, and resulting in better outcomes for residents.

Core Spending Power and Council Tax Banding Analysis

To inform and highlight the Council's relative success in delivering the full range of unitary authority services locally with fewer resources Figure 12 illustrates where the Council ranks based on the spending power per capita (person) against our nearest statistical neighbour's comparator group. For spending power per capita, the Council now ranks 11 out of 16 authorities within our group which means that it has less comparable resources available to meet the relative needs of residents, when compared with similar local authorities. This is one place lower than in 2024/25 and allocations for 2026/27 indicate we will fall to 12 out of 16.

Figure 12 Core Spending Power per Capita (£) 2025/26

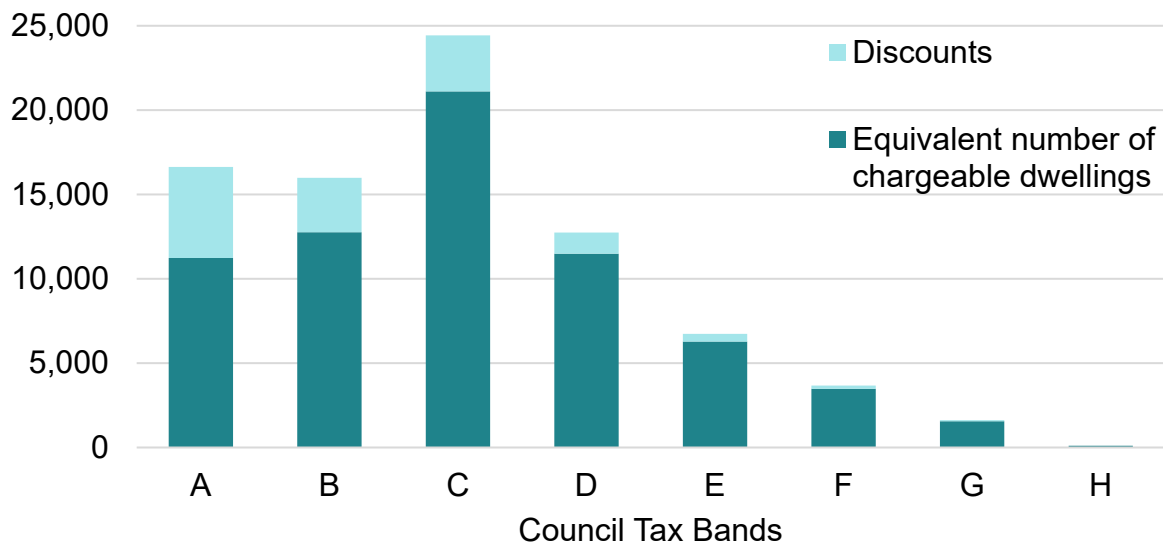


Source: MCHLG

Core Spending Power measures the core revenue funding available for local authority services, including council tax and locally retained business rates.

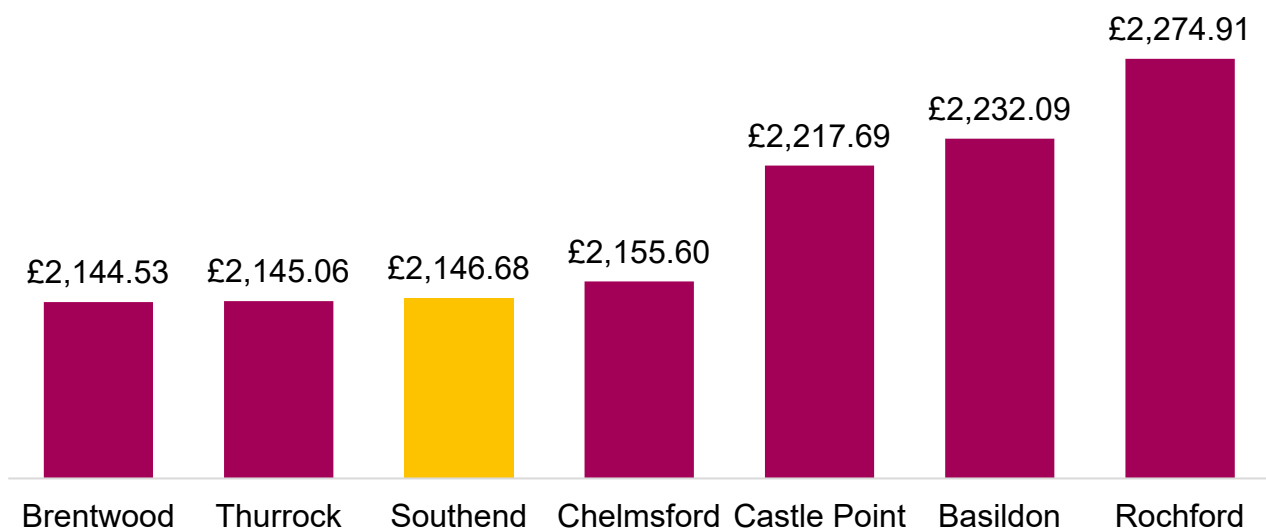
The Council also suffers from a relatively weak domestic dwelling tax base (Figure 13), this refers to the fact that around **70% of all domestic dwellings in Southend are in Bands A to C** and therefore these households pay below the Band D average, which is the national comparator for council tax charges. This local situation is then further compounded as more than 25% of these also attract a further discount/exemption (e.g. single occupancy).

Figure 13 Properties per Council Tax Band in Southend on Sea 2025/26



Historically when the Council first became a Unitary Authority it took local decisions to try to minimise the financial burden on the local council taxpayer for Southend-on-Sea as far as possible. Figure 14 illustrates the level of council tax (Band D equivalent) 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 residents.

Figure 14 Council Tax Comparison - Band D 2025/26



Capital Expenditure

As well as delivering vital day to day services for residents, businesses and visitors, the Council continues to be at the heart of investment in the local area, improving assets to deliver services more efficiently and effectively and creating the right conditions to attract additional private sector investment.

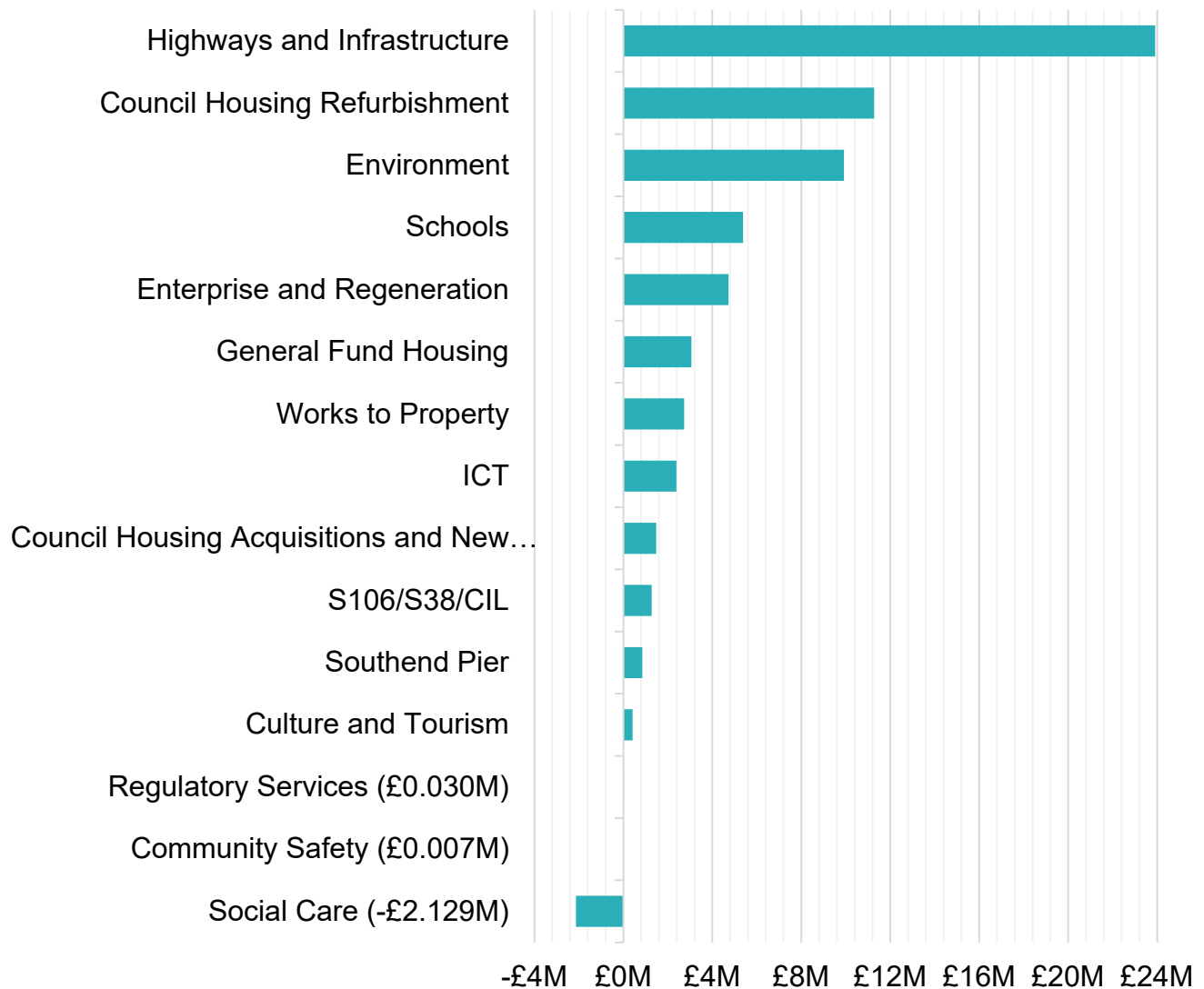
Capital spending can generally be defined as that which generates assets that have a life of more than one year. This includes the acquisition or construction of new assets and expenditure that improves, and not merely maintains, the value of existing assets.

In 2025/26 the Council invested **£65.3M** (£43.9M in 2024/25) into capital schemes to continue to improve Southend as a place, including the refurbishment of the Council's buildings including schools, improvements to the city's highways and footpath network, investment in the Pier, the refurbishment, acquisition and construction of council housing and investment to develop and enhance the Council's IT systems.

Capital Investment 2025/26

A summary of the investment programme is shown in Figure 15.

Figure 15 Capital Investment Programme 2025/26



In Figure 15, S106 agreements are planning obligations under Section 106 of the Town and Country Planning Act. S38 agreements are highways obligations under Section 38 of the Highways Act 1980. CIL refers to the Community Infrastructure Levy charged on new developments which is used to fund infrastructure.

The figure for Social Care is negative due to the settlement (less some expenditure) that has been received for Brook Meadows House following the conclusion of the historical mitigation action that was taken on this project.

The strategic capital projects that the Council has undertaken this year are summarised in Table 6.

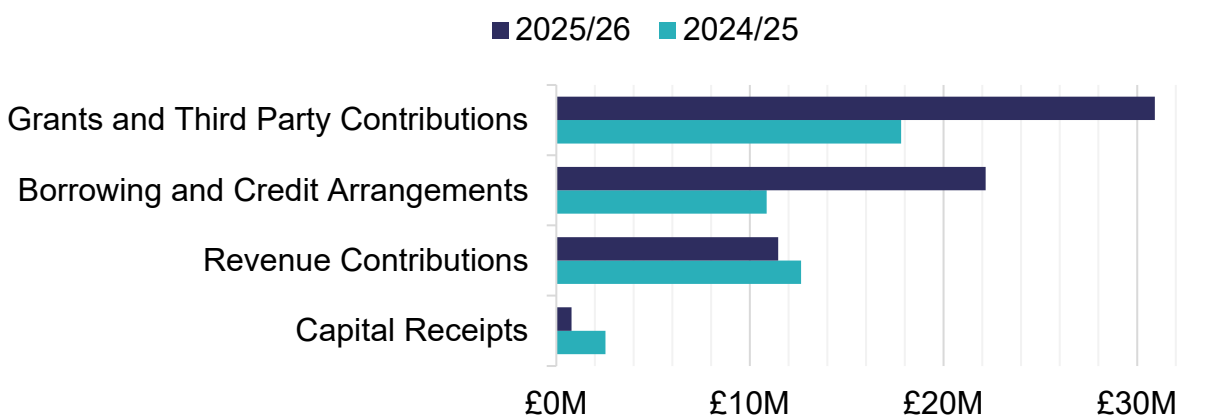
Table 6 Summary of Strategic Capital Projects in 2025/26

<i>Capital Project</i>	2025/26 £000s
<i>Footways and Carriageways</i>	10,795
<i>Housing Revenue Account - Council Housing Refurbishment</i>	8,512
<i>Highways Infrastructure Schemes – Better Queensway</i>	5,272
<i>Other Highways Infrastructure Schemes</i>	4,764
<i>Schools - High Needs Provision</i>	4,667
<i>Levelling Up Fund Schemes</i>	3,785
<i>ICT Schemes</i>	2,385
<i>Highways and Infrastructure - Local Growth Fund and Local Transport Plan</i>	1,788
<i>Warm Homes: Social Housing Fund Wave 3</i>	1,365
<i>Housing Revenue Account - Housing Acquisitions Programme</i>	1,026
<i>Southend Pier Schemes</i>	855
<i>Victoria Centre</i>	622
<i>Housing Revenue Account - Construction of New Housing</i>	390
<i>Better Queensway – Housing Programme Management</i>	330
<i>Brook Meadows House</i>	(2,129)

Financing of Capital Expenditure

The external funding of the capital investment programme comes from several sources, including government funding, third party (often private sector) contributions, capital receipts from the sale of assets, and borrowing. Figure 16 shows how the **£65.3M** capital expenditure was funded for the 2025/26 year.

Figure 16 Capital Expenditure Funding Sources 2025/26 with 2024/25 comparatives.



Borrowing is kept within affordable levels, with the total accumulated loans owed to external lenders and credit arrangements amounting to **£355.9M** at 31 March 2026 (£351.2M at 31 March 2025).

The Council also owes money to Essex County Council in respect of assets transferred to Southend-on-Sea City Council in 1998 as part of the Local Government Re-organisation. The amount is **£8.0M** at 31 March 2026 (*£8.3M at 31 March 2025*).

The Council's operational upper limit for borrowing has been set at **£380M** (excluding transferred debt) (*£385M in 2024/25*). Accounting for the borrowing outlined above, this leaves headroom of **£24.1M** (*£33.8M in 2024/25*).

This level of debt should also be viewed in relation to the Council's long-term assets which have a net book value of **£1,026.1M** at 31 March 2026 (*£1,018.7M at 31 March 2025*).

Long Term Assets

The Council's long-term assets are those expected to provide benefits beyond 12 months and consist of Property, Plant & Equipment (including Infrastructure and Right of Use Assets), Heritage Assets, Investment Property, Intangible Assets, Long Term Investments and Long Term Debtors. At 31 March 2026, the total net book value of these long-term assets was **£1,026.1M** (*£1,018.7M at 31 March 2025*).

As a result of the Government's recent policy on the transfer of schools to academy status, over the last few years many of the City's schools have transferred. Two schools transferred during 2025/26 and it is not anticipated that any further schools will transfer in the forthcoming year. If any did, this would reduce the current net book value of the long-term assets held of **£30.7M** at 31 March 2026 (*£38.7M at 31 March 2025*) for schools on the Council's Balance Sheet.

Housing

The Council is required by statute to maintain the Housing Revenue Account (HRA) in overall surplus, which includes balances brought forward from the previous year.

For the 2025/26 financial year the HRA has maintained the same general balance carried forward of **£3.5M** (*£3.5M in 2024/25*). Council rents for general needs and sheltered properties were increased by **2.7%** in 2025/26 (*increased by 7.7% in 2024/25*) in accordance with the rent setting formula which allows for annual rent increases of up to the Consumer Price Index (CPI) rate at September each year plus 1%. With a reduction in the level of inflation experienced during 2023/24, the original rent setting formula returned for the 2024/25 rent setting year and has continued into 2025/26. Therefore rents increased by the September 2024 CPI of 1.7% + 1%.

In 2025/26 average rents for general needs properties (excluding service charges) were **£111.79 per week** (*£108.58 in 2024/25*), and **£97.43 per week** (*£94.58 in 2024/25*) for sheltered accommodation.

The full financial performance of the HRA is reported in the Statement of Accounts 2025/26.

Group Performance

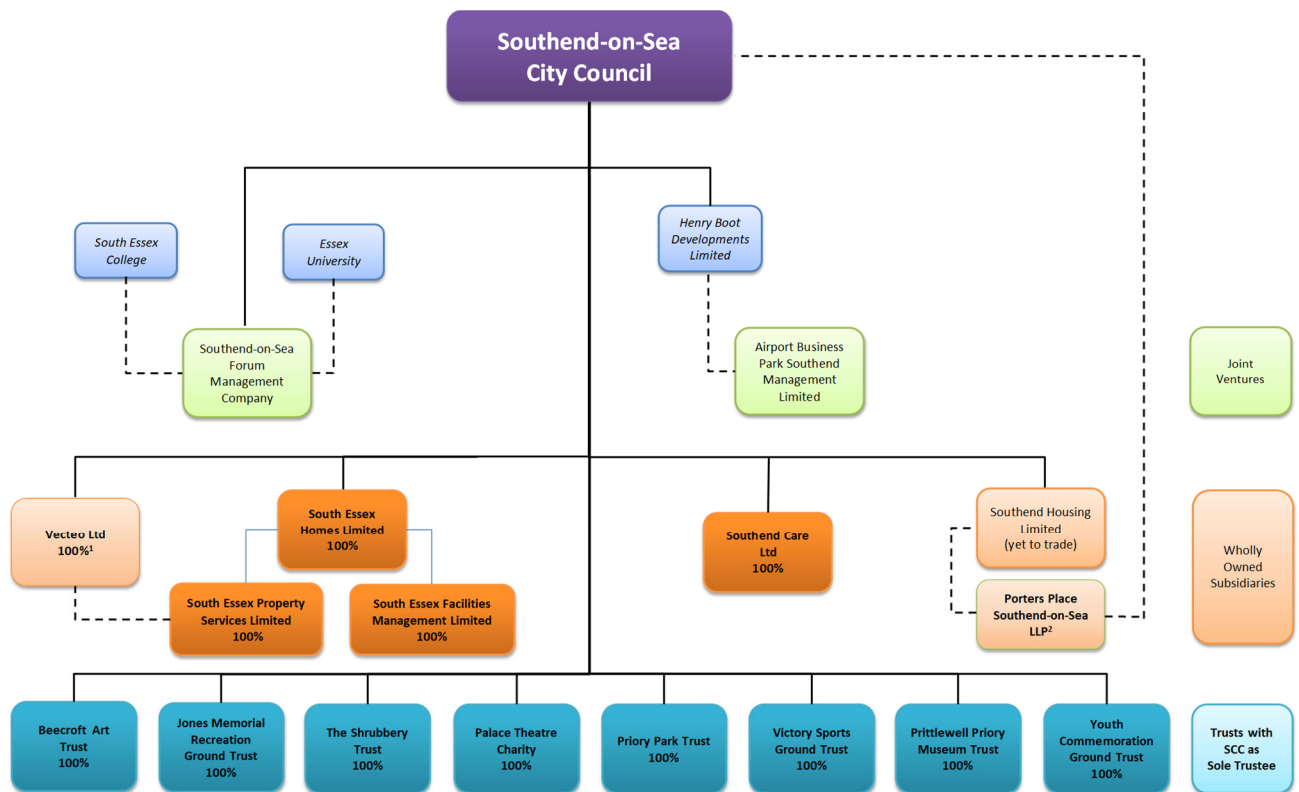
Local Authorities with subsidiary companies, associated companies and joint ventures are required to prepare group accounts. For 2025/26 the figures for three of the wholly owned subsidiaries of the Council, South Essex Homes Limited, Southend Care Limited and Porters Place Southend-on-Sea LLP are consolidated with Southend-on-Sea City Council to form the group accounts. Porters Place Southend-on-Sea LLP is a partnership between the council and its wholly owned subsidiary Southend Housing Ltd. Therefore, from a group accounts perspective this is considered to be a wholly owned subsidiary.

In addition, the Council has two other subsidiary companies and was party to two other joint ventures. The Council's proportions of net assets for all four of these entities are immaterial to the accounts and therefore have not been consolidated into the group accounts.

It is positive to report that both the material Council wholly owned subsidiaries which participate in the Essex Pension Fund had a net surplus in respect of their pension liabilities as at 31 March 2026.

The Council is also sole trustee for eight Trusts, all of which have been consolidated as part of the Group Accounts for 2025/26.

Figure 17 Group Structure as at 31st March 2026



¹ South Essex Property Services Limited took over operational control of Vecteo Ltd on 1 September 2025.

² Southend-on-Sea City Council has 99.9% of the voting rights of Porters Place Southend-on-Sea LLP and Southend Housing Limited has the other 0.1%.

Financial Health of the Council as at 31 March 2026

2025/26 was another exceptional and challenging year. Demand for social care services for adults, children and the most vulnerable continued to rise, while cost pressures also increased. The Council’s overall financial resilience has undoubtedly come under pressure but it remains in a comparatively slightly stronger position than many other Local Authorities across the country. It must though now find a way to break away from the cycle of reliance of using ‘one-off’ reserves to support the annual revenue cost base of its services that has been prevalent in recent years.

The ability to use reserves in this way has only been possible due to very strong corporate financial management over several years that created this safety net and helped the Council avoid some of the more drastic action that has been reported within many other Local Authorities. Our reserves have been used to help the Council navigate what has and continues to be an unprecedented series of financial challenges, but this cannot continue in the medium term.

We have had to take difficult decisions and need to continue to transform services to reduce our cost base and generate additional income now and in the medium term to remain financially sustainable. Councillors and officers have worked together to find a better, more cost-effective way forward, balanced against the need for people to pay more towards the cost of some discretionary services. We have listened to residents and businesses and worked alongside stakeholders, including central Government, MPs, neighbouring councils and local partnerships.

Assets

During 2025/26 fixed assets have increased in value by **£7.4M** (*increased by £23.5M in 2024/25*) due to the net effect of additions, disposals, revaluations, and depreciation.

Fixed assets included in the Balance Sheet at current value are revalued or have indexation adjustments applied sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year-end, but as a minimum are revalued every five years.

For additional information see Notes 21 to 24 in the Statement of Accounts 2025/26.

Capital Investment and Borrowing

The Council's underlying need to borrow is called the Capital Financing Requirement (CFR). This figure is a measure of the Council's debt position and represents capital expenditure up to the end of 2025/26 which has not yet been charged to revenue. The process of charging the capital expenditure to revenue is a statutory requirement and is done by means of the Minimum Revenue Provision. The position for 2025/26 is summarised in Table 7.

Table 7 Capital Financing Requirement

	2025/26 £M
<i>Balance 1st April 2025</i>	455.1
<i>Plus: capital expenditure financed by borrowing</i>	15.1
<i>Plus: fixed assets subject to leases</i>	5.1
<i>Less: Minimum Revenue Provision</i>	(6.6)
<i>Balance 31st March 2026</i>	468.7

The CFR is the Council's theoretical need to borrow but the Council's actual borrowing position can be managed by either borrowing to the CFR, choosing to use temporary cash flow funds instead of borrowing (internal borrowing) or borrowing for approved future increases in the CFR (borrowing in advance of need).

The Council has currently addressed the theoretical need to borrow by having undertaken *external borrowing and credit arrangements of £355.9M and by internally borrowing the remaining £112.8M*. Actual borrowing will only be undertaken as and when required to finance capital and the amount and timing of any loans will have regard to the Council's cash flow, the prevailing interest rates and the future requirements of the capital investment programme.

The capital investment programme over the next five years is planned to be financed as shown in *Table 8*.

Table 8 Financing of Capital Investment

	2026/27 £M	2027/28 £M	2028/29 £M	2029/30 £M	2030/31 £M	Total £M
<i>Borrowing</i>	26.1	25.2	5.6	2.0	0	58.9
<i>Grants and third-party contributions</i>	44.9	16.6	10.7	11.5	0	83.7
<i>Revenue Contributions</i>	22.8	26.1	10.0	6.1	6.1	71.1
<i>Capital Receipts</i>	4.7	2.7	2.4	0	0	9.8
Total	98.5	70.6	28.7	19.6	6.1	223.5

Pensions

The Council participates in the Local Government Pension Scheme administered by Essex County Council. It is a funded defined benefit final salary scheme, meaning that the Council and employees pay contributions into the fund, calculated at a level to balance the pension liabilities against investment assets.

The fund is subject to a valuation every three years. The 31 March 2022 valuation set the contribution rates from 2023/24 to 2025/26. As at 31 March 2022, the funding level for the whole fund was estimated at **102%**. This positive performance has enabled the Council to formally agree a reduced level of employer pension contributions over the years 2023/24 to 2025/26.

The 31 March 2025 valuation has set the contribution rates from 2026/27 to 2028/29. As at 31 March 2025, the funding level for the whole fund was estimated at **108%**. This positive performance has enabled the Council to formally agree a further reduced level of employer pension contributions over the years 2026/27 to 2028/29.

At 31 March 2026 the Council has a net surplus in respect of its pension liabilities due to the fair value of the fund assets being higher than the actuary's determination of the present value of the defined benefit obligations.

For additional information see Note 37 in the Statement of Accounts 2025/26.

Reserves

The Council's reserves consist of general and earmarked reserves. The movement in Reserves Statement in the Statement of Accounts 2025/26 shows the split and movement of those reserves during the year.

The Council maintains a level of balances and reserves to meet any future unforeseen expenditure that may arise and for any planned future expenditure. These balances are held in the form of a general contingency such as the General Fund Balance, or for a specific purpose in the form of an earmarked reserve.

The Council has comprehensively updated its Medium Term Financial Strategy (2026/27 – 2030/31) based on the best possible information it had available at the time (approved February 2026) reflecting an assessment of the local impact of inflationary pressures, local priorities and ambitions but also recognising the Government's Local Government Reorganisation minded to decision in March 2026. The Council must continue to consider external risks, increased cost pressures, inflation and the challenges faced by all upper tier local authorities linked to increasing demand, cost and complexity in social care, as well as internal risks, including increased commercial activity and preparation for the new South East Essex Council from April 2028.

Due to the need to deal with the unavoidable increased inflationary cost and demand pressures throughout 2025/26 and to continue to maintain the delivery of critical services to our communities the Council has been forced to decrease its overall level of reserves compared to what was originally planned. The Council is still in a relatively strong resilient financial position compared to many other local authorities. The future challenge is substantial though and our remaining reserves are held to provide both a buffer for the uncertain challenging operating environment we face and to invest in critical service transformation programmes.

These factors have contributed to the Council's commitment to increasing its General Fund Balance by a further **£1M** on 1 April 2026, therefore increasing it to **£12.0M**. (£11.0M at 31 March 2025).

At 31 March 2026 the Council holds **£35.279M** (£59.447M at 31 March 2025) of general fund earmarked reserves as shown in *Table 9*)

Table 9 General Fund Earmarked Reserves

Earmarked Reserve	Opening Balance 1 April 2025 £M	Contributions / (Use) 2025/26 £M	Closing Balance 31 March 2026 £M
<i>Capital Investment Reserves</i>	10.039	(1.701)	8.338
<i>Insurance Reserves</i>	4.217	(1.307)	2.910
<i>Corporate Reserves</i>	19.472	(8.710)	10.762
<i>Service Reserves</i>	11.732	(7.004)	4.728
<i>Grant Reserves</i>	6.836	(0.179)	6.657
<i>Dedicated Schools Grant</i>	7.098	(5.267)	1.831
<i>Monies Held in Trust</i>	0.053	0	0.053
Total	59.447	(24.168)	35.279

The net total contribution from earmarked reserves in 2025/26 of **£24.168M** continues the trend of an increasing reliance on finite reserves to fund the day to day activities of the Council (*net total contribution from earmarked reserves of £15.014M in 2024/25*).

When the budget for 2025/26 was originally set it included planned appropriations from reserves of £2.2M³. Drawdowns of £7.1M from reserves to were agreed in the Financial Performance Report for July 2025 (Period 4)⁴, this included the application of the £3.5M 2025/26 Extended Producer Responsibility (EPR) for packaging payment. A further £1.1M and £1.3M of drawdowns was approved in the Financial Performance Reports for September 2025 (Period 6)⁵ and November 2025 (Period 8)⁶, respectively, making the total value of drawdowns reported during the year £9.5M.

Drawdowns from December 2025 (Period 9) to March 2026 (Period 12) and the final appropriations consist of; £0.8M from Capital Investment Reserves, £2.6M from Grant Reserves, £6.8M from Corporate Reserves, £6.2M from Service Reserves (which includes £4.5M from the Social Care Risk Reserves) and £1.3M from the Insurance Reserve.

³ <https://democracy.southend.gov.uk/mgAi.aspx?ID=19825#mgDocuments>

⁴ <https://democracy.southend.gov.uk/mglIssueHistoryHome.aspx?IId=22862>

⁵ <https://democracy.southend.gov.uk/mglIssueHistoryHome.aspx?IId=22868>

⁶ <https://democracy.southend.gov.uk/mglIssueHistoryHome.aspx?IId=22872>

Only individual movements of more than £250,000 are reported to Cabinet during the year, the cumulative value of other drawdowns in the first eight months of the year total £0.5M, meaning the total appropriation from reserves in 2025/26 is £30.9M. This is offset by the planned appropriations to earmarked reserves of £3.5M which were included in the original budget for 2025/26 and £3.2M of appropriations to earmarked reserves during the year. The final movements included £1.2M to Service Reserves and £0.7M to Grant Reserves.

Alongside the appropriations to and from the reserves there has also been a small reallocation of amounts between the reserve categories at year end, reducing Capital Investment Reserves by £0.3M and Corporate Reserves by £0.2M and increasing Service Reserves. A comprehensive analysis of the factors that have contributed to this outcome will be presented to the Cabinet meeting in June 2025⁷.

The HRA's financial strategy includes a determination that a prudent level of the HRA General Balance is **£3.5M** (£3.5M for 2024/25), having regard for the inherent levels of future financial risk and uncertainty. The Council's HRA holds **£39.354M** (£35.678M on 31 March 2025) of earmarked reserves as shown in Table 10.

Table 10 HRA Earmarked Reserves

<i>HRA Earmarked Reserve</i>	<i>Opening Balance 1 April 2025 £M</i>	<i>Contributions / (Use) 2025/26 £M</i>	<i>Closing Balance 31 March 2026 £M</i>
<i>Capital Investment Reserve</i>	26.269	6.003	32.272
<i>Revenue Major Repairs Reserve</i>	8.529	(2.387)	6.142
<i>Contract Pension Reserve</i>	0.880	0.060	0.940
Total	35.678	3.676	39.354

The HRA also maintains another Major Repairs Reserve which is limited to being used on capital expenditure on HRA assets or the financing of historical capital expenditure by the HRA. The balance of this reserve at 31 March 2026 is **£10.380M** (£11.661M at 31 March 2025) and represents the level of capital resources that have yet to be applied at the year-end.

There are also usable capital receipts of **£23.504M** (£6.310M general fund and £17.194M HRA) and capital grants not yet applied of **£42.851M** available to finance future planned capital expenditure.

The city's maintained schools also hold **£0.111M** of balances and **£1.831M** of earmarked reserves. These, together with the general fund and HRA earmarked reserves in the tables above, comprise the total of **£74.744M** of earmarked reserves shown in Note 20 in the Statement of Accounts 2025/26.

Climate Change

The council continues to have a cross organisational focus on climate change supporting the 2030 net zero target declared for both council operations and the city.

There has been a focus on carbon adaptation and resilience for example through the Catchment to Coast project where the council has co-developed 'The Situation Room' supported by central government and demonstrating best practice in climate engagement. The results of the pilot will have a direct impact on future policy development.

⁷ <https://democracy.southend.gov.uk/mglIssueHistoryHome.aspx?IId=24536>

Ongoing engagement on the greater Essex Local Nature Recovery Strategy has strengthened opportunities within the city for biodiversity.

The council's housing programme continues to maximise low and zero carbon developments utilising best practice PassivHaus methodology to ensure that residents have homes which have cost savings across their energy bills and reduced emissions.

The clean air for schools projects had been so successful in 2023/24 that in 2025 a third cohort of 16 schools took part in the project, funded by Defra to monitor particulates and nitrogen dioxide. This initiative provides and engages with schools to introduce actions and interventions to minimise exposure to poor air quality.

More trees have been planted this year than in previous years, across both parks and in our streets, strengthening our tree canopy and supporting climate resilience in the city.

The Council continues to consider the impact of the environment on its future operations. Balancing this ambition within the level of scarce resources available and whilst delivering all our objectives within the Corporate Plan remains a challenge.

Equality, diversity and inclusion

We have continued to make strong process in delivering our three-year Equality, Diversity and Inclusion (EDI) Improvement Plan, with all actions delivered by March 2026. This reflects the council's sustained commitment to fairness, inclusion and respect across the organisation.

This year, activity has focused on strengthening inclusive practice across the employee lifecycle, alongside improvements to policies, processes and safeguards. This includes a cross-council review of recruitment, onboarding and career progression to support a more inclusive approach to attracting, retaining and developing talent, as well as enhanced mechanisms for reporting and responding to bullying, harassment and abuse. Practical tools have also been developed to support managers in promoting anti-racist and inclusive behaviours. We were also awarded the Silver Award from the Defence Employer Recognition Scheme, recognising our commitment to supporting the Armed Forces community, through inclusive hiring practices and wider support initiatives.

Under the 2010 Equality Act, we are required to identify equality objectives. Our equality objectives focus on employees, access to services, community cohesion and partnership working. The Council has made several annual commitments to support these objectives. Key activity that has taken place includes progress on the Workplace Race Equality Standard action plan, working in partnership with Digital Essex to assist residents with digital skills, established a White Ribbon steering group and three-year action plan, and setting up a Modern Slavery and Exploitation Working Group.

Workforce Capacity

Our People Vision sets out our strategy and ambition to create "a great employee experience" and ensure we are "match fit" with Southend-on-Sea City Council employing "the right people, with the right skills and attitudes, in the right place". In 2025/26 the Council conducted a staff survey which had an overall response rate of 70% and the overall engagement level score was strong at 92%. Staff feedback was generally positive and individual Directorate action plans have been developed to respond to areas identified for improvement.

Key headline statistics as at 31 March 2026 include:

- The Council had an employee Headcount of 1,876, with an FTE of 1,716.
- Turnover for the last financial year was 9%, down 3% from 2024/25.
- Agency workers 'on site' was 132, which is a downward trajectory but will rise and fall depending on seasonal requirements, external funded projects and other demands.

- Employee Mandatory Training had an average completion rate of 83%.
- Sickness – days lost per employee was down to 7.26 in 2025/26, a positive improvement compared to the 8.87 days lost per employee in 2024/25.

Key risks from risk register

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. These risks are listed below (as at 31st March 2026):

- Risk of the Adult Social Care provider market being unable to meet needs of statutory services.
- Risk of failure to adopt a local plan.
- Risk of failure to successfully embed the new waste and street cleansing contract.
- Financial resilience and sustainability – risk that the Council's expenditure continues to exceed the available level of resources.
- Risk of increasing levels of homelessness and pressure on other services including temporary accommodation.
- Risk of a lack of suitable placements/placement sufficiency for Children Looked After (CLA).
- 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.
- Risk of lack of capacity/resources to deliver ongoing council services alongside the Devolution and Local Government Re-Organisation (LGR) programme.

Local Government Independent External Audit Update

Local Government started to experience a national backlog of annual unaudited accounts from the year 2018/19. The Council, working with its independent auditors concluded the respective audits for the years 2018/19 to 2022/23 within reasonable timescales. More recently the Council's 2023/24 audited accounts were signed on 27 February 2025 and the 2024/25 audited accounts were signed on 13 January 2026. This achievement places Southend-on-Sea within the top 20% of all Authorities in the Country. It also provides independent confidence and assurance that the Council's Accounts represents a 'true and fair view' of our financial position.

Despite the challenges the Council published its draft Statement of Accounts for all years since 2018/19 by the respective statutory deadline each year. We are the only authority across Greater Essex which has received an 'Unmodified Opinion' on its accounts for the 2024/25 financial year. This indicates a 'clean' independent audit opinion.

External inspections

The Care Quality Commission (CQC) is the independent regulator of healthcare, adult social care and primary care services in England. A full assurance visit took place in May 2025, with our Adult Social Care services receiving a 'Good' rating in August 2025. The CQC report highlighted a strong performance in safeguarding, prevention, reablement and community support.

In April 2025, the council's housing management services were inspected by the Regulator for Social Housing (RSH) assessing our performance against the four Consumer Standards. The two-day on-site inspection followed a period of initial data gathering and submission. The outcome of the inspection was published in September 2025, with a grading of C3 awarded, indicating there were serious failings in the housing management service at the time of the inspection, particularly relating to safety and quality compliance. By the time of publication

improvements had been made and these were noted in the Regulatory Judgement published. Since this time the council continues to work closely with the RSH to deliver further improvements.

The Council's Children's Services were officially rated as 'Good' following the most recent Ofsted Inspection of Local Authority Children's Services (ILACS) in October 2024. The inspection reported that services in Southend-on-Sea had undergone many significant changes since the last full ILACS inspection in July 2019 when the services were found to require improvement. Inspectors received and evaluated evidence of improvement across all areas of the range of services.

Medium Term Financial Strategy (MTFS) 2026/27 – 2030/31

The overriding aim of the Council's Medium Term Financial Strategy (MTFS) is *'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.'*

As part of the development and approval of the Council's 2026/27 Budget and Medium Term Financial Strategy in February 2026 a commitment was given to the enhancement and targeting of our Transformation and Service Redesign Programme. The coming 2-year period will represent the most significant and intense period of change and transformation the Council has ever experienced. It first became a Unitary Authority in 1998. The drivers of the change to come are equally externally and internally driven, and the range of potential future regional and local changes and scenarios that may play-out are significant. This creates the clear need for the Council to think and plan strategically and deliberately about the transformational changes that it will need to implement, and to ensure that those changes create the maximum potential scope for local improvement and the significant transformational potential underpinning Devolution and Local Government Reorganisation.

The Council's Transformation Strategy and delivery programme aims to improve service efficiency, productivity and value for money, whilst also supporting the delivery of financial sustainability over the medium to long term. The Strategy acts as a convening and co-ordinating strategy setting out clearly what organisation we aim to be – but also how the Council's key change plans in digital, estates, assets, people, and service innovation deliver a significantly accelerated whole-organisation.

During the final quarter of 2025/26, the following three transformation "kickstarter" workstreams were progressed to strengthen the evidence base, establish organisational baselines, and inform the development of the Council's wider Transformation Programme for 2026/27 and beyond:

- **Third Party Spend** - a detailed analysis of all external supplier contracts and expenditures to identify opportunities for cost optimisation, improved commissioning, and enhanced value for money.
- **Activity Analysis** - a comprehensive assessment of organisational activity, supported by benchmarking and comparative analysis, to inform future service design and transformation priorities.
- **Zero Base Budgeting** - building on work already undertaken in previous years, a continued programme of challenge and review across selected service areas to ensure expenditure remains justified, aligned to strategic priorities, and focused on delivering the best possible outcomes for residents.

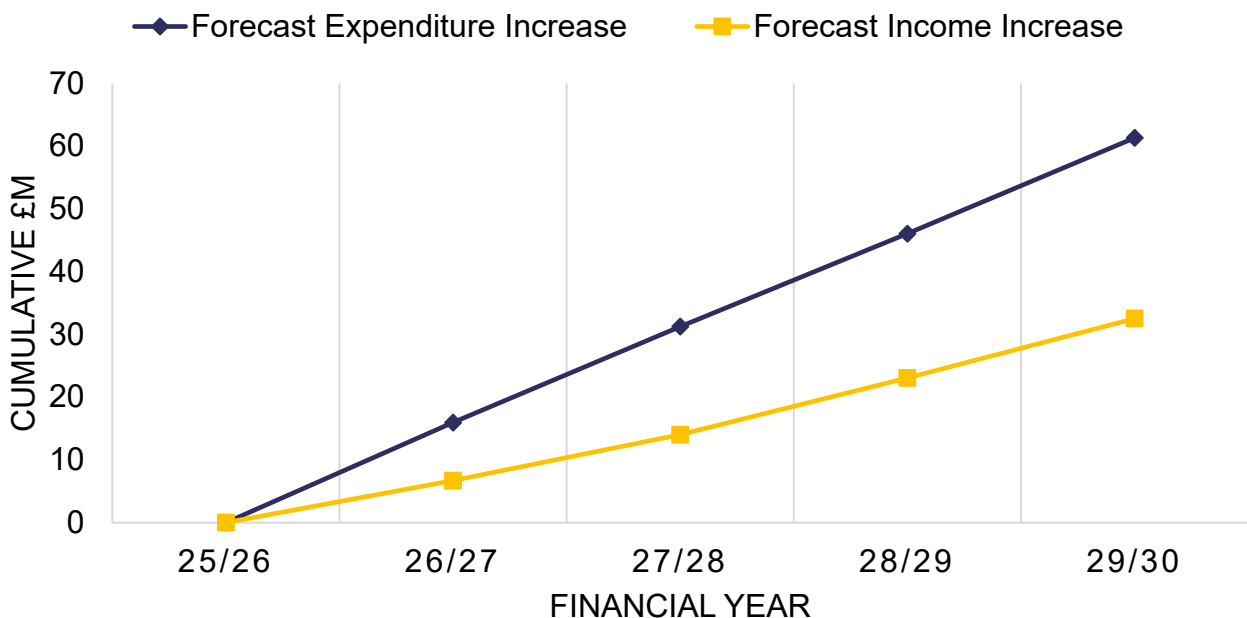
Recommendations from these projects will form the basis of the new transformation projects for the coming year. This will be in addition to the transformation projects already in delivery - One Council (service redesign), Data Transformation, Estates, Children’s Services Commissioning, My Southend (resident access), and Business World (internal corporate systems).

A series of planned additional measures will also continue to supplement this enhanced Transformational Programme to try to strengthen the Council’s financial resilience and improve the value for money of service delivery. The Council is committed to implementing: outcome-based budgeting principles (to ensure resources are specifically targeted to delivering better outcomes for local residents); better linkage of business planning and budgeting to service outcomes; effective and creative management of service demand; a review of all major contractual arrangements; enhanced commissioning and brokerage services; the exploration of new commercial opportunities; an evaluation of a range of new income generation initiatives and continuing to enhance our systems, processes and internal business transformation arrangements.

A considerable amount of analysis, decisive action and financial planning was undertaken throughout 2025/26, particularly since Southend-on-Sea was already having to respond to some high value social care demand trends from previous years. This scenario was replicated in many other upper tier authorities across the country. These pressures had been recognised locally, and attempts were made to address some of these issues by significantly increasing the revenue base budgets of these services for 2026/27 and as part of the Medium Term Financial Strategy.

The Council was predicting a cumulative budget gap of **£28.5M** up to the end of 2030/31. The Council’s forecast profile of this budget gap for each of the next five years is detailed in the following chart (*Figure 18*) which illustrates the estimated funding gap to 2030/31 as reported to Council in February 2026.

Figure 18 Forecast Income and Expenditure



The Council is not under any risk of issuing a Section 114 notice in the short term.

We are aware of the continuation of some of the financial risks that were prevalent throughout 2025/26. We have modelled scenarios and earmarked specific service risk reserves for the most volatile statutory service areas of Children's and Adults Social Care to provide a safety net. The challenge of continuing to design and implement potential financial mitigating strategies for 2026/27 and future years remains challenging. The Council has also taken appropriate steps to increase its General Fund Balance to **£12 Million** in 2026/27, this will then be set at its highest ever level, in recognition of the operating environment, the scale of financial challenges and to help to prepare for Local Government Reorganisation.

Comprehensive financial monitoring and performance reports for Period 4, Period 6 and Period 8 were presented to Cabinet in September 2025, November 2025 and January 2026 respectively. These highlighted the extent of the financial pressure experienced throughout 2025/26, the mitigations undertaken and have provided a summary of performance delivery against approved savings plans, income generation initiatives and targeted overspend reductions.

To help address and close the revised estimated budget gap over the next five years the Council will continue to aim to achieve financial sustainability from local income sources in the future and improve its efficiency and productivity. The Council will continue to work collaboratively with its partners, increase its 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 services. It is vital that we continue to learn from our experience, reduce our cost base wherever possible and tailor our services and working practices accordingly.

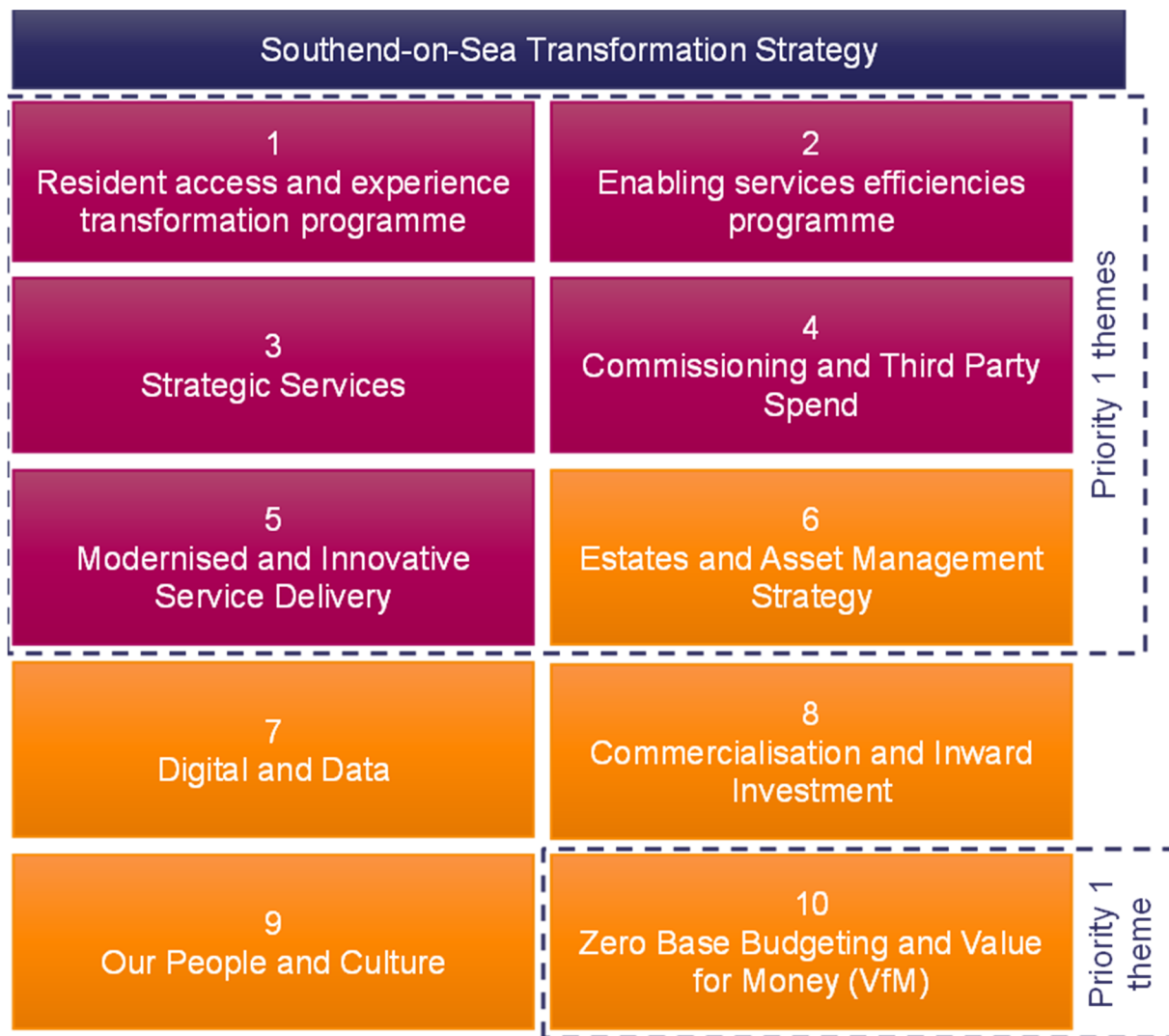
The Council's commitment to continued service redesign, transformation, and strengthened financial oversight will be critical in addressing underlying cost pressures and ensuring services are delivered in the most effective, efficient, and sustainable way possible. The challenges facing the Council in 2026/27 remain significant, driven by continuing growth in demand for core statutory services, alongside the ongoing impact of inflationary pressures and wider economic factors. The Council will therefore need to maintain a strong focus on financial management, transformation, demand management and mitigation throughout the coming year.

The Council also has an ambitious capital investment programme designed to create the right conditions to attract additional private sector investment into the local area and to directly benefit residents, businesses and future visitors. The level of our planned investment is **£224M** over the next five years.

Southend-on-Sea City Council Transformation Strategy

Delivery of long-term financial sustainability will be underpinned by the Council's new emerging Transformation Strategy, structured around ten organisation-wide themes, as shown in Figure 19.

Figure 19 Transformation Strategy



Key

Operating model themes Enabling themes

Together, these themes provide a coherent framework for moving beyond incremental efficiencies towards evidence-led service redesign, operating model transformation, and demand management. This approach focuses on resetting cost and demand baselines, improving productivity, strengthening financial management, and addressing the underlying drivers of expenditure. In doing so, it will support the delivery of recurring savings, strengthen long-term financial sustainability, and help prepare the Council for Local Government Reorganisation.

This will be delivered in practice through the Transformation Strategy’s Zero-Base 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.

Financial Compliance, Resilience and Future Sustainability

Financial compliance, resilience and future sustainability are clearly important considerations. 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 Reorganisation. 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.

We are committed to continually improving our performance and delivering better outcomes for residents through our Corporate Plan and contributions to the City's vision. Our desire to improve, learn and provide value for money is also predicated on acting responsibly and ensuring our plans are affordable and sensible. These ingredients are essential as we prepare for the creation of the new South East Essex Council from April 2028.

The Council has developed and published a Transitional Financial Sustainability Strategy⁸ and confirmed its core financial management guiding principles as part of the transition to creating a new Unitary Authority for South East Essex. A commitment has also been made to developing a comprehensive future Financial Sustainability Strategy for the new Council in 2028/29 for the period 2029/30 – 2039/40.

CIPFA's Financial Management Code came into effect from 1 April 2020, with the first full year of compliance being the 2021/22 financial year. The Council committed to complete an annual self-assessment against the expectations of the Code, with results reported to the Audit and Governance Committee every April, and with a six-monthly update on any resulting action plan between each self-assessment.

The 2025/26 annual self-assessment has been undertaken with the findings presented to Audit and Governance Committee in April 2026 confirming that the council achieved overall compliance with the expectations of the CIPFA Financial Management Code.

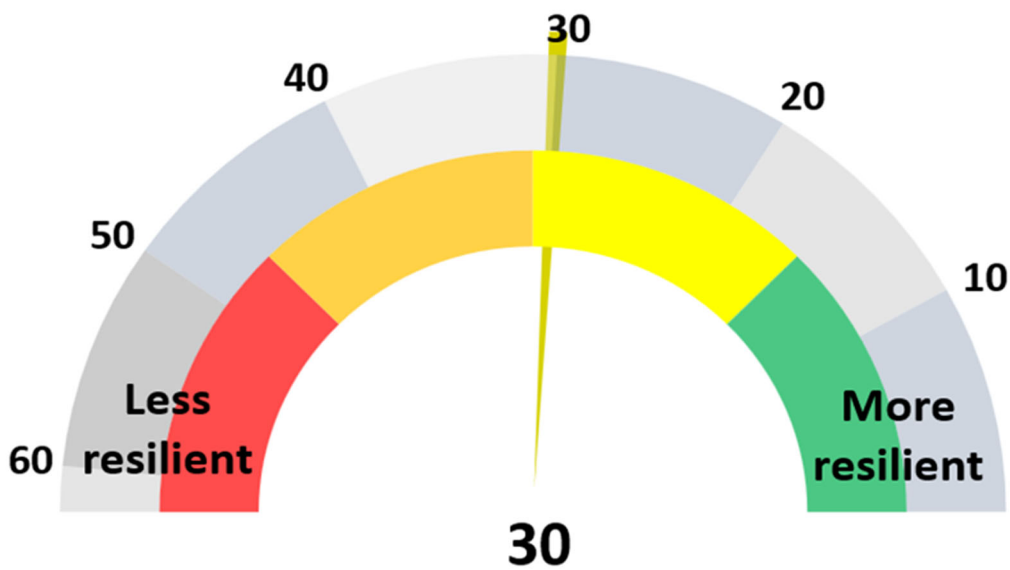
The council meets the minimum expectations for all 17 standards, with good compliance for 14 standards and demonstrable compliance, but with recognised scope for further improvement, for the remaining three standards.

⁸ <https://www.southend.gov.uk/downloads/file/9461/transitional-financial-sustainability-strategy-2026-2029>

The Chartered Institute of Public Finance and Accountancy (CIPFA) also produce an annual Financial Resilience Index which now uses eight (previously nine) primary indicators of financial stress. This assessment was first introduced prior to the COVID pandemic in 2019. It is clear and well reported that the financial resilience of the overall local government sector has been severely tested since that time. Despite the pressures presented by increasing local service demand and our relatively lower level of 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 maintain this ranking.

To establish our current position, we have taken all the indicator values for the 62 unitary authorities in England and assessed Southend-on-Sea's comparable resilience based on equal weighting of each indicator. The result for 2025 places Southend-on-Sea 30th out of 62 as shown in Figure 20 although ranking on the individual indicators ranges from 15th to 47th.

Figure 20 Southend's performance in CIPFA's Financial Resilience Index 2025



The variation in size and scale of unitary authorities both spatially and financially across the country is significant. Our relatively small size does sometimes present a disadvantage in financial resilience terms when compared with larger organisations. The Council's financial resilience and sustainability status will remain under constant review. The level of earmarked reserves used during 2025/26 is likely to reduce the Council's performance against some specific indicators and potentially impact our position against the resilience index for 2026. As we prepare for the implementation of Local Government Reorganisation the challenge will be to remain resilient and contribute towards providing a solid financial foundation for the new South East Essex Council from April 2028.

Annual Governance Statement

Our Annual Governance Statement (which commences on page 201 of this publication) summarises the outcome of our review of the Governance Framework that has been in place during 2025/26. This statement demonstrates that we have well established effective governance arrangements in place and that we are satisfied that we have a robust overall system of internal control.

Acknowledgements

The production of the Statement of Accounts would not have been possible without the exceptional hard work and dedication of employees across the Council. I would like to express my gratitude to all colleagues, particularly from my finance team but also from other services and organisations, who have assisted in the preparation of this document. I would also like to thank them for all their support and expertise during what was again a very challenging 2025/26 financial year.

My finance team, working with our external auditors, have also successfully managed to conclude all external audits for prior financial years. An exceptional achievement given the situation across the country and the challenges and demands experienced throughout the year. Our external audit opinions are now completely up to date and this position compares very favourably to the overall status across the local government sector. The final clean audit opinion on our 2024/25 Accounts was reported to the Council's Audit and Governance Committee on 20 January 2026.

I hope you find this narrative and accompanying statements clear and informative. If you require any further information or wish to make any comment on these accounts, then please contact us by any of the options listed below.



Joe Chesterton
Executive Director (Finance and Resources) (s151 Officer)
Date: 12 June 2026

This publication is issued by: Financial Services, Southend-on-Sea City Council
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The Financial Statements

The information provided in this publication presents the financial position of Southend-on-Sea City Council as at 31 March 2026, and the financial results for the financial year 2025/26. As a large and diverse organisation, these accounts will by their nature be both technical and complex and the purpose of this foreword is to provide a guide to the accounting information and statements that follow and summarise the Council's performance for the year. Since the introduction of IFRS (International Financial Reporting Standards) for local government accounting in 2010/11, the core financial statements comprise:

- **Comprehensive Income and Expenditure Statement;**
- **Movement in Reserves Statement;**
- **Balance Sheet;**
- **Cash Flow Statement.**

The Comprehensive Income and Expenditure Statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

The Movement in Reserves Statement shows the movement in the year on the different reserves held by the Council. The Surplus or Deficit on the Provision of Services line shows the true economic cost of providing the Council's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance and the Housing Revenue Account for Council tax setting and dwellings rent setting purposes. The Net Increase / Decrease before Transfers to Earmarked Reserves line shows the statutory General Fund Balance and Housing Revenue Account Balance before any discretionary transfers to or from earmarked reserves undertaken by the Council.

The Balance Sheet shows the value, as at the Balance Sheet date, of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the Council is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line "Adjustments between accounting basis and funding basis under regulations".

The Cash Flow Statement shows the changes in cash and cash equivalents of the Council during the reporting period. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing, and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Council are funded by way of taxation and grant income or from the recipients of services provided by the Council. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Council's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Council.

These four Statements are then followed by notes providing more detailed information of various elements within the statements.

The main Statements and their notes are supplemented by three further sections:

The Housing Revenue Account (HRA) reports separately on the Council's landlord activities, which are consolidated into the main accounts. Detailed notes follow these statements to expand on the information provided.

The Collection Fund reports separately on the collection and distribution of non-domestic rates and council tax.

Group Accounts consolidate the Council's main accounts with those of its Subsidiary and Associated Companies, Joint Ventures and Charitable Trusts.

STATEMENT OF RESPONSIBILITY FOR THE STATEMENT OF ACCOUNTS

Statement of Responsibility for the Statement of Accounts

The Council's Responsibilities

The Council is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Council, that officer is the Executive Director (Finance and Resources) (s151 Officer).
- Manage its affairs to secure economic, efficient, and effective use of resources and safeguard its assets.
- Approve the Statement of Accounts.

The Executive Director (Finance and Resource's) Responsibilities

The Executive Director (Finance and Resources) is responsible for the preparation of the Council's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom ('the Code').

In preparing this Statement of Accounts, the Executive Director (Finance and Resources) has:

- Selected suitable accounting policies and then applied them consistently.
- Made judgements and estimates that were reasonable and prudent.
- Complied with the local authority Code.

The Executive Director (Finance and Resources) has also:

- Kept proper accounting records which were up to date.
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

Executive Director (Finance & Resources) Certificate

I certify that these accounts present a true and fair view of the financial position of the Council at 31 March 2026 and its income and expenditure for the year ended 31 March 2026.



Joe Chesterton, CPFA
Executive Director (Finance and Resources) (s151 Officer)
Signed: 12 June 2026

Approval of the Statement of Accounts

In accordance with the requirements of Regulation 9 of the Accounts and Audit Regulations 2015, I confirm that the Statement of Accounts was approved by resolution of the Audit and Governance Committee of Southend-on-Sea City Council on
[to be confirmed].

Councillor Robert McMullan
Chair of Audit & Governance Committee
[date to be confirmed]

**INDEPENDENT AUDITOR’S REPORT TO THE
MEMBERS OF SOUTHEND-ON-SEA CITY
COUNCIL**

Opinion on the Financial Statements

Jessica Hargreaves
For and on behalf of KPMG LLP
LLP Chartered Accountants
15 Canada Square
Canary Wharf
London E14 5GL
United Kingdom

MAIN FINANCIAL STATEMENTS

Comprehensive Income and Expenditure Statement

2024/25				2025/26			
Gross Expenditure £000 Reclassified	Gross Income £000 Reclassified	Net Expenditure/ (Income) £000 Reclassified		Notes	Gross Expenditure £000	Gross Income £000	Net Expenditure/ (Income) £000
32,360	(20,719)	11,641	Leader: Infrastructure and Corporate Strategy		36,600	(19,369)	17,231
8,728	(5,191)	3,537	Deputy Leader: Housing and Planning		9,159	(6,730)	2,429
33,611	(9,791)	23,820	Business, Culture, Music and Tourism		19,036	(7,635)	11,401
145,627	(82,726)	62,901	Children, Learning and SEND		160,939	(97,886)	63,053
27,892	(4,888)	23,004	Climate, Environment and Waste		32,426	(6,856)	25,570
8,180	(4,848)	3,332	Community Safety and Regulatory Services		19,003	(5,648)	13,355
78,801	(65,066)	13,735	Finance, Assets and Public Transport		76,546	(57,256)	19,290
3,672	(2,808)	864	Regeneration and Law and Governance		10,737	(6,117)	4,620
113,921	(48,601)	65,320	Social Care and Healthier Communities		115,462	(52,484)	62,978
452,792	(244,638)	208,154	Net Cost of General Fund Services		479,908	(259,981)	219,927
36,016	(43,590)	(7,574)	Local Authority Housing (HRA)		94,284	(39,506)	54,778
36,016	(43,590)	(7,574)	Net Cost of Housing Revenue Account Services		94,284	(39,506)	54,778
488,808	(288,228)	200,580	Cost of Services		574,192	(299,487)	274,705
1,434	(1,129)	305	Other Operating Income and Expenditure	10	10,250	(2,530)	7,720
18,062	(15,171)	2,891	Financing and Investment Income and Expenditure	11	19,907	(11,489)	8,418
0	(196,120)	(196,120)	Taxation and Non-Specific Grant Income	12	0	(217,300)	(217,300)
508,304	(500,648)	7,656	Deficit on Provision of Services		604,349	(530,806)	73,543
			<i>Items that will not be reclassified to the Deficit on the Provision of Services</i>				
		(25,399)	Surplus/Deficit on Revaluation of Heritage and Property, Plant and Equipment Assets	9			(58,320)
		1,192	Re-measurement of Net Pension Liability	9			7,900
		(24,207)	Other Comprehensive Income and Expenditure				(50,420)
		(16,551)	Total Comprehensive Income and Expenditure				23,123

Movement in Reserves Statement

	Note	Revenue Reserves				Capital Reserves			Total Usable Reserves
		General Fund Balance	Housing Revenue Account	Earmarked Schools Budget Reserves	Other Earmarked Reserves	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	
		£000	£000	£000	£000	£000	£000	£000	
Balance at 1 April 2024		10,000	3,502	13,763	97,046	19,329	10,536	38,394	192,570
Surplus / (Deficit) on the Provision of Services		(15,058)	7,402	0	0	0	0	0	(7,656)
Other Comprehensive Income and Expenditure		0	0	0	0	0	0	0	0
Total Comprehensive Income and Expenditure		(15,058)	7,402	0	0	0	0	0	(7,656)
Adjustments between accounting basis and funding basis under regulations	19	(59)	(5,957)	0	0	268	1,125	2,566	(2,057)
Net Increase / (Decrease) before Transfers to earmarked reserves		(15,117)	1,445	0	0	268	1,125	2,566	(9,713)
Transfers to / (from) Earmarked Reserves	20	15,117	(1,445)	(5,653)	(9,019)	0	0	0	(1,000)
Transfers to / (from) Balances		1,000	0	0	0	0	0	0	1,000
Increase / (Decrease) in 2024/25		1,000	0	(5,653)	(9,019)	268	1,125	2,566	(9,713)
Balance at 31 March 2025		11,000	3,502	8,110	88,027	19,597	11,661	40,960	182,857

	Note	Revenue Reserves				Capital Reserves			Total Usable Reserves
		General Fund Balance	Housing Revenue Account	Earmarked Schools Budget Reserves	Other Earmarked Reserves	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	
		£000	£000	£000	£000	£000	£000	£000	
Balance at 31 March 2025		11,000	3,502	8,110	88,027	19,597	11,661	40,960	182,857
Movement in Reserves during 2025/26									
Surplus / (Deficit) on the Provision of Services		(19,781)	(53,762)	0	0	0	0	0	(73,543)
Other Comprehensive Income and Expenditure		0	0	0	0	0	0	0	0
Total Comprehensive Income and Expenditure		(19,781)	(53,762)	0	0	0	0	0	(73,543)
Adjustments between accounting basis and funding basis under regulations	19	(5,288)	57,438	0	0	3,907	(1,281)	1,891	56,667
Net Increase / (Decrease) before Transfers to earmarked reserves		(25,069)	3,676	0	0	3,907	(1,281)	1,891	(16,876)
Transfers to / (from) Earmarked Reserves	20	25,069	(3,676)	(6,168)	(15,225)	0	0	0	0
Increase / (Decrease) in 2025/26		0	0	(6,168)	(15,225)	3,907	(1,281)	1,891	(16,876)
Balance at 31 March 2026		11,000	3,502	1,942	72,802	23,504	10,380	42,851	165,981

	Unusable Reserves							Unusable Reserves	Total Authority Reserves
	Revaluation Reserve	Financial Instrument Revaluation Reserve	Pensions Reserve	Capital Adjustment Account	Deferred Capital Receipts	Collection Fund Adjustment Account	Accumulated Absences Account		
	£000	£000	£000	£000	£000	£000	£000		
Balance at 1 April 2024	310,800	(5,376)	(3,422)	192,204	2,490	4,490	(3,568)	497,618	690,188
Surplus / (Deficit) on the Provision of Services									
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	0	0	(7,656)
Total Comprehensive Income and Expenditure	25,399	0	(1,192)	0	0	0	0	24,207	24,207
	25,399	0	(1,192)	0	0	0	0	24,207	16,551
Adjustments between accounting basis and funding basis under regulations	(6,964)	6,486	1,646	1,256	(1,612)	(64)	1,309	2,057	0
Net Increase / (Decrease) before Transfers to earmarked reserves	18,435	6,486	454	1,256	(1,612)	(64)	1,309	26,264	16,551
	0	0	0	0	0	0	0	0	(1,000)
Transfers to / (from) Earmarked Reserves	0	0	0	0	0	0	0	0	1,000
Increase / (Decrease) in 2024/25	18,435	6,486	454	1,256	(1,612)	(64)	1,309	26,264	16,551
Balance at 31 March 2025	329,235	1,110	(2,968)	193,460	878	4,426	(2,259)	523,882	706,739

	Revaluation Reserve	Financial Instrument Revaluation Reserve	Unusable Reserves				Accumulated Absences Account	Unusable Reserves	Total Authority Reserves
			Pensions Reserve	Capital Adjustment Account	Deferred Capital Receipts	Collection Fund Adjustment Account			
	£000	£000	£000	£000	£000	£000	£000	£000	
Balance at 31 March 2025	329,235	1,110	(2,968)	193,460	878	4,426	(2,259)	523,882	706,739
Movement in Reserves during 2025/26									
Surplus / (Deficit) on the Provision of Services	0	0	0	0	0	0	0	0	(73,543)
Other Comprehensive Income and Expenditure	58,320	0	(7,900)	0	0	0	0	50,420	50,420
Total Comprehensive Income and Expenditure	58,320	0	(7,900)	0	0	0	0	50,420	(23,123)
Adjustments between accounting basis and funding basis under regulations	(11,434)	205	6,216	(52,779)	(228)	932	421	(56,667)	0
Net Increase / (Decrease) before Transfers to earmarked reserves	46,886	205	(1,684)	(52,779)	(228)	932	421	(6,247)	(23,123)
Transfers to / (from) Earmarked Reserves	0	0	0	0	0	0	0	0	0
Increase / (Decrease) in 2025/26	46,886	205	(1,684)	(52,779)	(228)	932	421	(6,247)	(23,123)
Balance at 31 March 2026	376,121	1,315	(4,652)	140,681	650	5,358	(1,838)	517,635	683,616

Balance Sheet

31 March 2025 £000		Notes	31 March 2026 £000
751,124	Property, Plant & Equipment (excluding Infrastructure and Right of Use assets)	21a	743,591
143,091	Infrastructure Assets	21b	151,133
13,829	Right of Use Assets	21c	19,505
30,155	Heritage Assets	23	30,354
39,930	Investment Property	24	41,275
6,940	Intangible Assets	22	6,587
31,531	Long Term Investments	25	31,434
2,141	Long Term Debtors		2,243
1,018,741	Long Term Assets		1,026,122
45,952	Short term Investments	25	20,317
1,055	Assets Held for Sale		1,055
233	Inventories		231
42,939	Short Term Debtors	26	47,837
18,865	Cash and Cash Equivalents	25, 27	22,622
109,044	Current Assets		92,062
(1,863)	Short Term Borrowings	25	(23,513)
(49,496)	Short Term Creditors	28	(59,009)
(7,972)	Provisions	29	(6,535)
(59,331)	Current Liabilities		(89,057)
(3,480)	Long Term Creditors		(7,838)
(346,920)	Long Term Borrowing	25	(325,033)
(2,968)	Other Long Term Liabilities – Pensions	37	(4,652)
(8,347)	Other Long Term Liabilities – ECC Transferred Debt	25	(7,988)
(361,715)	Long Term Liabilities		(345,511)
706,739	Net Assets		683,616
182,857	Usable Reserves	30	165,981
523,882	Unusable Reserves	31	517,635
706,739	Total Reserves		683,616

Cash Flow Statement

2024/25 £000		Notes	2025/26 £000
7,656	Net Deficit on the Provision of Services		73,543
(32,377)	Adjustments to Net Deficit on the Provision of Services for non-cash Movements	40	(87,470)
23,841	Adjustments for items included in the Net Deficit on the Provision of Services that are Investing and Financing Activities	41	37,392
(880)	Net cash outflows from Operating Activities		23,465
9,981	Investing Activities	42	(25,172)
5,299	Financing Activities	43	(2,050)
14,400	Net Decrease in Cash and Cash Equivalents		(3,757)
(33,265)	Cash and Cash Equivalents at the beginning of the Reporting Period		(18,865)
(18,865)	Cash and Cash Equivalents at the end of the Reporting Period	27	(22,622)

NOTES TO THE ACCOUNTS

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Note 1. Accounting Policies

General Principles

The Statement of Accounts summarises the Council's transactions for the 2025/26 financial year and its position at the year-end of 31 March 2026. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015 in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2025/26, supported by International Financial Reporting Standards (IFRS).

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.
- Where it does not materially affect the accounts, and a full year's income and expenditure is recorded, an accrual need not be raised.
- Accruals are not made for items under £5,000, except where in the opinion of the Executive Director (Finance and Resources) the absence of an accrual for a lesser amount would lead to a misrepresentation of the cost of a service.
- Where the Council acts as an agent, transactions will not be reflected in the Council's financial statements. Exceptions to this are in respect of cash received or expenditure incurred by the agent on behalf of the principal, in which case a debtor or creditor will be raised.

Cash and Cash Equivalents

Cash and Cash Equivalents are represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management.

Where the Council acts as an agent, transactions will not be reflected in the Council's financial statements. Exceptions to this are in respect of cash received or expenditure incurred by the agent on behalf of the principal, in which case the net cash position will be included in Financing Activities in the Cash Flow Statement.

Changes in Accounting Policies, Prior Period Adjustments and Estimates and Errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Council's financial position or financial performance.

Where a change is made, it is applied retrospectively (unless not material or stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Exceptionally, the 2025/26 Code provides that changes to the valuation of non-investment assets as set out in the Code will be applied prospectively, with no restatement of prior year figures.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

There are no changes to accounting policies in 2025/26 which require restatement of prior periods.

Charges to Revenue for Non-Current Assets

Services, support services and trading accounts are charged an accounting estimate of the cost of holding non-current assets during the year. This comprises:

- depreciation attributable to the assets used by the relevant service.
- revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off.
- amortisation of intangible fixed assets attributable to the service.

The Council is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisation. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the Council in accordance with statutory guidance. Depreciation, revaluation and impairment losses and amortisation are therefore replaced by the contribution in the General Fund Balance (Minimum Revenue Provision), by way of an adjusting transaction with the

Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

Council Tax and Non-Domestic Rates

Billing authorities act as agents, collecting council tax and non-domestic rates (NDR) on behalf of the major preceptors (including government for NDR) and, as principals, collecting council tax and NDR for themselves. Billing authorities are required by statute to maintain a separate fund (i.e. the Collection Fund) for the collection and distribution of amounts due in respect of council tax and NDR. Under the legislative framework for the Collection Fund, billing authorities, major preceptors, and central Government (for NDR) share proportionately the risks and rewards that the amount of council tax and NDR collected could be less or more than predicted.

Accounting for council tax and NDR

The council tax and NDR income included in the Comprehensive Income and Expenditure Statement (CIES) is the Council's share of accrued income for the year. However, regulations determine the amount of council tax and NDR that must be included in the Council's General Fund. Therefore, the difference between the income included in the Comprehensive Income and Expenditure Statement and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account and included as a reconciling item in the Movement in Reserves Statement.

The Balance Sheet includes the Council's share of the end of year balances in respect of council tax and NDR relating to arrears, impairment allowances for doubtful debts, overpayments and prepayments and appeals.

Where debtor balances for the above are identified as impaired because of a likelihood arising from a past event that payments due under the statutory arrangements will not be made, the asset is written down and a charge made to the Taxation and Non-Specific Grant Income and Expenditure line in the CIES. The impairment loss is measured as the difference between the carrying amount and the revised future cash flows.

Employee Benefits

Post Employment Benefits

Different groups of employees of the Council are members of three separate pension schemes:

- The Teachers' Pension Scheme administered by Capita Teachers' Pensions on behalf of the Department for Education (DfE).
- The NHS Pension Scheme.
- The Local Government Pensions Scheme administered by Essex County Council.

All schemes provide defined benefits to members (retirement lump sums and pensions), earned as employees work for the Council.

However, the arrangements for the teachers' and NHS schemes mean that liabilities for these benefits cannot ordinarily be identified specifically to the Council. These schemes are therefore accounted for as if they were a defined contribution scheme and no liability for future payments of benefits is recognised in the Balance Sheet. The Children, Learning and SEND line in the Comprehensive Income and Expenditure Statement is charged with the employer's contributions payable to Teachers' Pensions in the year and the Social Care and Healthier Communities line is charged with the employer's contributions payable to the NHS Pensions Scheme.

The Local Government Pension Scheme

The Local Government Scheme is accounted for as a defined benefits scheme:

- The liabilities of the Essex Pension Fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc., and projected earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate of 6.10%. The discount rate is the annualised Merrill Lynch AA rated corporate bond yield curve (where the curve is assumed to be flat beyond the 30-year point). This is consistent with the approach used at the previous accounting date.
- The assets of the Essex Pension Fund attributable to the Council are included in the Balance Sheet at their fair value:
 - quoted securities – current bid price
 - unquoted securities – professional estimate
 - unitised securities – current bid price
 - property – market value.

The change in the net pensions' liability is analysed into the following components:

- Service cost comprising:
 - current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked
 - past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement
 - net interest on the net defined benefit liability (asset), i.e. net interest expense for the Council – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.

- Remeasurements comprising:
 - the return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure
 - actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure
 - contributions paid to the Essex Pension Fund – cash paid as employer’s contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. Any negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Discretionary Benefits

The Council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff (including teachers) are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

Events after the Balance Sheet Date

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the Balance Sheet date and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events
- those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

Fair Value Measurement

The Council measures some of its non-financial assets such as surplus assets and investment properties and some of its financial instruments such as investments in property funds, short-dated bond funds, enhanced cash funds and money market funds at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- a) in the principal market for the asset or liability, or
- b) in the absence of a principal market, in the most advantageous market for the asset or liability.

The Council measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

When measuring the fair value of a non-financial asset, the Council takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Council uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the Council's financial statements are categorised within the fair value hierarchy, as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the Council can access at the measurement date.
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 – unobservable inputs for the asset or liability.

Financial Instruments

Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For the borrowings that the Council has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the CIES is the amount payable for the year according to the loan agreement.

Financial Assets

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cash flow characteristics. The authority holds financial assets measured at:

- amortised cost.
- fair value through profit or loss.

The Council's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost, except for those whose contractual payments are not solely payment of principal and interest (i.e. where the cash flows do not take the form of a basic debt instrument).

Financial Assets Measured at Amortised Cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the CIES for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by the Council, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the CIES is the amount receivable for the year in the loan agreement.

Any gains and losses that arise on the derecognition of a financial asset are credited or debited to the Financing and Investment Income and Expenditure line in the CIES.

Expected Credit Loss Model

The Council recognises expected credit losses on all its financial assets held at amortised cost, either on a 12-month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the Council.

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses.

Financial Assets Measured at Fair Value through Profit or Loss

Financial assets that are measured at Fair Value through Profit of Loss are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arise in the Surplus or Deficit on the Provision of Services.

The fair value measurements of the Council's financial assets are based on the following techniques:

- instruments with quoted market prices – the market price
- other instruments with fixed and determinable payments – discounted cash flow analysis.

Any gains and losses that arise on the derecognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Foreign currency translation

Where the Council has entered into a transaction denominated in a foreign currency, the transaction is converted into sterling at the exchange rate applicable on the date the transaction was effective. Where amounts in foreign currency are outstanding at the year-end, they are reconverted at the spot exchange rate at 31 March. Resulting gains or losses are recognised in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Government Grants and Contributions

Where grants have been paid to the Council under Section 31 of the Local Government Act and where material, an assessment will be made as to whether to account for them as principal or agent transactions after considering how the grant operates and all the relevant facts and circumstances. Where the Council is acting as a distribution point only for grant monies to other bodies and has no control over the amount or determination of eligibility of grant allocated to a recipient, then the Council is likely to be acting as an agent. Where the Council is able to conclude that it has direct influence over the basis, value and distribution of the grant it would be deemed to be acting as a principal.

Where the Council acts as an agent, transactions will not be reflected in the Council's financial statements. Exceptions to this are in respect of cash received or expenditure incurred by the agent on behalf of the principal, in which case a debtor or creditor will be raised and the net cash position included in Financing Activities in the Cash Flow Statement.

Where the Council acts as a principal

Whether paid on account, by instalments or in arrears, government grants and third-party contributions and donations are recognised as due to the Council when there is reasonable assurance that:

- the Council will comply with the conditions attached to the payments, and
- the grants or contributions will be received.

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ringfenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

Heritage Assets

Tangible and Intangible Heritage Assets (described in this summary of significant accounting policies as heritage assets).

The Council's Heritage Assets consist of historic seaside assets, heritage land and buildings, antiques/collectables, museum collections and memorials/statues/sculptures. These assets are held by the reporting entity in pursuit of its overall objectives in relation to the maintenance of the heritage. Heritage Assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Council's accounting policies on property, plant, and equipment (PPE). However, some of the measurement rules are relaxed in relation to heritage assets as detailed below. The accounting policies in relation to heritage assets that are deemed to include elements of intangible heritage assets are also presented below. The Council's heritage assets are accounted for as follows.

Historic Seaside Assets

- The historic seaside assets comprise the pier, the cliff lift, and the cliff bandstand. These assets are considered to be part of the fabric of the city as a historic seaside resort and are treated in accordance with the Council's policies for PPE assets.

Heritage Land and Buildings

- These consist of the official mayor's residence, Porters, and Southchurch Hall, a grade I listed medieval manor house. These assets are considered to be part of the heritage of the city and are intended to be preserved for future generations because of their cultural, environmental, or historical associations. These are treated in accordance with the Council's policies for PPE assets.

Antiques / Collectables

- These comprise furniture and furnishings, panelling, carpets, textiles, clocks, silver, plated wares and gold, works of art, ceramics and glass, books, pictures and presentation and commemorative wares. These items are reported in the Balance Sheet at insurance valuation which is based on market values. These assets are deemed to have indeterminate lives and a high residual value; hence the Council does not consider it appropriate to charge depreciation.
- The collection is relatively static, and acquisitions and donations are rare. Where they do occur, acquisitions are initially recognised at cost and donations are recognised at valuation.

Museum Collections

- The Council considers that obtaining valuations for the items that are exhibited within the city's museums would involve a disproportionate cost in comparison to the benefits to the users of the Council's financial statements. This is due to the diverse nature of the assets held and the lack of comparable values. The Council does not recognise these exhibits on the Balance Sheet.

- The Saxon King artefacts form part of the Council's heritage assets and have been valued by a specialist in archaeology. These items are reported in the Balance Sheet at this valuation which is based on sale prices of comparable material and museum valuations for loan purposes, where relevant. These assets are deemed to have indeterminate lives and a high residual value; hence the Council does not consider it appropriate to charge depreciation.

Memorials, Statues and Sculptures

- These are a statue of Queen Victoria, a War Memorial and the Civic Fountain. The Council does not consider that reliable cost or valuation information can be obtained for the items due to the lack of comparable market values. Consequently, the Council does not recognise these assets on the Balance Sheet.

Heritage Assets – General

The carrying amounts of heritage assets are reviewed where there is evidence of impairment for heritage assets, e.g. where an item has suffered physical deterioration or breakage or where doubts arise as to its authenticity. Any impairment is recognised and measured in accordance with the Council's general policies on impairment – see "Property, Plant and Equipment" in this summary of material accounting policies. The proceeds of any disposals are accounted for in accordance with the Council's general provisions relating to the disposal of property, plant and equipment. Disposal proceeds are disclosed separately in the notes to the financial statements and are accounted for in accordance with statutory accounting requirements relating to capital expenditure and capital receipts (see "Revenue Expenditure Funded from Capital under Statute" and "Property, Plant and Equipment" in this summary of material accounting policies).

Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Council as a result of past events (e.g. software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Council.

Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being available) and the Council will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset. Expenditure is capitalised where it can be measured reliably as attributable to the asset and is restricted to that incurred during the development phase (research expenditure cannot be capitalised).

Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the Council's goods or services.

Intangible assets are measured initially at cost. Thereafter they are carried at cost less accumulated amortisation and any accumulated impairment loss. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

Interests in Companies and Other Entities

The Council has material interests in wholly owned companies, other entities and trusts that have the nature of subsidiaries and joint ventures which require it to prepare group accounts. In the Council's own single-entity accounts, the interests in companies and other entities are recorded as financial assets at cost, less any provision for losses.

Investment Property

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

Investment properties are measured initially at cost and subsequently at fair value, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. As a non-financial asset, investment properties are measured at highest and best use. Properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

Joint operations

Joint operations are arrangements where the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities relating to the arrangement. The activities undertaken by the Council in conjunction with other joint operators involve the use of the assets and resources of those joint operators. In relation to its interest in a joint operation, the authority as a joint operator recognises:

- its assets, including its share of any assets held jointly.
- its liabilities, including its share of any liabilities incurred jointly.
- its revenue from the sale of its share of the output arising from the joint operation.
- its share of the revenue from the sale of the output by the joint operation.
- its expenses, including its share of any expenses incurred jointly.

Leases

The Council as lessee

The Council classifies contracts as leases based on their substance. Contracts and parts of contracts, including those described as contracts for services, are analysed to determine whether they convey the right to control the use of an identified asset, through rights both to obtain substantially all the economic benefits or service potential from that asset and to direct its use. The Code expands the scope of IFRS 16 Leases to include arrangements with nil consideration, peppercorn or nominal payments.

Initial measurement

Leases are recognised as right-of-use assets with a corresponding liability at the date from which the leased asset is available for use (or the IFRS 16 transition date, if later). The leases are typically for fixed periods in excess of one year but may have extension options.

The Council initially recognises lease liabilities measured at the present value of lease payments, discounting by applying the Council's incremental borrowing rate wherever the interest rate implicit in the lease cannot be determined. Lease payments included in the measurement of the lease liability include:

- fixed payments, including in-substance fixed payments

The right-of-use asset is measured at the amount of the lease liability, adjusted for any prepayments made.

However, for peppercorn, nominal payments or nil consideration leases, the asset is measured at fair value.

Subsequent measurement

The right-of-use asset is subsequently measured using the fair value model. The authority considers the cost model to be a reasonable proxy except for:

- assets held under non-commercial leases
- leases where rent reviews do not necessarily reflect market conditions
- leases with terms of more than five years that do not have any provision for rent reviews
- leases where rent reviews will be at periods of more than five years

For these leases, the asset is carried at a revalued amount. In these financial statements assets held under peppercorn or nil consideration leases have been valued using market prices or rentals for equivalent land and properties.

The right-of-use asset is depreciated straight-line over the remaining lease term as at the date of adoption.

The lease liability is subsequently measured at amortised cost, using the effective interest method. The liability is remeasured when:

- there is a change in future lease payments arising from a change in index or rate
- there is a revised in-substance fixed lease payment.

When such a remeasurement occurs, a corresponding adjustment is made to the carrying amount of the right-of-use asset, with any further adjustment required from remeasurement being recorded in the income statement.

Low value and short lease exemption

As permitted by the Code, the Council excludes leases:

- for low-value items that cost less than £10,000 when new, provided they are not highly dependent on or integrated with other items, and
- with a term shorter than 12 months (comprising the non-cancellable period plus any extension options that the Council is reasonably certain to exercise and any termination options that the Council is reasonably certain not to exercise).

Lease expenditure

Expenditure in the Comprehensive Income and Expenditure Statement includes interest, straight-line depreciation, any asset impairments and changes in variable lease payments not included in the measurement of the liability during the period in which the triggering event occurred. Lease payments are debited against the liability. Rentals for leases of low-value items or shorter than 12 months are expensed.

Depreciation and impairments are not charges against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the Capital Adjustment Account from the General Fund balance in the Movement in Reserves Statement.

The Council as Lessor

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

Operating Leases

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

Overheads and Support Services

The costs of overheads and support services are charged to service segments in accordance with the Council's arrangements for accountability and financial performance.

Property, Plant and Equipment (including infrastructure assets)

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

Highways infrastructure assets include carriageways, footways and cycle tracks, structures (e.g. bridges), street lighting, street furniture (e.g. illuminated traffic signals, bollards), traffic management systems and land which together form a single integrated network.

Other infrastructure assets include sea/coastal defences, offshore leisure facilities and cliffs stabilisation.

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment, or the acquisition or replacement of components of Infrastructure Assets, is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

For schools, capitalisation takes place for community and foundation schools only. Capital expenditure on voluntary aided schools or academies is treated as Revenue Expenditure Funded from Capital Under Statute.

Measurement

Assets are initially measured at cost, comprising:

- the purchase price.
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Council does not generally capitalise borrowing costs incurred whilst assets are under construction, with the exception of major invest to save schemes where the financing is structured to allow the initial roll up of revenue costs prior to savings or income streams being realised.

The cost of assets acquired other than by purchase is deemed to be its fair value unless the acquisition does not have commercial substance (i.e. it will not lead to a variation in the cash flows of the Council). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Council.

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-Specific Grant Income line of the Comprehensive Income and Expenditure Statement, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the donated assets account. Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund balance to the capital adjustment account in the Movement in Reserves Statement.

Assets are then carried in the Balance Sheet using the following measurement bases:

- community assets, vehicles, plant, furniture and equipment, and assets under construction – depreciated historical cost.
- infrastructure assets are generally measured at depreciated historical cost; however, this is a modified form of historical cost. Opening balances for highways infrastructure assets were originally recorded in balance sheets at amounts of capital undischarged for sums borrowed as at 1 April 1994, which was deemed at that time to be historical cost. Upon Local Government Reorganisation, on 1 April 1998 Southend City Council's infrastructure assets were transferred to the Council from Essex County Council at depreciated historical cost.
- dwellings – current value, determined using the basis of existing use value for social housing (EUV-SH).
- council offices – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

- school buildings – current value, but because of their specialist nature, are measured at depreciated replacement cost which is used as an estimate of current value.
- surplus assets – the current value measurement base is fair value, estimated at highest and best use from a market participant's perspective
- all other assets – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

Where there is no market-based evidence of current value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of current value.

Where non-property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for current value.

From 1 April 2025, the Code of Practice on Local Authority Accounting in the United Kingdom (the Code) requirements changed in respect of revaluations of property, plant and equipment. The Council revalue their property assets once every five years on a rolling revaluation basis with annual indexation applied to assets during the four intervening years. Where the Council cannot obtain indices without undue cost or effort, the Council revalue those assets using a quinquennial revaluation with a desktop revaluation in year three.

Full revaluations are carried out in accordance with RICS Red Book requirements, while indexation reflects market-based movements applied in intervening periods. Although the valuation approaches differ, both are treated equally for accounting purposes under the revaluation model.

Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Gains might be credited to the Surplus of Deficit on the Provision of Services where they arise from the reversal of a loss previously charged to a service.

Where decreases in value are identified, they are accounted for by:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains).
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

Impairment

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for by:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)

- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss.

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets from the 1 April immediately following their date of acquisition, by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land and certain Community Assets) and assets that are not yet available for use (i.e. Assets under Construction).

Depreciation is provided on the parts of the infrastructure assets that are subject to deterioration or depletion and by the systematic allocation of their depreciable amounts over their useful lives. Depreciation is charged on a straight-line basis.

Annual depreciation is the depreciation amount allocated each year.

Depreciation is calculated on the following bases:

- dwellings and other buildings – straight-line allocation over the useful life of the property as estimated by the valuer.
- vehicles, plant, furniture, and equipment – on a straight-line basis, as advised by a suitably qualified officer.
- infrastructure – useful lives of the various categories of infrastructure assets are assessed by the Head of Highways and Coastal using industry standards where applicable as follows:

Infrastructure Asset Category	Total Useful Economic Life Years
Carriageways	35
Footways and Cycle Tracks	40
Structures	100
Street Lighting	35
Bus Shelters	25
Street Furniture	30
Traffic Management Systems	20
Sea/Coastal Defences	45
Offshore Leisure Facilities	45
Cliff Stabilisation	12
Security Management	40
Waste Infrastructure	40

Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Disposals

When an asset or a component of the highways network asset is disposed of or decommissioned, the carrying amount of the asset or component in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. A proportion of receipts relating to housing disposals (the amount depending on how many dwellings are sold and net of statutory deductions and allowances) is payable to the Government. The balance of receipts is required to be credited to the Capital Receipts Reserve and can then only be used for new capital investment or set aside to reduce the Council's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

The written-off value of disposals is not a charge against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

Provisions

Provisions are made where an event has taken place on or before the Balance Sheet date:

- that gives the authority a present obligation
- that probably requires settlement by a transfer of economic benefits or service potential, and
- where a reliable estimate can be made of the amount of the obligation.

If it is not clear whether an event has taken place on or before the Balance Sheet date, it is deemed to give rise to a present obligation if, taking account of all available evidence, it is more likely than not that a present obligation exists at the Balance Sheet date. The present obligation can be legal or constructive.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Council becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year. Where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the Council settles the obligation.

Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, local taxation, retirement and employee benefits and do not represent usable resources for the Council – these reserves are explained in the relevant policies.

Revenue Expenditure Funded from Capital under Statute

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of council tax.

Schools

The *Code of Practice on Local Authority Accounting in the United Kingdom* confirms that the balance of control for local authority maintained schools (i.e. those categories of school identified in the School Standards and Framework Act 1998, as amended) lies with the local authority. The Code also stipulates that those schools' assets, liabilities, reserves, and cash flows are recognised in the local authority financial statements (and not the Group Accounts). Therefore, schools' transactions, cash flows and balances are recognised in each of the financial statements of the Council as if they were the transactions, cash flows and balances of the Council.

VAT

VAT payable is included as an expense only to the extent that it is not recoverable from His Majesty's Revenue and Customs. VAT receivable is excluded from income.

Note 2. Accounting Standards that have been Issued but have not yet been Adopted

The Code of Practice on Local Authority Accounting in the United Kingdom (the Code) requires the disclosure of information relating to the expected impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. This applies to the adoption of the following new or amended standards within the 2026/27 Code:

- Amendments to FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (Amendments to Heritage assets) issued in March 2024
- Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7) issued in May 2024
- Annual improvements to IFRS accounting standards – Volume 11 issued in July 2024
- Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7) issued in December 2024.

The Code requires implementation from 1 April 2026. It is not anticipated that these accounting changes will have any material impact on the Council's Statement of Accounts.

Note 3. Critical Judgements in applying Accounting Policies

In applying the accounting policies set out in Note 1, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

- 2026/27 represents the start of a new three-year funding settlement for local government (2026/27-2028/29) and is the first multi-year settlement in a decade. From a financial planning perspective, the announcement provides more certainty over the level of resources that will be available to the sector over the medium term. The settlement also started the implementation of the Government's Fair Funding Review 2.0. Within the settlement, the Core Spending Power (CSP) is designed to show how much money councils can spend on day-to-day services from their main general fund revenue sources. The CSP represents the headline figure for the resources councils are expected to rely on when planning budgets. Although Southend's CSP over the next three years compares unfavourably to the national average, having a three-year funding settlement establishing the indicative assumptions and parameters does provide more certainty over our future funding levels. Therefore, the authority has determined that this does not provide an indication that the assets of the authority might be impaired as a result of a need to close facilities and reduce levels of service provision.
- A key area of judgement relates to who controls schools' assets. The following judgements have been made by management: All community schools are owned by the Council and the land and buildings used by the schools are included on the Council's Balance Sheet. For the foundation schools the control of the land and buildings is vested with the Governing Body and so they are included on the Councils' Balance Sheet. For the Voluntary Aided schools the Diocese owns the title to the assets, the schools use the assets under "mere" licences which pass no interest to the school and the Diocese has not ceded control of the assets to the school, so the land and buildings used by the schools are not included on the Council's Balance Sheet. Academies are not considered to be maintained schools in the Council's control so the land and building assets are not owned by the Council and not included on the Council's Balance Sheet.

Note 4. Assumptions made about the future and other major sources of estimation uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made considering historical experience, current trends, and other relevant factors. The assumptions and other sources of estimation uncertainty disclosed below relate to the estimates that require the authority's most difficult, subjective or complex judgements. As a result, balances cannot be determined with certainty and actual results could be materially different from the assumptions and estimates.

The items in the Council's Balance Sheet at 31 March 2026 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if actual results differ from assumptions
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.	<p>The effects on the net pensions' liability of changes in individual assumptions can be measured. As examples, an increase in life expectancy of retired employees of 1 year would increase the net pension liability by £18.5M, and an increase in the discount rate of 0.5% would decrease the net pension liability by £32.1M.</p> <p>The full effects on the net pensions' liability are fully disclosed in Note 37 to the Accounts.</p>

Item	Uncertainties	Effect if actual results differ from assumptions
Fair Value Measurements	<p>When the fair values of non-financial assets and non-financial liabilities cannot be measured based on quoted prices in active markets (i.e. Level 1 inputs), their fair value is measured using valuation techniques (e.g. quoted prices for similar assets or liabilities in active markets or the discounted cash flow (DCF) model). Where possible, the inputs to these valuation techniques are based on observable data, but where this is not possible judgement is required in establishing fair values. These judgements typically include considerations such as uncertainty and risk. However, changes in the assumptions used could affect the fair value of the Council's assets and liabilities.</p> <p>Where Level 1 inputs are not available, the Council employs relevant experts to identify the most appropriate valuation techniques to determine fair value (for example for investment properties and surplus assets, the Council's external valuer). Information about the valuation techniques and inputs used in determining the fair value of the Council's Investment Properties and Surplus Assets are disclosed in Notes 24 and 21a respectively.</p>	<p>The Council uses the discounted cash flow model to measure the fair value of its investment properties. The significant unobservable inputs used in the fair value measurement include management assumptions regarding rent growth, occupancy levels, bad debt levels, maintenance costs and discount rates.</p> <p>The Council uses the comparative approach to measure the fair value of its surplus development plots using the sales price obtained for similar development plots in the past. The significant unobservable inputs used in the fair value measurement include the external valuers' professional judgement on current sales prices.</p> <p>Significant changes in any of the unobservable inputs would result in a significantly lower or higher fair value measurement for the investment properties and surplus assets.</p> <p>The ranges used, on a weighted average basis, are maintained on a consistent basis year on year.</p> <p>The Council's investment property portfolio and surplus assets are relatively stable and there has been no change in the valuation techniques used for Investment Properties or Surplus Assets in 2025/26 including the applicable ranges.</p>

Property, Plant and Equipment (PPE) (including infrastructure and Right of Use assets) and Heritage Assets

All PPE and heritage assets land and buildings which are able to be valued are valued on a five-year rolling basis, unless there is an indication of potential material movement since the last valuation.

This is supported by indexation adjustments in the intervening years for the assets where this is appropriate. Where the council is unable to obtain a suitable index, a desktop revaluation of the asset is carried out in year three of the five-year cycle (see Note 21 for details). The valuations are undertaken by a Royal Institution of Chartered Surveyors (RICS) qualified property advisor and are compiled using recognised measurement techniques, and in compliance with professional guidance. The underlying data is considered to be reliable, and the scope to use judgement and change assumptions is limited.

The Council's PPE land and buildings portfolio comprises of specialised properties and non-specialised properties. Heritage assets are valued on a specialised property basis. Specialised properties are valued on a depreciated replacement cost basis, where the primary factors affecting value are build costs, floor area, location factors, obsolescence factors, rate of professional fees. Non-specialised properties are valued based upon the amount that would be paid for the asset in its existing use.

The uncertainties arise because of the estimations used by the valuer. For specialised properties, the key areas of estimation are the obsolescence factor and the rate of professional fees. The basis of these estimations is set out in Note 21 but different valuers could arrive at different results whilst still using the same basis for those estimations.

Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the council will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.

The actual value of the asset only becomes apparent when it is sold. The accounting treatment is set out in the disposals paragraph of the Property, Plant and Equipment section of Note 1.

Based on the assets that were valued in the year as part of the five-year rolling revaluation programme, the average decrease in the value of assets was 1.78%. For those assets where indexation was applied, the average increase in the value of the assets was 2.41%.

If the valuation percentage was applied to the assets valued using indices, this would decrease their Balance Sheet value by £10.6M, compared to an indexation increase of £14.4M. It should be noted that the valuation date for the five-year rolling revaluation programme is 1 April of each year whilst indexation is applied up to the year end date of 31 March.

If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls.

It is estimated that the annual depreciation charge would increase by £1.0M for every year that useful lives had to be reduced.

Note 5. Events after the Balance Sheet date

The Statement of Accounts was authorised for issue by the Executive Director (Finance and Resources) (s151 Officer) on 12 June 2026. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2026, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

The prevailing national operating environment, particularly for upper tier local authorities continues to be financially challenging. There remains concern and risk to the continued delivery and level of public services in many local authority areas. Locally, challenges include the effects of increased service demand pressures and sustained levels of higher costs and their impact on the ongoing financial position of the Council. During 2025/26 the rate of inflation fluctuated between 3.2% and 4.2% and still remains above the Bank of England's target rate. During the year the Bank of England cut the bank base rate three times but there remains uncertainty over the timing of any further rate cuts as the Monetary Policy Committee seeks to meet their inflation target of 2% amid the prevailing economic conditions. The key impacts on the 2025/26 financial year and the implications for the 2026/27 budget and Medium Term Financial Strategy are set out in the provisional revenue and capital outturn report for 2025/26 that will be presented to the Cabinet meeting on 15 June 2026.

As part of Local Government Reorganisation, the Government's 'minded-to' decision on 25 March 2026 to create five new unitary councils for Greater Essex will replace the current system of 15 councils. This decision is still subject to parliamentary approval and if approved it means that a new unitary council will be formed across Southend-on-Sea, Castle Point and Rochford in April 2028.

Notes Supporting the Comprehensive Income and Expenditure Statement

Note 6. Expenditure and Funding Analysis

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants, rents, council tax and business rates) by the Council in comparison with those resources consumed or earned by the Council in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the Council's Portfolios. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

Net Expenditure Chargeable to the General Fund and HRA Balances	2024/25		Notes	2025/26		Net Expenditure in the Comprehensive Income and Expenditure Statement
	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement		Net Expenditure Chargeable to the General Fund and HRA Balances	Adjustments between the Funding and Accounting Basis	
£000 Reclassified	£000 Reclassified	£000 Reclassified		£000	£000	£000
(1,584)	13,225	11,641	Leader: Infrastructure and Corporate Strategy	5,402	11,829	17,231
3,776	(239)	3,537	Deputy Leader: Planning and Housing	3,056	(627)	2,429
8,896	14,924	23,820	Business, Culture, Music and Tourism	6,754	4,647	11,401
63,053	(152)	62,901	Children, Learning and SEND	62,853	200	63,053
21,417	1,587	23,004	Climate, Environment and Waste	26,923	(1,353)	25,570
2,491	841	3,332	Community Safety and Regulatory Services	10,275	3,080	13,355
4,724	9,011	13,735	Finance, Assets and Public Transport	13,199	6,091	19,290
691	173	864	Regeneration, Law and Governance	(997)	5,617	4,620
65,738	(418)	65,320	Social Care and Healthier Communities	65,993	(3,015)	62,978
169,202	38,952	208,154	Net Cost of General Fund Services	193,458	26,469	219,927
(9,780)	2,206	(7,574)	Local Authority Housing (HRA)	(12,078)	66,856	54,778
(9,780)	2,206	(7,574)	Net Cost of Housing Revenue Account Services	(12,078)	66,856	54,778
159,422	41,158	200,580	Net Cost of Services	181,380	93,325	274,705
31,568	(28,372)	3,196	Other (Income) and Expenditure	33,741	(17,603)	16,138
(191,990)	(4,130)	(196,120)	Taxation and non-specific Grant Income	(215,121)	(2,179)	(217,300)
(160,422)	(32,502)	(192,924)	Total Other (Income) and Expenditure	(181,380)	(19,782)	(201,162)
(1,000)	8,656	7,656	(Surplus)/Deficit	0	73,543	73,543
13,502			Opening General Fund and HRA Balance	14,502		
1,000			Surplus/(Deficit) on General Fund and HRA Balance in Year	0		
14,502			Closing General Fund and HRA Balance	14,502		

The adjustments required to convert the accounts from the funding basis to the comprehensive income and expenditure statement are set out below.

2024/25					2025/26			
IAS 19 Pension Adjustments	Adjustments for Capital Purposes	Other Differences	Total Adjustments between the Funding and Accounting Basis		IAS 19 Pension Adjustments	Adjustments for Capital Purposes	Other Differences	Total Adjustments between the Funding and Accounting Basis
£000	£000	£000	£000		£000	£000	£000	£000
Reclassified	Reclassified	Reclassified	Reclassified					
(364)	13,742	(153)	13,225	Leader: Infrastructure and Corporate Strategy	(614)	12,471	(28)	11,829
(201)	0	(38)	(239)	Deputy Leader: Planning and Housing	(512)	0	(115)	(627)
(313)	14,356	881	14,924	Business, Culture, Music and Tourism	(631)	5,291	(13)	4,647
(1,093)	3,574	(2,633)	(152)	Children, Learning and SEND	(2,553)	5,852	(3,099)	200
(247)	1,892	(58)	1,587	Climate, Environment and Waste	(548)	(794)	(11)	(1,353)
(401)	1,388	(146)	841	Community Safety and Regulatory Services	(338)	3,441	(23)	3,080
1,820	3,523	3,668	9,011	Finance, Assets and Public Transport	604	822	4,665	6,091
(63)	270	(34)	173	Regeneration, Law and Governance	(127)	5,750	(6)	5,617
(644)	438	(212)	(418)	Social Care and Healthier Communities	(1,218)	(1,762)	(35)	(3,015)
(1,506)	39,183	1,275	38,952	Net Cost of General Fund Services	(5,937)	31,071	1,335	26,469
0	2,090	116	2,206	Net Cost of Housing Revenue Account Services	0	66,851	5	66,856
(1,506)	41,273	1,391	41,158	Net Cost of Services	(5,937)	97,922	1,340	93,325
(140)	1,180	(29,412)	(28,372)	Other (Income) and Expenditure	(278)	10,317	(27,642)	(17,603)
	(4,728)	598	(4,130)	Taxation and non-specific Grant Income		(761)	(1,418)	(2,179)
(1,646)	37,725	(27,423)	8,656	(Surplus) or Deficit	(6,215)	107,478	(27,720)	73,543

a IAS19 Pension Adjustments

Net change for the removal of actual pension contributions and the addition of IAS 19 *Employee Benefits* pension related expenditure and income:

For **services** this represents the removal of the employer pension contributions made by the Council as allowed by statute and the replacement with current service costs and past service costs.

For **financing and investment income and expenditure** – the net interest on the defined benefit liability is charged to the CIES.

b Adjustments for Capital Purposes

Adjustments for capital purposes – for **services** this column adds in depreciation, impairment and revaluation gains and losses in the services line and consolidates out interest payments and income for the HRA, and for:

Other operating expenditure – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.

Financing and investment income and expenditure – the statutory charges for capital financing i.e. Minimum Revenue Provision and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.

Taxation and non-specific grant income and expenditure – capital grants are adjusted for income not chargeable under generally accepted accounting practices. The Taxation and Non Specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

c Other Differences

Other differences between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute:

For **services** this column adjusts for the accrued value of holiday entitlements not taken as at the balance sheet date, consolidates in the in-year activity of maintained schools and moves the value of traded services and investment properties to **financing and investment income and expenditure**.

The charge under **Taxation and non-specific grant income and expenditure** represents the difference between what is chargeable under statutory regulations for council tax and NDR that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in future Surpluses or Deficits on the Collection Fund.

Note 7. Expenditure and Income Analysed by Nature

The Council's expenditure and income as set out in the Comprehensive Income and Expenditure Statement is analysed as follows.

		2025/26	2024/25
	Notes	£000	£000
Income			
Fees, Charges and other Service Income	8	(105,072)	(95,945)
Interest and Investment Income	11	(5,429)	(6,243)
Increases in the Fair Value of pooled investments	11	0	(3,306)
Gains on Revaluation		(5,680)	(9,989)
Income from Council Tax	12	(111,521)	(105,295)
Income from Non-domestic Rates	12	(21,109)	(19,538)
Donated Assets	12	(761)	(4,728)
Government Grants and Contributions	18	(278,426)	(254,335)
Pensions Interest and Expected Return	11	(278)	(140)
Gains on the disposal of Assets	10	(2,530)	(1,129)
Total Income		(530,806)	(500,648)
Expenditure			
Employee Benefits Expenses		100,696	94,233
Other Service Expenses		369,394	338,815
Depreciation, Amortisation and Impairment		109,736	60,538
Interest Payments	11	14,179	13,124
Decreases in the Fair Value of pooled investments	11	94	0
Pensions Interest and Expected Return	11	0	0
Precepts and Levies	10	1,354	1,434
Losses on the disposal of Assets	10, 11	8,896	0
Losses on disposal of investment properties	11	0	160
Total Expenditure		604,349	508,304
Deficit on the Provision of Services		73,543	7,656

Note 8. Segmental Income

Fees, charges, and other Income generated on a portfolio service basis is analysed as follows.

	2025/26	2024/25
	£000	£000
		Reclassified
Leader: Infrastructure and Corporate Strategy	(15,043)	(14,506)
Deputy Leader: Planning and Housing	(1,736)	(1,063)
Business, Culture, Music and Tourism	(4,453)	(6,515)
Children, Learning and SEND	(5,242)	(1,561)
Climate, Environment and Waste	(6,785)	(4,447)
Community Safety and Regulatory Services	(2,423)	(2,224)
Finance, Assets and Public Transport	(6,555)	(6,598)
Regeneration, Law and Governance	(1,184)	(1,169)
Social Care and Healthier Communities	(21,642)	(18,544)
Total Income from General Fund Services	(65,063)	(56,627)
Local Authority Housing (HRA)	(35,880)	(35,169)
Total Income from Housing Revenue Account Services	(35,880)	(35,169)
Total Income from Services	(100,943)	(91,796)
Other Income and Expenditure	(4,129)	(4,149)
Total Income	(105,072)	(95,945)

Note 9. Material Items of Income and Expense

In relation to 2025/26:

- The Surplus on Revaluation of non-current assets of £58.320M consists of £65.727M of revaluation gains from the increase in the value of Property Plant and Equipment (including Right of Use Assets) and Heritage Assets and £7.407M accumulated revaluation gains lost as a result of downwards revaluation and impairment losses to Property Plant and Equipment.
- The performance of the Essex Pension Fund during 2025/26 improved with the combination of an increase in the underlying value of scheme assets which more than offset the increase in the present value of scheme liabilities. This has led to a pensions actuarial gain passing through the Comprehensive Income and Expenditure Statement of £3.536M. However, this has been offset by changes in the effect of the net asset ceiling of £11.436M to recognise the pension scheme surpluses as nil, which is the extent to which they are considered recoverable and then recognise the liability arising as a result of the Council paying additional secondary contributions.

- £8.893M was received from Government and allocated through the Better Care Fund and £8.913M was received in total from Essex County Council and Thurrock Council for the purposes of delivering the Essential Living Fund and Household Support Fund schemes. The Council only acted as an agent and had no control or influence over the basis or the actual amounts that were passported on to the intended recipients.

In relation to 2024/25:

- The Surplus on Revaluation of non-current assets of £25.399M consists of £30.240M of revaluation gains from the increase in the value of Property Plant and Equipment and Heritage Assets and £4.841M accumulated revaluation gains lost as a result of downwards revaluation and impairment losses to Property Plant and Equipment.
- The performance of the Essex Pension Fund during 2024/25 improved with the combination of an increase in the underlying value of scheme assets and a decrease in the present value of scheme liabilities. This has led to a pensions actuarial gain passing through the Comprehensive Income and Expenditure Statement of £78.822M. However, this has been offset by a net asset ceiling adjustment of £80.014M to recognise the pension scheme surpluses as nil, which is the extent to which they are considered recoverable.
- £8.893M was received from Government and allocated through the Better Care Fund and £11.454M was received in total from Essex County Council and Thurrock Council for the purposes of delivering the Essential Living Fund and Household Support Fund schemes. The Council only acted as an agent and had no control or influence over the basis or the actual amounts that were passported on to the intended recipients.

Note 10. Other Operating Income and Expenditure

	2025/26 £000	2024/25 £000
Leigh Town Council Precept and Grant	485	467
Levies	869	967
(Gains)/Losses on the Disposal of Non-current Assets	6,366	(1,129)
Total	7,720	305

Note 11. Financing and Investment Income and Expenditure

	2025/26	2024/25
	£000	£000
Interest Payable and Similar Charges	14,179	13,124
Interest on net pension liability	(278)	(140)
Interest Receivable and Similar Income	(5,429)	(6,243)
Movement in the Fair Value of pooled investments	94	(3,306)
Income and Expenditure in relation to Investment Properties and changes in their Fair Value	(4,690)	(3,911)
Loss on the Disposal of Investment Properties	0	160
Deficit on Traded Services	3,767	2,168
Other	775	1,039
Total	8,418	2,891

See also Note 24 for more information on Investment Properties.

Note 12. Taxation and Non Specific Grant Incomes

	2025/26	2024/25
	£000	£000
Council Tax Income	111,521	105,295
Retained Business Rates	21,109	19,538
Non-Ringfenced Government Grants	66,887	56,671
Donated Assets	761	4,728
Capital Grants and Contributions	17,022	9,888
Total	217,300	196,120

Note 13. Pooled Budgets

The Better Care Fund, an agreement between Southend-on-Sea City Council and Mid and South Essex Integrated Care Board (previously Southend Clinical Commissioning Group), came into place for the 2015/16 financial year. The purpose of the fund is to encourage the integration of Health and Adult Social Care commissioning. The agreement is made in accordance with Section 75 of the National Health Service Act 2006 and any surplus or deficit generated will be the responsibility of the respective partner to whom it is attributable. The pooled budget is hosted by Southend-on-Sea City Council on behalf of the two partners in line with the agreement.

The Contributions into the pool are the minimum requirements under rules set by the Department of Health and Social Care and the Department for Levelling Up, Housing and Communities. The expenditure by each of the partners is negotiated between them each year and set within the Section 75 agreement referred to above.

	2025/26	2024/25
	£000	£000
Funding provided to the pooled budget		
Southend-on-Sea City Council	(11,982)	(11,755)
NHS Mid and South Essex Integrated Care Board	(18,880)	(18,547)
Total Funding	(30,862)	(30,302)
Expenditure met from the pooled budget		
Southend-on-Sea City Council	20,304	19,743
NHS Mid and South Essex Integrated Care Board	10,558	10,559
Total Expenditure	30,862	30,302
Net Pooled Budget	0	0
Southend-on-Sea City Council share	0	0

Note 14. Members' Allowances

The Council paid the following amounts to Members of the Council during the year.

	2025/26	2024/25
	£000	£000
Basic Allowances	560	541
Special Allowances	272	243
Travel and Subsistence	3	1
Total Members Allowances	835	785

A full list of the Members' allowances, including their travel and subsistence, is published in the Additional Financial Information Section.

Note 15. Officers' Remuneration

The remuneration paid to the Council's senior employees is as follows:

2025/26

Post holder information (Post title)	Salary (Including fees and Allowances)	Compensation for loss of employment	Benefits in Kind (e.g. Car Allowance)	Total Remuneration excluding pension contributions 2024/25	Pension contribution	Total Remuneration including pension contributions 2024/25
	£	£	£	£	£	£
Chief Executive – Colin Ansell	208,195	0	2,116	210,311	41,916	252,227
Executive Directors						
Adults and Communities	139,127	0	1,433	140,560	27,556	168,116
Children and Public Health	139,127	0	268	139,395	29,123	168,518
Environment and Place	139,127	0	1,605	140,732	27,153	167,885
Finance and Resources	139,277	0	670	139,947	28,767	168,714
Strategy and Change	139,127	0	0	139,127	29,634	168,761
Directors						
Education, Inclusion and Early Years	117,807	0	0	117,807	25,093	142,900
Adult Social Care	119,923	0	0	119,923	0	119,923
Children's Social Care	117,923	0	0	117,923	25,118	143,041
Commissioning	107,807	0	0	107,807	22,963	130,770
Culture, Tourism & Delivery	105,771	0	0	105,771	22,529	128,300
Digital & ICT	112,807	0	0	112,807	24,028	136,835
Financial Services	138,821	0	0	138,821	26,158	164,979
Infrastructure and Environment	114,338	0	0	114,338	24,354	138,692
Legal Services and Monitoring Officer	122,338	0	0	122,338	26,058	148,396
People and Transformation	103,515	0	0	103,515	22,049	125,564
Planning and Economy (to 7 th September 2025)	47,016	0	0	47,016	10,014	57,030
Planning and Economy (15 th September 2025 - Current)	58,695	0	0	58,695	12,502	71,197
Policy and Customer Experience	107,807	0	0	107,807	22,963	130,770
Public Health	121,249	0	1,587	122,836	15,927	138,763
Regeneration, Housing and Regulatory Services	118,640	0	0	118,640	25,270	143,910

2024/25

Post holder information (Post title)	Salary (Including fees and Allowances)	Compensation for loss of employment	Benefits in Kind (e.g. Car Allowance)	Total Remuneration excluding pension contributions 2024/25	Pension contribution	Total Remuneration including pension contributions 2024/25
	£	£	£	£	£	£
Chief Executive – Colin Ansell	224,797	0	0	224,797	42,970	267,767
Executive Directors						
Adults and Communities	134,813	0	0	134,813	26,845	161,658
Children and Public Health	134,813	0	0	134,813	28,715	163,528
Environment and Place	135,249	0	0	135,249	27,061	162,310
Finance and Resources	135,157	0	0	135,157	28,715	163,872
Strategy and Change	134,813	0	0	134,813	28,715	163,528
Directors						
Education, Inclusion and Early Years	115,024	0	0	115,024	24,500	139,524
Adult Social Care	116,580	0	0	116,580	0	116,580
Children's Social Care	114,580	0	0	114,580	24,406	138,986
Commissioning	104,464	0	0	104,464	22,251	126,715
Culture, Tourism & Delivery (9 th December 2024 - Current)	29,317	0	0	29,317	6,245	35,562
Digital & ICT	109,683	0	0	109,683	23,316	132,999
Financial Services	135,083	0	0	135,083	28,641	163,724
Infrastructure and Environment	110,995	0	0	110,995	23,642	134,637
Legal Services and Monitoring Officer	118,995	0	0	118,995	25,346	144,341
People and Transformation (17 th March 2025 – Current)	4,839	0	0	4,839	1,031	5,870
Planning and Economy	105,014	0	0	105,014	22,251	127,265
Interim Policy and Customer Experience (1 st December 2024 – Current)	31,760	0	0	31,760	6,765	38,525
Public Health	118,865	0	0	118,865	15,503	134,368
Regeneration, Housing and Regulatory Services	115,490	0	0	115,490	24,442	139,932
Transformation (to 6 th August 2024)	40,428	46,116	0	86,544	7,776	94,320

The Council's other employees receiving more than £50,000 remuneration for the year (excluding employer's pension contributions) were paid the following amounts:

	2025/26			2024/25		
	Number of Staff			Number of Staff		
	Council	Schools	Total	Council	Schools	Total
£50,000 to £54,999	128	35	163	118	32	150
£55,000 to £59,999	102	10	112	85	5	90
£60,000 to £64,999	30	10	40	31	5	36
£65,000 to £69,999	44	4	48	36	6	42
£70,000 to £74,999	18	4	22	9	4	13
£75,000 to £79,999	23	3	26	16	6	22
£80,000 to £84,999	6	3	9	8	3	11
£85,000 to £89,999	10	1	11	5	1	6
£90,000 to £94,999	3	0	3	2	4	6
£95,000 to £99,999	1	3	4	0	1	1
£100,000 to £104,999	1	0	1	0	0	0
£105,000 to £109,999	0	1	1	1	0	1
£115,000 to £119,999	0	0	0	2	0	2
£130,000 to £134,999	0	0	0	1	0	1
£135,000 to £139,999	1	0	1	2	0	2
£225,000 to £229,999	0	0	0	1	0	1
£245,000 to £249,999	0	0	0	1	0	1
Total	367	74	441	318	67	385

Remuneration includes all sums paid to or receivable by employees, expense allowances chargeable to tax, severance payments and the money value of benefits.

Exit package cost band including special payments

	Total number of exit packages by cost band						Total cost of exit packages	
	2025/26			2024/25			2025/26 £	2024/25 £
	Compulsory	Other	Total	Compulsory	Other	Total		
Council Staff								
£0 - £19,999	2	8	10	5	17	22	74,059	195,923
£20,000 - £39,999	1	1	2	2	2	4	45,142	121,670
£40,000 - £59,999	0	5	5	1	4	5	231,808	271,888
£60,000 - £79,999	0	1	1	0	3	3	77,814	208,005
£80,000 - £99,999	0	1	1	0	1	1	97,822	89,501
£100,000 - £149,999	0	0	0	1	1	2	0	238,079
£150,000 - £199,999	0	0	0	0	1	1	0	156,698
£200,000 - £249,999	0	0	0	1	0	1	0	236,444
Sub-Total	3	16	19	10	29	39	526,645	1,518,208
School Staff								
£0 - £19,999	4	6	10	3	11	14	72,961	103,769
£20,000 - £39,999	5	1	6	0	5	5	155,079	126,589
£40,000 - £59,999	1	0	1	0	0	0	49,948	0
£60,000 - £79,999	0	0	0	2	1	3	0	137,025
Sub-Total	10	7	17	5	17	22	277,988	367,383
Total	13	23	36	15	46	61	804,633	1,885,591

Note 16. External Audit Costs

The Council has incurred the following costs in relation to the audit of the Statement of Accounts provided by the Council's external auditors:

	2025/26 £000	2024/25 £000
Fees payable with regard to external audit services	433 [#]	459 [*]
Fees payable for the audit of Government returns	7	6
Total Audit Costs	440	465

* External audit fee includes £58k of fee variations agreed in year relating to the 2023/24 audit.

External audit fee includes £25k of fee variations agreed in year relating to the 2024/25 audit.

Note 17. Dedicated Schools Grant

The Council's expenditure on schools and early years childcare is funded primarily by grant monies provided by the Department for Education, the Dedicated Schools Grant (DSG). An element of DSG is recouped by the Department to fund academy schools in the Council's area. DSG is ring fenced and can only be applied to meet expenditure properly included in the Schools Budget and for early years childcare, as defined in the School and Early Years Finance (England) Regulations 2018.

Details of the deployment of DSG receivable are as follows:

	2025/26 Central Expenditure £000	2025/26 Individual Schools Budget £000	2025/26 Total £000	2024/25 Total £000
Final DSG before academy recoupment			229,623	207,763
Academy figure recouped			(156,130)	(140,905)
Total DSG after academy recoupment			73,493	66,858
Plus: Brought forward from prior year			7,098	11,648
Less: Carry forward to following year, agreed in advance			(4,164)	(7,034)
Total DSG available			76,427	71,472
Agreed initial budget distribution	32,037	44,390	76,427	71,472
In year adjustments (early years)	(199)		(199)	(144)
Final budget distribution	31,838	44,390	76,228	71,328
Less: Actual central expenditure	(34,089)		(34,089)	(31,959)
Less: Actual ISB deployed to Schools and providers		(44,472)	(44,472)	(39,305)
Carry forward to following year	(2,251)	(82)	(2,333)	64
Plus: Carry forward agreed in advance			4,164	7,034
Total DSG Carried Forward			1,831	7,098

Note 18. Grant Income

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement.

	2025/26	2024/25
	£000	£000
Credited to Taxation and Non Specific Grant Income		
Non-Ringfenced Government Grants		
Business Rates Top Up and Section 31 Grants	26,786	27,851
Adult Social Care Grant	20,439	17,333
Revenue Support Grant	7,799	7,590
Adult Social Care Market Sustainability & Improvement Fund	3,605	3,605
Packaging Extended Producer Responsibility Grant	3,527	0
Children and Families Grant	1,489	0
Employers NIC Contribution Scheme of Organisation Grant	1,417	0
Children's Social Care Prevention Grant	1,098	0
Domestic Abuse Statutory Duty	483	0
Recovery Grant	240	0
New Homes Bonus	4	26
Services Grant	0	246
Business Rates Top Up and Section 31 Grants	0	20
	66,887	56,671
Capital Grants and Contributions		
Levelling Up Fund	8,370	1,700
Housing	3,567	1,510
Highways and Infrastructure	3,218	4,579
Culture	995	148
Schools	903	952
Enterprise and Regeneration	509	121
Works to Property	83	0
Regulatory Services	(17)	0
Environment	(606)	872
Social Care	0	6
	17,022	9,888
Total	83,909	66,559

	2025/26	2024/25
	£000	£000
Credited to Services		
Dedicated Schools Grant	73,026	66,374
Housing Benefits	46,196	53,419
Other grants and third party contributions funding REFCUS	15,328	10,204
Public Health Grant	11,153	10,552
Local Authority Better Care Grant ^a	9,619	7,778
Education and Skills Funding Agency Better Care Fund ^b	8,890	7,028
Better Care Fund ^b	8,321	9,811
Other Service Grants and Contributions	8,215	7,868
Homelessness/Rough Sleeper Initiatives	3,604	2,638
Household Support Fund	2,491	2,826
Pupil Premium	1,961	2,077
Unaccompanied Asylum Children	1,901	1,907
Funding from Integrated Care Boards	1,556	1,432
Universal Infant Free School Meals Grant	842	740
Housing Benefit Administration	568	590
Supplementary Substance Misuse Treatment and Recovery Grant	352	743
UK Shared Prosperity Fund	315	686
Resettlement Programme	179	521
Troubled Families ^c	0	582
Total	194,517	187,776

^a Previously called Improved Better Care Fund.

^b 2024/25 amount includes £1,822K Adult Social Care Discharge Grant which has been rolled into the Better Care Fund in 2025/26.

^c The Troubled Families grant has been rolled into the Children & Families grant in 2025/26, reported under Non-Ringfenced Government Grants.

The Council has recognised all of the grants and contributions received as income through the Comprehensive Income and Expenditure Statement, as any conditions attached to the grants and contributions that may have required the monies or property to be returned to the giver have been met.

Notes Supporting the Movements in Reserves Statement

Note 19. Adjustments between Accounting Basis and Funding Basis under Regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Council in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure. The following sets out a description of the reserves that the adjustments are made against.

General Fund Balance

The General Fund is the statutory fund into which all the receipts of a council are required to be paid, and out of which all liabilities of the Council are to be met, except to the extent that statutory rules might provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact on the General Fund Balance, which is not necessarily in accordance with proper accounting practice. The General Fund Balance therefore summarises the resources that the Council is statutorily empowered to spend on its services or on capital investment (or the deficit of resources that the Council is required to recover) at the end of the financial year.

Housing Revenue Account Balance

The Housing Revenue Account Balance reflects the statutory obligation to maintain a revenue account for local authority council housing provision in accordance with Part VI of the Local Government and Housing Act 1989. It contains the balance of income and expenditure as defined by the 1989 Act that is available to fund future expenditure in connection with the Council's landlord function or (where in deficit) that is required to be recovered from tenants in future years.

Major Repairs Reserve

The Council is required to maintain the Major Repairs Reserve, which controls an element of the capital resources limited to being used on capital expenditure on HRA assets or the financing of historical capital expenditure by the HRA. The balance shows the capital resources that have yet to be applied at the year-end.

Capital Receipts Reserve

The Capital Receipts Reserve holds the proceeds from the disposal of land or other assets, which are restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historical capital expenditure. The balance on the reserve shows the resources that have yet to be applied for these purposes at the year-end.

Capital Grants Unapplied

The Capital Grants Unapplied Account (Reserve) holds the grants and contributions received towards capital projects for which the Council has met the conditions that would otherwise require repayment of the monies but which have yet to be applied to meet expenditure. The balance is restricted by grant terms as to the capital expenditure against which it can be applied and/or the financial year in which this can take place.

	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£000	£000	£000	£000	£000	£000
Adjustments primarily involving the Capital Adjustment Account						
Reversal of items debited or credited to the comprehensive income and expenditure statement						
Charges for depreciation of non-current assets	12,565	8,154	0	0	0	(20,719)
Revaluation/Indexation and impairment losses on property, plant and equipment and intangible assets	1,480	62,132	0	0	0	(63,612)
Movements in the market value of investment properties	(1,338)	(4)	0	0	0	1,342
Amortisation of intangible assets	2,392	0	0	0	0	(2,392)
Capital grants and contributions applied	8,779	1,270	0	0	(29,282)	19,233
Donated assets	(761)	0	0	0	0	761
Revenue expenditure funded from capital under statute	18,652	23	0	0	0	(18,675)
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the comprehensive income and expenditure statement	8,567	2,494	0	0	0	(11,061)
Change in fair value of pooled investments taken to Financial Instruments Revaluation Reserve	(205)	0	0	0	0	205
Insertion of items not debited or credited to the comprehensive income and expenditure statement						
Statutory provision for the financing of capital investment	(6,981)	0	0	0	0	6,981
Capital expenditure charged against the General Fund and HRA Balances	(662)	(1,365)	0	0	0	2,027
Adjustments primarily involving the Capital Grants Unapplied Account						
Capital grants and contributions unapplied credited to the comprehensive income and expenditure statement	(39,604)	(2,795)	0	0	42,399	0
Application of grants to capital financing transferred to the capital adjustment account	0	0	0	0	(11,679)	11,679
Adjustments Primarily involving the Major Repairs Reserve						
Reverse MRA credited to HRA	0	(8,154)	0	0	0	8,154
Reversal of HRA Depreciation credited to the Major Repair Reserve	0	0	0	8,154	0	(8,154)
Use of the major repairs reserve to finance new capital expenditure	0	0	0	(9,435)	0	9,435
Adjustments primarily involving the Deferred Capital Receipts Account						
Transfer of deferred capital receipt recognised as income in the Comprehensive Income and Expenditure Account	(225)	0	0	0	453	(228)

	Usable Reserves					
	General Fund Balance £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	Movement in Unusable Reserves £000
Adjustments primarily involving the Capital Receipts Reserves						
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the comprehensive income and expenditure statement	(378)	(4,317)	4,695	0	0	0
Use of the capital receipts reserve towards administrative costs of non-current asset disposals	0	0	0	0	0	0
Use of the capital receipts reserve to repay borrowing	0	0	0	0	0	0
Use of the capital receipts reserve to finance new capital expenditure	0	0	(788)	0	0	788
Contribution from the capital receipts reserve to finance the payments to the government capital receipts pool	0	0	0	0	0	0
Adjustments primarily involving the Pensions Reserve						
Reversal of items relating to the retirement benefits debited or credited to the comprehensive income and expenditure statement (see note 37)	10,468	0	0	0	0	(10,468)
Employer's pensions contributions and direct payments to pensioners payable in the year	(16,684)	0	0	0	0	16,684
Adjustments primarily involving the Collection Fund Adjustment Account						
Amount by which council tax and business rate income credited to the comprehensive income and expenditure statement is different from council and business rate income calculated for the year in accordance with statutory requirements	(932)	0	0	0	0	932
Adjustments Primarily involving the Accumulated Absences Account						
Amount by which officer remuneration charged to the comprehensive income and expenditure statement on an accruals basis is different from remuneration chargeable in the year in accordance with the statutory requirements	(421)	0	0	0	0	421
Total Adjustments	(5,288)	57,438	3,907	(1,281)	1,891	(56,667)

2024/25 Comparative Figures

Usable Reserves

	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£000	£000	£000	£000	£000	£000
Adjustments primarily involving the Capital Adjustment Account						
Reversal of items debited or credited to the comprehensive income and expenditure statement						
Charges for depreciation of non-current assets	13,460	7,893	0	0	0	(21,353)
Revaluation and impairment losses on property, plant and equipment and intangible assets	17,578	1,738	0	0	0	(19,316)
Movements in the market value of investment properties	(1,068)	(116)	0	0	0	1,184
Amortisation of intangible assets	2,971	0	0	0	0	(2,971)
Capital grants and contributions applied	19,331	1,250	0	0	(29,809)	9,228
Donated Assets	(4,728)	0	0	0	0	4,728
Revenue expenditure funded from capital under statute	7,993	101	0	0	0	(8,094)
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the comprehensive income and expenditure statement	345	1,499	0	0	0	(1,844)
Change in fair value of pooled investments taken to Financial Instruments Revaluation Reserve	(6,486)	0	0	0	0	6,486
Insertion of items not debited or credited to the comprehensive income and expenditure statement						
Statutory provision for the financing of capital investment	(7,452)	0	0	0	0	7,452
Capital expenditure charged against the General Fund and HRA Balances	(506)	(5,373)	0	0	0	5,879
Adjustments primarily involving the Capital Grants Unapplied Account						
Capital grants and contributions unapplied credited to the comprehensive income and expenditure statement	(38,120)	(2,553)	0	0	40,673	0
Application of grants to capital financing transferred to the capital adjustment account	0	0	0	0	(8,585)	8,585
Adjustments Primarily involving the Major Repairs Reserve						
Reverse MRA credited to HRA	0	(7,893)	0	0	0	7,893
Reversal of HRA Depreciation credited to the Major Repair Reserve	0	0	0	7,893	0	(7,893)
Use of the major repairs reserve to finance new capital expenditure	0	0	0	(6,768)	0	6,768
Adjustments primarily involving the Deferred Capital Receipts Account						
Transfer of deferred capital receipt recognised as income in the Comprehensive Income and Expenditure Account	(175)	0	1,500	0	287	(1,612)

2024/25 Comparative Figures

Usable Reserves

	Usable Reserves					
	General Fund Balance £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	Movement in Unusable Reserves £000
Adjustments primarily involving the Capital Receipts Reserves						
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the comprehensive income and expenditure statement	(311)	(2,503)	2,814	0	0	0
Use of the capital receipts reserve towards administrative costs of non-current asset disposals	0	0	0	0	0	0
Use of the capital receipts reserve to repay borrowing	0	0	(1,500)	0	0	1,500
Use of the capital receipts reserve to finance new capital expenditure	0	0	(2,546)	0	0	2,546
Contribution from the capital receipts reserve to finance the payments to the government capital receipts pool	0	0	0	0	0	0
Adjustments primarily involving the Pensions Reserve						
Reversal of items relating to the retirement benefits debited or credited to the comprehensive income and expenditure statement (see note 37)	13,758	0	0	0	0	(13,758)
Employer's pensions contributions and direct payments to pensioners payable in the year	(15,404)	0	0	0	0	15,404
Adjustments primarily involving the Collection Fund Adjustment Account						
Amount by which council tax and business rate income credited to the comprehensive income and expenditure statement is different from council and business rate income calculated for the year in accordance with statutory requirements	64	0	0	0	0	(64)
Adjustments Primarily involving the Accumulated Absences Account						
Amount by which officer remuneration charged to the comprehensive income and expenditure statement on an accruals basis is different from remuneration chargeable in the year in accordance with the statutory requirements	(1,309)	0	0	0	0	1,309
Total Adjustments	(59)	(5,957)	268	1,125	2,566	2,057

Note 20. Transfers to / from Earmarked Reserves

This note sets out the amounts set aside from the General Fund and HRA balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund and HRA expenditure in 2025/26.

Earmarked Reserves	Balance at 31 March	Transfers		Balance at 31 March	Transfers		Balance at 31 March
	2024 £000	To £000	From £000	2025 £000	To £000	From £000	2026 £000
School Balances	2,115	0	(1,103)	1,012	0	(901)	111
General Fund Reserves							
Capital Investment Reserves	20,914	2,673	(13,548)	10,039	338	(2,039)	8,338
Insurance Reserves	5,422	0	(1,205)	4,217	0	(1,307)	2,910
Corporate Reserves	17,143	12,483	(10,154)	19,472	3,728	(12,438)	10,762
Service Reserves	9,921	14,672	(12,861)	11,732	1,307	(8,311)	4,728
Grants Reserves	9,360	2,350	(4,874)	6,836	1,270	(1,449)	6,657
Dedicated Schools Grant	11,648	1,231	(5,781)	7,098	67	(5,334)	1,831
Monies held in Trust	53	0	0	53	0	0	53
Total GF Reserves	74,461	33,409	(48,423)	59,447	6,710	(30,878)	35,279
HRA Service Reserves	34,233	6,989	(5,544)	35,678	5,245	(1,569)	39,354
Total Earmarked Reserves	110,809	40,398	(55,070)	96,137	11,955	(33,348)	74,744

Schools Balances

The school's balances for both revenue and capital are all committed to be spent on the education service. The amounts disclosed in the balance sheet represent an amalgamation of unspent and overspent balances.

Capital Investment Reserves

Amounts set aside to fund future capital projects.

Insurance Reserve

A reserve that covers potential claim liabilities arising from the Employers' Liability, Public Liability, Property, and other insurable risks retained by the Council.

Corporate Reserves

Amounts set aside to fund the costs of corporate, non-service specific activities, such as business transformation, interest equalisation and pensions.

Service Reserves

Amounts set aside to fund the costs of service specific activities, such as adult social care, children's social care and waste management. Separate service reserves are held for General Fund and Housing Revenue Account services.

Grants Reserves

In compliance with Recommended Practice, service grant income received in the year has been fully recognised, even where it has not necessarily been or planned to be spent. In these cases, the spending power of the grant has been preserved through the use of earmarked reserves.

Section 31 Grants

As part of the Government's support for businesses during the cost of living crisis, the Business Rate Multiplier was increased by less than the rate of inflation. Local businesses pay rates that are calculated by multiplying their rateable value by that amount. To compensate the Council for the loss of the under-indexing of Business Rate income the Government provided financial support with an equivalent value of Section 31 grant.

Monies held in Trust

The Council holds monies in respect of two trust funds and on behalf of several children pending them reaching the age of 18.

Notes Supporting the Balance Sheet

Note 21. Property, Plant and Equipment

Note 21a Property, Plant and Equipment (excluding infrastructure assets and right of use assets)

Movements in 2025/26	Council Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture and Equipment	Community Assets	Surplus Assets	Assets under Construction	Total Property, Plant and Equipment
	£000	£000	£000	£000	£000	£000	£000
Cost or Valuation as at 1 April 2025	484,480	279,605	20,933	4,173	12,364	6,590	808,145
Additions	12,094	4,166	4,625	4	20	1,785	22,694
Revaluations via Revaluation Reserve	13,606	5,027	0	0	(83)	0	18,550
Revaluations recognised in the CIES	(72,422)	(1,679)	(455)	(4)	(20)	0	(74,580)
Indexation via Revaluation Reserve	(905)	(5,208)	0	0	(10)	0	(6,123)
Indexation recognised in the CIES	560	(158)	0	0	0	0	402
Disposals	(2,514)	(9,770)	(212)	0	(298)	0	(12,794)
Transfers	0	2,449	154	0	0	(1,585)	1,018
Gross Book Value as at 31 March 2026	434,899	274,432	25,045	4,173	11,973	6,790	757,312
Accumulated Depreciation as at 1 April 2025	(35,514)	(9,700)	(11,794)	0	(13)	0	(57,021)
Depreciation	(7,980)	(4,600)	(831)	0	(15)	0	(13,426)
Written out to Revaluation Reserve on Revaluation	26,318	792	0	0	0	0	27,110
Written out to the CIES on Revaluation	9,133	257	0	0	0	0	9,390
Written out to Revaluation Reserve on Indexation	5,879	11,387	0	0	28	0	17,294
Written out to the CIES on Indexation	1,275	731	0	0	0	0	2,006
On Disposals	46	825	180	0	0	0	1,051
On Transfers	0	9	(134)	0	0	0	(125)
Accumulated Depreciation at 31 March 2026	(843)	(299)	(12,579)	0	0	0	(13,721)
Net Book Value as at 31 March 2025	448,966	269,905	9,139	4,173	12,351	6,590	751,124
Net Book Value as at 31 March 2026	434,056	274,133	12,466	4,173	11,973	6,790	743,591

Movements in 2024/25

	Council Dwellings £000	Other Land and Buildings £000	Vehicles, Plant, Furniture and Equipment £000	Community Assets £000	Surplus Assets £000	Assets under Construction £000	Total Property, Plant and Equipment £000
Cost or Valuation as at 1 April 2024	464,737	284,149	21,682	4,173	15,109	5,780	795,630
IFRS 16 implementation - reclassification of existing finance leased assets to Right of Use assets	0	(8,244)	(523)	0	0	0	(8,767)
Additions	12,003	4,678	1,049	0	0	4,065	21,795
Revaluations via Revaluation Reserve	7,213	8,770	0	0	(1,894)	0	14,089
Revaluations recognised in the CIES	(1,727)	(7,827)	(291)	0	(362)	0	(10,207)
Disposals	(1,676)	0	(874)	0	(680)	0	(3,230)
Transfers	3,930	(1,921)	(110)	0	191	(3,255)	(1,165)
Gross Book Value as at 31 March 2025	484,480	279,605	20,933	4,173	12,364	6,590	808,145
Accumulated Depreciation as at 1 April 2024	(27,941)	(10,706)	(11,997)	0	(1,434)	0	(52,078)
IFRS 16 implementation - reclassification of existing finance leased assets to Right of Use assets	0	1,188	337	0	0	0	1,525
Depreciation	(7,759)	(4,617)	(822)	0	(40)	0	(13,238)
Written out to Revaluation Reserve	5	3,672	0	0	803	0	4,480
Written out to the CIES	3	729	0	0	12	0	744
On Disposals	178	0	688	0	680	0	1,546
On Transfers	0	34	0	0	(34)	0	0
Accumulated Depreciation at 31 March 2025	(35,514)	(9,700)	(11,794)	0	(13)	0	(57,021)
Net Book Value as at 31 March 2024	436,796	273,443	9,685	4,173	13,675	5,780	743,552
Net Book Value as at 31 March 2025	448,966	269,905	9,139	4,173	12,351	6,590	751,124

Depreciation

The useful lives disclosed below are the number of years remaining, over which the asset is depreciated on a straight-line basis (where applicable):

2025/26		2024/25
Useful economic Life Years	Fixed Asset Category	Useful Economic Life Years
Between 14 and 60	Council Dwellings	Between 1 and 60
Between 7 and 60	Other Land & Buildings	Between 8 and 60
Between 1 and 44	Vehicles, Plant, Furniture and Equipment	Between 1 and 45
Not applicable	Community Assets	Not applicable
Between 18 and 58	Surplus Assets	Between 19 and 59
Not applicable	Assets Under Construction	Not applicable

Revaluations

The Council carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at current value is revalued once every five years but revaluations are performed in the intervening years when there is an indication of impairment. Valuations were carried out using external valuers. Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors (RICS). Valuations of vehicles, plant, furniture, and equipment are based on current prices where there is an active second-hand market or latest list prices adjusted for the condition of the asset.

The following table shows the progress of the Council's rolling programme for the revaluations of fixed assets.

Year of Rolling Programme	Internal/External Valuation	Valuer	Assets Revalued
2021/22	External	Whybrow and Dodds	Schools, Sports Pavilions, Park WCs, Park Messrooms, Day Centres, Marine Activity Centre and Lagoon WCs.
2022/23	External	Whybrow and Dodds	Parks, pier assets (excluding structure), Southend Adult Community College, Council administrative buildings, cemetery buildings, nursery schools.
2023/24	External	Whybrow and Dodds	No assets revalued
2024/25	External	Whybrow and Dodds	Southchurch Hall, the Cliff Lift, cliff bandstand, pier structure, Porters, community centres, depots, libraries, museum, leisure centres, shelters, cemetery offices, Council administrative buildings, sports pavilions, travel centre, Airport Business Park development plots.
2025/26	External	Whybrow and Dodds	Housing Revenue Account council dwellings, investment properties, garages and hostels.

The basis for valuation is set out in the statement of accounting policies.

A variety of assets were revalued as at 1 April 2025. The main assets were the council dwellings, garages and hostels within the Housing Revenue Account. The significant assumptions applied by the valuer in estimating their current values were:

- The data provided by the Council was accurate at 1 April 2025.
- The Council has good title to the asset, free from onerous covenant and other encumbrances.
- There are no planning proposals that are likely to have an effect on the value of the properties.
- All properties are at a suitable level of condition for service provision and that all internal and external repairs and maintenance have been carried out.
- No deleterious or hazardous material has been used in the construction of the properties or has since been incorporated.
- No contaminative or potentially contaminative uses have ever been carried out on the property.
- The use of relevant data from the Building Cost Information Service of RICS (BCIS).
- The Valuer, with reference to The Red Book, IFRS and the CIPFA Code, has adopted a standard policy with regard to applying obsolescence to Property, Plant and Equipment and heritage assets land and buildings valued on a depreciated replacement cost basis. If the asset is less than 10 years old, no obsolescence has been applied. Once the asset has been operational for 11 years, the Valuer has applied 1% per annum every year up to a cap of 50%. Where properties are in a poor state this cap has been ignored in order to take this into account. In this instance the Valuer has looked at it on a property by property basis. The Valuer has discussed this with the Council and, in some cases, it has been agreed that a higher or lower percentage should be applied as a result of the individual circumstances. Examples would include assets where there are known structural defects or assets which have been subject to comprehensive refurbishment.
- Professional fees of 19% apply to the depreciated replacement cost of all specialised assets.

Indexation

A market review is undertaken by the external valuers at each year-end leading to the valuer advising indexation adjustments to the Council. The Council applies these index percentages to the assets affected to ensure that the carrying amount of relevant assets is not materially different from their current value at the year-end.

Index	Average Change	Valuation Change
	%	£000
Dwellings	1.60	6,809
Theatres	9.92	1,519
Libraries	5.12	1,229
Sports centre/recreational centre - Wet	4.70	950
Primary schools - mixed facilities	4.27	949
Sports centre/recreational centre - Dry	15.59	657

Day Centres	4.76	559
Sport Pavilions, club houses and changing rooms	6.24	431
Adult education facilities	5.89	305
Clubs, youth clubs, students unions, etc	16.78	243
Community Centre	7.82	178
Offices	3.20	129
Public Conveniences	4.01	128
Museums, planetaria	5.51	78
Nursery schools/creches	3.11	76
Special schools	8.21	57
Nursing Homes	4.66	40
Care homes for the elderly	1.77	31
Garages	4.90	12
Shelters	4.01	11
Churches, chapels	2.39	10
Houses - detached	5.04	6
Generator houses, power stations etc	4.92	5
Houses - semi-detached	4.78	5
Builders yards, Local Authority maintenance depots	4.17	4
Warehouses/stores	(5.12)	(32)

Fair Value of Surplus Assets

The Council's surplus assets consist of thirteen development plots at the Airport Business Park (£6.577M) and seven other land and building assets which are no longer in operational use (£5.397M).

The fair value of the development plots has been measured using the comparative approach, by means of calculating an expected value per acre, using the sales price obtained for similar development plots in the past and applying this to the acreage of the development plots held.

Third party resources have been used to value these assets. Typical valuation inputs which have been analysed in arriving at the fair valuations include:

- transaction data from previous development plot sales.
- prices at which development plots can currently achieve on the market.
- acreage of the development plots held.
- external valuers' professional judgement on current sales prices.

The Council's surplus assets are therefore categorised as Level 3 in the fair value hierarchy as the measurement technique uses significant unobservable inputs to determine the fair value measurements (see the accounting policy for Fair Value Measurement in note 1). There is no reasonably available information that indicates that market participants would use different assumptions.

In estimating the fair value of the Council’s surplus assets, the highest and best use of the properties is their future potential use following disposal. The assets are not currently in use and therefore the current use is not considered to be the highest and best use.

The approach to surplus asset valuation in respect of development plots has been developed using the Authority’s own data requiring it to factor in assumptions such as the duration and timing of cash inflows and outflows relating to historical sales of the Authority’s own development plots, market value growth observed in the Authority’s wider asset portfolio, occupancy levels of similar assets held as investment properties, bad debt levels, and maintenance costs. The ranges used, on a weighted average basis, are maintained on a consistent basis year on year. The ranges are sensitive to significant changes in market prices which can result in a significantly lower or higher fair value. The Council’s development plot portfolio is relatively stable and there has been no change in the valuation techniques used for these assets in 2025/26.

The fair value of the Authority’s surplus asset portfolio is measured as part of a five-year rolling programme. The development plots at the Airport Business Park were subject to valuation in 2024/25. All valuations are carried out externally, in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. The Authority’s valuation experts work closely with finance officers reporting directly to the chief financial officer on a regular basis regarding all valuation matters.

Note 21b Infrastructure Assets

Accounting for subsequent expenditure on infrastructure assets has been subject to heightened focus nationally, and specifically whether local authorities should be assessing if there is any undepreciated cost remaining in the balance sheet for replaced components that needs to be derecognised. This may also lead to issues relating to the reporting of gross historical cost and accumulated depreciation (depreciated historical cost). As a result, CIPFA issued an “Update to the Code and Specifications for Future Codes for Infrastructure Assets”.

In accordance with the temporary relief offered by the Update to the Code on infrastructure assets this note does not include disclosure of gross cost and accumulated depreciation for infrastructure assets because historical reporting practices and resultant information deficits mean that this would not faithfully represent the asset position to the users of the financial statements.

The Council has chosen not to disclose this information as the previously reported practices and resultant information deficits mean that gross cost and accumulated depreciation are not measured accurately and would not provide the basis for the users of the financial statements to take economic or other decisions relating to infrastructure assets.

Net Book Value (modified historical cost)	2025/26	2024/25
At start of year	143,091	139,050
Additions	14,093	10,684
Impairment	(133)	(125)
Depreciation	(5,918)	(6,518)
At end of year	151,133	143,091

The authority has determined in accordance with Regulation 30M of the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2022 that the carrying amounts to be derecognised for infrastructure assets when there is replacement expenditure is nil.

Depreciation

CIPFA also issued Bulletin 12: “Accounting for Infrastructure Assets – Temporary Solution, which had been extended until 31 March 2027 and has been extended by a further two years until 31 March 2029. In accordance with that guidance the useful lives of the various categories of infrastructure assets have been assessed by the Council’s highways and coastal team, which resulted in the useful lives set out in the accounting policy disclosure Note 1.

The useful lives disclosed below are the number of years remaining, over which the various parts of the highways network are depreciated on a straight-line basis (where applicable):

2025/26 Remaining Useful Economic Life Years	Infrastructure Asset Category	2024/25 Remaining Useful Economic Life Years
Between 10 and 38	Carriageways	Between 11 and 39
Between 18 and 40	Footways and Cycle Tracks	Between 19 and 40
Between 79 and 100	Structures	Between 80 and 100
Between 19 and 34	Street Lighting	Between 20 and 35
Between 9 and 25	Bus Shelters	Between 10 and 25
Between 14 and 30	Street Furniture	Between 15 and 30
Between 4 and 20	Traffic Management Systems	Between 1 and 20
Between 21 and 45	Sea/Coastal Defences	Between 22 and 45
Between 31 and 32	Offshore Leisure Facilities	Between 32 and 33
Between 9 and 12	Cliff Stabilisation	Between 10 and 12
Between 33 and 38	Security Management	Between 34 and 39
26 years	Waste Infrastructure	27 years
Between 35 and 37	Masts	Between 36 and 38

Note 21c Right of Use Assets

Movements in 2025/26	Other Land and Buildings £000	Vehicles, Plant, Furniture and Equipment £000	Total Right of Use Assets £000
Gross Book Value as at 31 March 2025	13,809	1,396	15,205
Additions	0	7,048	7,048
Indexation via Revaluation Reserve	(110)	0	(110)
Remeasurements of the lease liability	5	(488)	(483)
Disposals	0	(3)	(3)
Transfers	(864)	(154)	(1,018)
Gross Book Value as at 31 March 2026	12,840	7,799	20,639
Accumulated Depreciation at 31 March 2025	(743)	(633)	(1,376)
Depreciation	(533)	(275)	(808)
Written out to Revaluation Reserve on Indexation	923	0	923
On Disposals	0	2	2
On Transfers	(9)	134	125
Accumulated Depreciation at 31 March 2026	(362)	(772)	(1,134)
Net Book Value as at 31 March 2025	13,066	763	13,829
Net Book Value as at 31 March 2026	12,478	7,027	19,505

Movements in 2024/25

	Other Land and Buildings £000	Vehicles, Plant, Furniture and Equipment £000	Total Right of Use Assets £000
IFRS 16 implementation - reclassification of existing finance leased assets to Right of Use assets	8,244	523	8,767
IFRS 16 implementation - adjustments for existing operating leases / subleases	6,433	875	7,308
Revaluations via Revaluation Reserve	1,161	0	1,161
Revaluations recognised in the CIES	(2,395)	0	(2,395)
Remeasurements of the lease liability	366	(2)	364
Gross Book Value as at 31 March 2025	13,809	1,396	15,205
IFRS 16 implementation - reclassification of existing finance leased assets to Right of Use assets	(1,188)	(337)	(1,525)
Depreciation	(743)	(296)	(1,039)
Written out to Revaluation Reserve	278	0	278
Written out to the CIES	910	0	910
Accumulated Depreciation at 31 March 2025	(743)	(633)	(1,376)
Net Book Value as at 31 March 2025	13,066	763	13,829

Note 22. Intangible Assets

The movement on Intangible Asset balances during the year is as follows:

	2025/26			2024/25		
	Assets Under Construction	Other	Total	Assets Under Construction	Other	Total
	£000	£000	£000	£000	£000	£000
Gross carrying amount at start of year	936	12,937	13,873	466	13,227	13,693
Accumulated amortisation	0	(6,933)	(6,933)	0	(6,368)	(6,368)
Net carrying amount at start of year	936	6,004	6,940	466	6,859	7,325
Additions	328	1,734	2,062	470	2,015	2,485
Impairment	0	(23)	(23)	0	(9)	(9)
Disposals	0	(1,800)	(1,800)	0	(2,406)	(2,406)
Transfers	0	0	0	0	110	110
<u>Amortisation</u>						
Written out to CIES	0	1,800	1,800	0	2,406	2,406
For Current Year	0	(2,392)	(2,392)	0	(2,971)	(2,971)
Gross carrying amount at end of year	1,264	12,848	14,112	936	12,937	13,873
Accumulated amortisation	0	(7,525)	(7,525)	0	(6,933)	(6,933)
Net carrying amount at end of year	1,264	5,323	6,587	936	6,004	6,940

The useful lives for these assets (the number of years remaining over which they are depreciated) are between 1 and 17 years (*between 1 and 18 years for 2024/25*).

Note 23. Heritage Assets

The Council's Heritage Assets consist of historic seaside assets, heritage land and buildings, antiques/collectables, museum exhibits and memorials/statues.

Historic Seaside Assets

The historic seaside assets comprise the pier, the cliff lift, and the cliff bandstand. These assets are considered to be part of the fabric of the city as an historic seaside resort.

Heritage Land and Buildings

These consist of the official mayor's residence, Porters, and Southchurch Hall, a grade I listed medieval manor house. These assets are considered to be part of the heritage of the city and are intended to be preserved for future generations because of their cultural, environmental, or historical associations.

Antiques / Collectables

These comprise furniture and furnishings, panelling, carpets, textiles, clocks, silver, plated wares and gold, works of art, ceramics and glass, books, pictures and presentation and commemorative wares. These antiques/collectables date from between the 16th Century and the 20th Century.

Museum Collections

The Council considers that obtaining valuations for the items that are exhibited within the city's museums would involve a disproportionate cost in comparison to the benefits to the users of the Council's financial statements. This is because of the diverse nature of the assets held and the lack of comparable values. The Council does not recognise these exhibits on the Balance Sheet.

The exception is the Saxon King artefacts which form part of the Council's heritage assets and have been valued by a specialist in archaeology. These items are reported in the Balance Sheet at this valuation which is based on sale prices of comparable material and museum valuations for loan purposes, where relevant. The valuations also take into account the condition of the objects, their rare or unique nature and their relationship to material from other high-status burial contexts such as Sutton Hoo and Taplow. These assets are deemed to have indeterminate lives and a high residual value; hence the Council does not consider it appropriate to charge depreciation.

Memorials, Statues and Sculptures

These are a statue of Queen Victoria which was presented to the city to mark the Queen's Jubilee in 1897, a Lutyens War Memorial to commemorate lives lost in the First World War which was built in 1920 and a Faircrete sculpture and fountain, known as the Civic Fountain, which was initially installed in 1967 with standing sculptural panels added in 1971 and is the only known Faircrete sculpture by William Mitchell in the public domain. The Council does not consider that reliable cost or valuation information can be obtained for the items due to the lack of comparable market values. Consequently, the Council does not recognise these assets on the balance sheet.

Reconciliation of the carrying value of heritage assets held by the Council:

Movements in 2025/26

	Historic Seaside Assets £000	Heritage Land and Buildings £000	Antiques and Collectables £000	Museum Collections £000	Total Heritage Assets £000
Cost or Valuation as a 1 April 2025	26,736	1,524	896	1,557	30,713
Additions	719	42	3	0	764
Revaluations via Revaluation Reserve	(305)	0	0	0	(305)
Revaluations recognised in the CIES	(666)	(42)	0	0	(708)
Gross Book Value as at 31 March 2026	26,484	1,524	899	1,557	30,464
Accumulated Depreciation as at 1 April 2025	(519)	(39)	0	0	(558)
Depreciation	(529)	(39)	0	0	(568)
Written out to Revaluation Reserve	981	0	0	0	981
Written out to CIES	35	0	0	0	35
Accumulated Depreciation as at 31 March 2026	(32)	(78)	0	0	(110)
Net Book Value as at 31 March 2025	26,217	1,485	896	1,557	30,155
Net Book Value as at 31 March 2026	26,452	1,446	899	1,557	30,354

Movements in 2024/25

	Historic Seaside Assets £000	Heritage Land and Buildings £000	Antiques and Collectables £000	Museum Collections £000	Total Heritage Assets £000
Cost or Valuation as a 1 April 2024	31,954	1,244	896	1,557	35,651
Additions	684	79	0	0	763
Revaluations via Revaluation Reserve	3,095	280	0	0	3,375
Revaluations recognised in the CIES	(8,997)	(79)	0	0	(9,076)
Gross Book Value as at 31 March 2025	26,736	1,524	896	1,557	30,713
Accumulated Depreciation as at 1 April 2024	(2,703)	(155)	0	0	(2,858)
Depreciation	(519)	(39)	0	0	(558)
Written out to Revaluation Reserve	1,861	155	0	0	2,016
Written out to CIES	842	0	0	0	842
Accumulated Depreciation as at 31 March 2025	(519)	(39)	0	0	(558)
Net Book Value as at 31 March 2024	29,251	1,089	896	1,557	32,793
Net Book Value as at 31 March 2025	26,217	1,485	896	1,557	30,155

Basis of valuation

Asset	Date of last valuation	Valuer	Qualification	Method of Valuation
Cliff Lift	01/04/2024	Whybrow and Dodds	MRICS	Depreciated replacement cost
Porters	01/04/2024	Whybrow and Dodds	MRICS	Depreciated replacement cost
Porters contents	16/08/2013	Webb Valuations Fine Art Ltd	FRICS	Current replacement cost
Southchurch Hall	01/04/2024	Whybrow and Dodds	MRICS	Depreciated replacement cost
Pier structure	31/03/2026	Whybrow and Dodds	MRICS	Depreciated replacement cost
Bandstand	01/04/2024	Whybrow and Dodds	MRICS	Depreciated replacement cost
Saxon King artefacts	01/10/2009	Lesley Webster FSA – Society for Medieval Archaeology	FSA	Current replacement cost

Note 24. Investment Properties

There are no restrictions on the Council's ability to realise the value inherent in its investment property or on the Council's right to the remittance of income and the proceeds of disposal. The Council has no contractual obligations to purchase, construct or develop investment property. The following table summarises the movement in the fair value of investment properties over the year:

	2025/26	2024/25
	£000	£000
Balance at start of the year	39,930	38,850
Additions: Subsequent Expenditure	3	56
Disposals	0	(160)
Revaluations and impairments	1,342	1,184
Balance at end of the year	41,275	39,930

All the Council's investment properties are categorised as commercial.

The fair value of these assets has been measured using the income approach, by means of the discounted cash flow method, where the expected cash flows from the properties are discounted (using a market-derived discount rate) to establish the present value of the net income stream.

Third party resources have been used to value these assets. Typical valuation inputs which have been analysed in arriving at the fair valuations include:

- rental incomes.
- CBRE UK Property Investment Yields.
- external valuers' professional judgement on yields.

The Council's investment properties are therefore categorised as Level 3 in the fair value hierarchy as the measurement technique uses significant unobservable inputs to determine the fair value measurements (see the accounting policy for Fair Value Measurement in Note 1). There is no reasonably available information that indicates that market participants would use different assumptions.

In estimating the fair value of the Council's investment properties, the highest and best use of the properties is their current use.

The approach to investment property valuation has been developed using the authority's own data requiring it to factor in assumptions such as the duration and timing of cash inflows and outflows, rent growth, occupancy levels, bad debt levels, and maintenance costs. The ranges used, on a weighted average basis, are maintained on a consistent basis year on year. The ranges are sensitive to significant changes in rental income and rent growth; vacancy levels or discount rate which can result in a significantly lower or higher fair value. The Council's investment property portfolio is relatively stable and there has been no change in the valuation techniques used for Investment Properties in 2025/26 including the applicable ranges.

The fair value of the authority's investment property is measured annually at each reporting date. All valuations are carried out externally, in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. The authority's valuation experts work closely with finance officers reporting directly to the chief financial officer on a regular basis regarding all valuation matters.

Note 25. Financial Instruments

Categorisation of Financial Assets under IFRS9

Amortised cost

The Council holds various term deposits and instant access accounts with banks and other financial institutions and has made loans to other members of its group or to companies in accordance with the Getting Building Fund grant from Government. These are held at amortised cost and the Council considers these a normal part its operations and cash flow and holds the instruments to collect contractual cash flows.

Fair value through profit or loss

The Council holds units in money market funds, an enhanced cash fund, short-dated bond funds and property funds at fair value. These are classified as fair value through profit or loss as the income is not solely from principal and interest.

Categories of Financial Instruments

The following categories of financial instrument are carried in the Balance Sheet:

	Non-Current		Current	
	31 March 2026 £000	31 March 2025 £000	31 March 2026 £000	31 March 2025 £000
Investments, Cash and Cash Equivalents				
Financial Assets at Amortised Cost	5	7	18,926	36,812
Financial Assets at Fair Value Through Profit or Loss	31,429	31,524	24,013	28,005
Total Investments	31,434	31,531	42,939	64,817
Debtors				
Financial Assets at Amortised Cost	2,933	2,141	49,846	44,497
Total Debtors	2,933	2,141	49,846	44,497
Borrowings				
Financial Liabilities at Amortised Cost	333,021	355,267	23,513	1,863
Total Borrowings	333,021	355,267	23,513	1,863
Creditors				
Financial Liabilities at Amortised Cost	44	34	49,137	41,012
Total Creditors	44	34	49,137	41,012

Reclassifications

There were no reclassifications of financial instruments during 2025/25.

Income, Expense, Gains and Losses

2025/26	Financial Liabilities measured at:	Financial Assets measured at:		Total
	Amortised Cost	Amortised Cost	Fair Value Through Profit or Loss	
	£000	£000	£000	£000
Interest Expense	12,047	0	0	12,047
Fee Expense	5	0	160	165
Total Expense in Surplus or Deficit on the Provision of Services	12,052	0	160	12,212
Interest Income	0	(1,320)	(2,964)*	(4,284)
Total Income in Surplus or Deficit on the Provision of Services	0	(1,320)	(2,964)	(4,284)
Net (Gain)/Loss for the year	12,052	(1,320)	(2,804)	7,928

* This includes a £0.094M net decrease in the fair value due to increases in the unit price of all the externally managed funds.

2024/25

	Financial Liabilities measured at:	Financial Assets measured at:		Total
	Amortised Cost	Amortised Cost	Fair Value Through Profit or Loss	
	£000	£000	£000	£000
Interest Expense	12,471	0	0	12,471
Fee Expense	5	0	129	134
Total Expense in Surplus or Deficit on the Provision of Services	12,476	0	129	12,605
Interest Income	0	(2,526)	(6,573)*	(9,099)
Total Income in Surplus or Deficit on the Provision of Services	0	(2,526)	(6,573)	(9,099)
Net (Gain)/Loss for the year	12,476	(2,526)	(6,444)	3,506

* This includes a £3.306M net increase in the fair value due to increases in the unit price of all the externally managed funds.

Fair Values of Assets and Liabilities

Financial liabilities, financial assets (except for those classified as fair value through profit and loss) and long-term debtors and creditors are carried in the Balance Sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments, using the following assumptions:

- estimated ranges of interest rates at 31 March 2026 of 5.04% to 6.30% for loans from the Public Works Loan Board (PWLb) based on new lending rates for equivalent loans at that date.
- no early repayment or impairment is recognised.
- where an instrument will mature in the next 12 months, carrying amount is assumed to approximate to fair value.
- the fair value of trade and other receivables is taken to be the invoiced or billed amount.

Short term debtors and creditors are carried at cost as this is a fair approximation of their value.

The fair values calculated are the same as the carrying amount except where shown below:

The fair value of the financial liabilities are categorised as Level 2 in the fair value hierarchy as the measurement technique uses inputs other than quoted prices included within Level 1 that are observable for the loans.

The financial liabilities where the fair value differs from the carrying value are held with PWLB and market lenders. All these borrowings were not quoted on an active market and a Level 1 valuation is not available. To provide a fair value which provides a comparison to the carrying amount a financial model valuation has been used. This valuation applies the net present value approach, which provides an estimate of the value of payments in the future in today's terms as at the balance sheet date. Our accounting policy uses new loan borrowing rates to discount the future cash flows.

	31 March 2026		31 March 2025	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£000	£000	£000	£000
Financial Liabilities	405,671	302,576	398,142	278,752
Long Term Creditors	44	44	34	34

The fair value of the liabilities is lower than the carrying amount because the Council's portfolio of loans includes several fixed rate loans where the interest rate payable is lower than the prevailing rates at the Balance Sheet date. This shows a notional future gain (based on economic conditions at 31 March 2026) arising from a commitment to pay interest to lenders below current market rates.

	31 March 2026	31 March 2025
	Carrying Amount	Carrying Amount
	£000	£000
Financial Assets	124,219	140,845
Long Term Debtors	2,933	2,141

Fair Value through Profit and Loss

The fair value of two of the three property funds, the short-dated bond funds, the enhanced cash fund, and the money market funds have been measured using the quoted price of units. These assets have therefore been categorised as Level 1 in the fair value hierarchy as they have unadjusted quoted prices in active markets for identical assets that the authority can access at the measurement date. The third property fund has been measured using information from the fund manager regarding the value as at 31 March 2026. This asset has therefore been categorised as Level 2 in the fair value hierarchy as its value has been measured using observable inputs other than quoted prices. The table below sets out the input level in the fair value hierarchy and the valuation techniques for each type of fund.

Recurring Fair Value Measurements	Input level in Fair Value Hierarchy	Valuation Technique used to Measure Fair Value	Source of Prices or Inputs	31 March 2026	31 March 2025
				£000	£000
Fair Value Through Profit or Loss:					
Money Market Funds	Level 1	Unadjusted quoted prices in active markets for identical assets	Unit price of fund	4,048	8,064
Enhanced Cash Fund	Level 1	Unadjusted quoted prices in active markets for identical assets	Unit price of fund	5,095	5,054
Short Dated Bond Funds	Level 1	Unadjusted quoted prices in active markets for identical assets	Unit price of fund	14,871	14,887
Property Funds	Level 1	Unadjusted quoted prices in active markets for identical assets	Unit price of fund	31,640	30,470
Property Fund	Level 2*	Observable inputs other than quoted prices	Value provided by fund manager	29	1,269
Total Fair Value Through Profit or Loss				55,683	59,744

* Since 31 March 2024 this has been disclosed as Level 2, please see the disclosure note on partial derecognition below.

All movements in the Fair Value have been credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement in the financial reporting period in which the movement occurred.

Partial Derecognition of Property Fund

The Lothbury Property Trust terminated on 30 May 2024 and no longer has a quoted price in an active market for identical assets. The redemption value at that date was set at the amount of the 30 April 2024 valuation statement. The fund managers have undertaken an orderly and planned sales programme. As the assets are sold distributions are being paid to unitholders pro rata to the number of units they hold in the fund as at the termination date. As at 31 March 2026 98.1% of the redemption amount had been distributed. That proportion of the balance held in the Financial Instruments Revaluation Reserve has been debited to Movement in Reserves Statement in 2024/25 and 2025/26 as appropriate.

The fund manager advised that the value of the remaining investment as at 31 March 2026 was lower than the amount of the redemption value less the distributions up to 31 March 2026. The difference is due to realised losses on the sales of the assets made since the last balance sheet date.

This loss has been credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement in 2025/26.

Note 26. Short Term Debtors

	31 March 2026	31 March 2025
	£000	£000
Central government bodies	14,786	13,474
Local authorities	2,390	3,115
NHS bodies	1,180	989
Public corporations and trading funds	8	4
Other entities and individuals	29,473	25,357
Total Debtors	47,837	42,939
Value of impairment included above	(22,031)	(19,919)

Note 27. Cash and Cash Equivalents

The balance of Cash and Cash Equivalents is made up of the following elements:

	31 March 2026	31 March 2025
	£000	£000
Cash and cash equivalents held by the Council	18,754	13,172
Other cash and cash equivalents held by the Council (Bank current accounts held by schools)	4,068	5,693
Total Cash and Cash Equivalents	22,822	18,865

Note 28. Short Term Creditors

	31 March 2026 £000	31 March 2025 £000
Central government bodies	4,873	3,839
Other local authorities	4,519	4,428
NHS bodies	276	380
Other entities and individuals	49,341	40,849
Total Creditors	59,009	49,496

Note 29. Provisions

	Insurance £000	Redundancy £000	Business Rate Appeals £000	Other Provisions £000	Total £000
Balance at 1 April 2024	4,012	579	1,595	19	6,205
Additional provisions made in year	1,205	286	1,375	1,300	4,166
Amounts used in year	(962)	(465)	(902)	0	(2,329)
Unused amounts reversed in year	0	(70)	0	0	(70)
Balance at 31 March 2025	4,255	330	2,068	1,319	7,972
Additional provisions made in year	1,696	5	920	0	2,621
Amounts used in year	(1,528)	(335)	(888)	(1,288)	(4,039)
Unused amounts reversed in year	0	0	0	(19)	(19)
Balance at 31 March 2026	4,423	0	2,100	12	6,535

Insurance Provision

This reflects the total value of claims outstanding at the year-end for which the Council has a future liability of uncertain timing. In addition, the Council keeps an insurance reserve (shown in Note 20) to mitigate against the risk of potential claims arising in the future.

Redundancy Provision

A provision has been made at 31 March 2026 for known management decisions regarding redundancies that were made in 2025/26 that have led to an obligation arising at 31 March 2026 that had not been paid by the year end date and where there is uncertainty over the timing or amount.

Business Rates Appeals Provision

This reflects the Council's share of the potential for successful appeals by local businesses against the rateable value of the premises they use, and therefore the potential need for the Council to refund rates paid in 2025/26 and prior years. The overall liability is shared with Central Government and the Essex Fire Service.

Note 30. Usable Reserves

Movements in the Council's usable reserves are detailed in the Movement in Reserves Statement and Notes 19 and 20.

Note 31. Unusable Reserves

Movements in the Council's unusable reserves are detailed in the Movement in Reserves Statement and in the individual tables below.

Revaluation Reserve

The Revaluation Reserve contains the gains made by the Council arising from increases in the value of its Property, Plant and Equipment. The balance is reduced when assets with accumulated gains are:

- revalued downwards or impaired and the gains are lost
- used in the provision of services and the gains are consumed through depreciation, or
- disposed of and the gains are realised.

The Reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

	2025/26 £000	2024/25 £000
Balance at 1 April	329,235	310,800
Upward revaluation/indexation of assets	65,727	30,240
Downward revaluation/indexation of assets and impairment losses not charged to the Surplus/Deficit on the provision of services	(7,407)	(4,841)
Surplus or (Deficit) on revaluation/indexation of non-current assets not posted to the Surplus or Deficit on the provision of services	58,320	25,399
Difference between fair value and historical cost depreciation	(6,216)	(6,216)
Balance attributable to disposal/write offs	(5,218)	(748)
Amount written off to the capital adjustment account	(11,434)	(6,964)
Balance at 31 March	376,121	329,235

Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction, or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, downward revaluation and impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert current value figures to a historical cost basis). The Account is credited with the amounts set aside by the Council as finance for the costs of acquisition, construction, and enhancement.

The Account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Council.

The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

Note 19 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

	2025/26 £000	2024/25 £000
Balance at 1 April	193,460	192,204
<i>Reversal of items relating to capital expenditure debited or credited to the comprehensive income and expenditure statement</i>		
Charges for depreciation and revaluation/indexation gains and losses and impairment losses on non-current assets	(84,331)	(39,184)
Amortisation of intangible assets	(2,392)	(2,971)
Revenue expenditure funded from capital under statute	(18,675)	(8,094)
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the comprehensive income and expenditure statement	(11,061)	(1,844)
	<hr/>	<hr/>
	(116,459)	(52,093)
Adjusting amounts written out of the revaluation reserve	11,434	6,964
	<hr/>	<hr/>
Net written out amount of the cost of non-current assets consumed in the year	(105,025)	(45,129)
<i>Capital financing applied in the year</i>		
Use of the capital receipts reserve to finance new capital expenditure	788	2,546
Use of the major repairs reserve to finance new capital expenditure	9,435	6,768
Capital grants and contributions credited to the comprehensive income and expenditure statement that have been applied to capital financing	30,912	17,813
Statutory provision for the financing of capital investment charges against the general fund and HRA balances	6,981	7,452
Use of the capital receipts reserve to repay borrowing	0	1,500
Capital expenditure charges against the general fund and HRA balances	2,027	5,879
	<hr/>	<hr/>
	50,143	41,958
Movement in the market value of investment properties debited or credited to the comprehensive income and expenditure statement	1,342	1,184
Movements in the market value of Right of Use assets debited or credited to the comprehensive income and expenditure statement	0	(1,485)
Donated assets	761	4,728
Balance at 31 March	140,681	193,460

Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Council accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Council makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. A debit balance on the Pensions Reserve therefore shows a shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them. Conversely a credit balance on the Pensions Reserve shows a surplus in the benefits earned by past and current employees over the resources the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

	2025/26 £000	2024/25 £000
Deficit at 1 April	(2,968)	(3,422)
Remeasurements of the net defined benefit (liability)/asset	(7,900)	(1,192)
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Service in the Comprehensive Income and Expenditure Statement	(10,468)	(13,758)
Employer's pensions contributions and direct payments to pensioners payable in the year	16,684	15,404
Deficit at 31 March	(4,652)	(2,968)

Note 32. Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under leases), together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Council, i.e. borrowing, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Council that has yet to be financed. The CFR is analysed in the second part of this note.

	2025/26	2024/25
	£000	£000
Capital Investments		
Property, Plant and Equipment (excluding Infrastructure Assets)	22,694	21,795
Infrastructure Assets	14,093	10,684
Right of Use Assets	7,048	2,580
Investment Assets	3	56
Intangible Assets	2,062	2,485
Heritage Assets	764	763
Revenue Expenditure Funded from Capital Under Statute	18,675	8,094
Total Capital Investment	65,339	46,457
Sources of Finance		
Usable Capital Receipts	788	2,546
Government Grants and other Contributions	30,912	17,813
Sums set aside from Revenue:		
Direct Revenue Contributions	2,027	5,879
Major Repairs Reserve	9,435	6,768
Total Financing from Internal Resources	43,162	33,006
Credit arrangements	7,048	2,580
Un-supported Capital Borrowing	15,129	10,871
Total Financing from Borrowing/Credit Arrangements	22,177	13,451
Total Capital Financing	65,339	46,457
	2025/26	2024/25
	£000	£000
Opening Capital Financing Requirement	455,098	449,798
Explanation of Movement in Year		
Borrowing (unsupported by Government financial assistance)	15,129	10,871
Assets acquired under leases	7,048	2,580
Remeasurement of lease liabilities	(483)	364
Lease Disposals	(1,444)	0
Capital receipts to repay borrowing	(2)	(1,503)
Minimum Revenue Provision	(6,622)	(7,012)
Closing Capital Financing Requirement	468,724	455,098
of which		
General Fund CFR	367,476	353,850
Housing Revenue Account CFR	101,248	101,248
	468,724	455,098

Note 33. Leases

Council as Lessee

The Council's lease contracts comprise leases of operational land and buildings, plant and equipment and motor vehicles. All leases are individually immaterial.

Maturity analysis of lease liabilities

The lease liabilities are due to be settled over the following time bands (measured at the undiscounted amounts of expected cash payments):

	31 March 2026 £000	31 March 2025 £000
Not later than one year	2,335	643
Later than one year and not later than five years	8,349	2,094
Later than five years	7,394	3,047
Total undiscounted liabilities	18,078	5,784

Net investment in leases

The Council experienced the following changes in the carrying amount of its net investment in leases during the year:

	2025/26			2024/25		
	Other Land and Buildings £000	Vehicles, Plant, Furniture and Equipment £000	Total £000	Other Land and Buildings £000	Vehicles, Plant, Furniture and Equipment £000	Total £000
Net investment at 1 April	3,380	665	4,045	1,636	227	1,863
IFRS 16 implementation - adjustments for existing operating leases	0	0	0	1,659	702	2,361
Lease additions	0	7,048	7,048	0	0	0
Lease liability remeasurements	5	(488)	(483)	366	(2)	364
Interest charge arising in year	105	1,670	1,775	204	28	232
Early terminations	(1,444)	0	(1,444)	0	0	0
Lease payments (cash outflows)	(199)	(1,730)	(1,929)	(485)	(290)	(775)
Net investment at 31 March	1,847	7,165	9,012	3,380	665	4,045

Council as Lessor

Operating Leases

The Council leases out property and equipment under operating leases for the following purposes:

- for the provision of community services, such as sports facilities, tourism services, community centres and social care facilities.
- for economic development purposes to provide suitable affordable accommodation for local businesses.

The future minimum lease payments receivable under non-cancellable operating leases in future years are:

	31 March 2026 £000	31 March 2025 £000
Not later than one year	4,095	3,702
Later than one year and not later than five years	13,666	12,487
Later than five years	122,463	121,848
	140,224	138,037

The minimum lease payments receivable do not include rents that are contingent on events taking place after the lease was entered into, such as rental payments that vary with turnover. In 2025/26 no contingent rents were estimated to be receivable by the Council (2024/25 nil estimated).

Note 34. Downward Revaluation and Impairment Losses

In relation to 2025/26:

Housing Revenue Account assets were revalued at 1 April 2025 as part of the rolling revaluation programme which led to a downward valuation or impairment loss of £62.065M in total.

Investment Properties were revalued at 31 March 2026 which led to a downward valuation or impairment loss of £0.311M in total.

A market review was carried out at 31 March 2026 which led to a downward valuation or impairment loss of £0.032M in total.

An impairment review was also undertaken of capital additions of which £11.011M was considered not to increase the asset value and therefore was impaired.

As a result of the regular review of the fixed asset register downward revaluations and impairments of £0.636M were identified within the Other Land and Buildings, Surplus and Heritage categories of assets.

As a result of the revaluation of assets transferred from the Asset Under Construction category downward revaluations of £1.301M were identified within the Other Land and Buildings category of assets.

In the Comprehensive Income and Expenditure Statement, £67.635M of these impairment losses were recognised in the deficit on the provision of services, £0.314M were recognised in Financing and Investment Income and Expenditure and £7.407M were recognised in Other Comprehensive Income and Expenditure and taken to the revaluation reserve.

In the Comprehensive Income and Expenditure Statement, there were £4.023M of reversals of impairment losses recognised in the deficit on the provision of services and £0.849M recognised in Other Comprehensive Income and Expenditure and taken to the revaluation reserve.

In relation to 2024/25:

Various assets were revalued at 1 April 2024 as part of the rolling revaluation programme which led to a downward valuation or impairment loss of £16.210M in total.

Investment Properties were revalued at 31 March 2025 which led to a downward valuation or impairment loss of £0.092M in total.

A market review was carried out at 31 March 2025 which led to a downward valuation or impairment loss of £2.246M in total.

An impairment review was also undertaken of capital additions of which £10.000M was considered not to increase the asset value and therefore was impaired.

As a result of the regular review of the fixed asset register downward revaluations and impairments of £2.152M were identified within the Other Land and Buildings, Surplus Assets and Council Dwellings categories of assets.

As a result of the revaluation of assets transferred from the Asset Under Construction category downward revaluations of £2.262M were identified within the Council Dwellings category of assets.

In the Comprehensive Income and Expenditure Statement, £27.973M of these impairment losses were recognised in the deficit on the provision of services, £0.148M were recognised in Financing and Investment Income and Expenditure and £4,841M were recognised in Other Comprehensive Income and Expenditure and taken to the revaluation reserve.

Note 35. Termination Benefits

The Council continues to develop and implement a transformational programme which will lead to significant service redesign involving, amongst other things, future potential redundancy payment obligations that, although not yet identified, if required will be charged on an accruals basis against the appropriate provision or to the appropriate service area.

Note 36. Pension Schemes Accounted for as Defined Contribution Schemes

Teachers' Pension Scheme

Teachers employed by the Council are members of the Teachers' Pension Scheme (TPS), administered by the Department for Education. The Scheme provides teachers with specified benefits upon their retirement, and the Council contributes towards the costs by making contributions based on a percentage of members' pensionable salaries.

The Scheme is technically a defined benefit scheme. However, the Scheme is unfunded, and the Department for Education uses a notional fund as the basis for calculating the employers' contribution rate paid by local authorities. The Council is not able to identify its share of the underlying financial position and performance of the Scheme with sufficient reliability for accounting purposes. For the purposes of this Statement of Accounts, it is therefore accounted for on the same basis as a defined contribution scheme.

In 2025/26 the Council paid £3.4M (2024/25 £3.4M) to Teachers' Pensions in respect of teachers' retirement benefits, representing 28.68% of pensionable pay (2024/25 28.68%). There were no contributions remaining payable at the year end.

The Council is responsible for the costs of any additional benefits awarded upon early retirement outside of the terms of the teachers' scheme. These costs are accounted for on a defined benefit basis. There were no added years payments awarded in respect of the teachers' pension scheme in 2025/26 (2024/25 £1,097).

It is estimated that the Council will pay £3.6m to the Teachers' Pension Scheme in 2026/27 at a continued contribution rate of 28.68%.

NHS Staff Pension Scheme

A number of NHS staff transferred to the Council as of 1 April 2013 as part of the transfer of Public Health from the NHS. There have also been further transfers of NHS staff as Public Health contracted services have been reviewed and the services brought in-house. These staff have maintained their membership in the NHS Pension Scheme. The Scheme provides these staff with specified benefits upon their retirement and the Council contributes towards the costs by making contributions based on a percentage of members' pensionable salaries.

The scheme is an unfunded defined benefit scheme. However, the Council is not able to identify its share of the underlying financial position and performance of the Scheme with sufficient reliability for accounting purposes. For the purposes of this Statement of Accounts, it is therefore accounted for on the same basis as a defined contribution scheme.

In 2025/26, the Council paid £0.263M (£0.248M in 2024/25) in respect of retirement benefits to NHS Pensions in respect of staff who have transferred into the Council from the NHS, representing 23.78% (23.78% in 2024/25) of pensionable pay. It is estimated that the Council will similarly pay £0.272M to NHS Pensions in 2026/27.

Note 37. Defined Benefit Pension Schemes

Participation in Pensions Schemes

As part of the terms and conditions of employment of its officers and other employees, the Council makes contributions towards the cost of post-employment (retirement) benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments (for those benefits) and to disclose them at the time that employees earn their future entitlement.

The Council participates in the Local Government Pension Scheme (LGPS) administered by Essex County Council. This is a funded defined benefit final salary scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level to balance the pension liabilities with investment assets.

In June 2023, the High Court handed down a decision in the case of Virgin Media Limited v NTL Pension Trustees II Limited and others relating to the validity of certain historical pension changes due to the lack of actuarial confirmation required by law. In July 2024, the Court of Appeal dismissed the appeal brought by Virgin Media Ltd against aspects of the June 2023 decision. On 2 September 2025, the Government published draft amendments to the Pensions Scheme Bill which would give affected pension schemes the ability to retrospectively obtain written actuarial confirmation that historical benefit changes met the necessary standards. The draft legislation has been agreed by both Houses of Parliament and is expected to receive Royal Assent in 2026.

For the LGPS, the Scheme Actuary is the Government Actuary's Department (GAD). GAD is reviewing historic amendments to the LGPS in this context and the Scheme Advisory Board are liaising with GAD on whether the relevant certificates are available for past scheme changes.

Transactions relating to post-employment benefits

We recognise the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against council tax is based on the cash payable in the year, so the real cost of post-employment/retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year.

	2025/26 £000	2024/25 £000
Comprehensive Income and Expenditure Statement		
Cost of Services		
Current Service Cost	9,828	11,935
(Gain)/Loss from Settlement	207	0
Cost of Curtailments	412	1,538
Administrative Expense	299	425
Financing and Investment Income and Expenditure		
Net Interest Expense	(278)	(140)
Total post-employment benefit charged to the surplus or deficit on the provision of services	10,468	13,758
Other post-employment benefit charged to the comprehensive income and expenditure statement		
Return on plan assets in excess of interest	(26,320)	(1,368)
Other actuarial losses on assets	2,074	0
Change in financial assumptions	(21,128)	(74,616)
Change in demographic assumptions	17,200	(1,354)
Experience (gain)/loss on defined benefit obligation	24,638	(1,484)
Changes in effect of asset ceiling	11,436	80,014
Remeasurement and Other Comprehensive Income and Expenditure	7,900	1,192
Total post-employment benefit (credited)/charged to the Comprehensive Income and Expenditure Statement	18,368	14,950
Movement in Reserves Statement		
Reversal of net charges made to the surplus or deficit for the provision of services for post-employment benefits in accordance with the code	(18,368)	(14,950)
Actual amount charges against the General Fund Balance for Pensions in the year		
Employer's contributions payable to scheme	16,684	15,404

Pension Assets and Liabilities Recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the Council's obligation in respect of its defined benefit plan is as follows:

	31 March 2026 £000	31 March 2025 £000
Present Value of the defined benefit obligation	496,401	460,340
Fair Value of Plan Assets	(799,678)	(737,611)
Impact of asset ceiling	307,929	280,239
Net Liability arising from defined benefit obligation	4,652	2,968

Pension scheme surpluses as at 31 March 2026 and as at 31 March 2025 are recognised to the extent that they are considered recoverable and deficits are recognised in full. The asset ceiling is the present value of any economic benefit available to the Employer in the form of refunds or reduced future employer contributions. The Council does not have an unconditional right to a refund of surplus on the basis that such a payment would be at the discretion of the Essex Pension Fund. The net liability remaining at 31 March 2026 is therefore only deemed to be the liability as a result of the Council's commitment to pay additional secondary contributions over the next three years following the triennial review and the present value of the unfunded obligation. The net liability remaining at 31 March 2025 was only the present value of the unfunded obligation.

Reconciliation of Present Value of the Scheme Liabilities (Defined Benefit Obligation)

	2025/26 £000	2024/25 £000
Opening Balance at 1 April	460,340	519,740
Current Service Cost	9,828	11,935
Interest Cost	26,116	25,037
Contributions by Scheme Participants	4,971	4,515
Actuarial gains arising from changes in demographic assumptions	17,200	(1,354)
Actuarial (gains)/losses arising from changes in financial assumptions	(21,128)	(74,616)
Experience loss/(gain) on defined benefit obligation	24,638	(1,484)
Losses of Curtailments	412	1,538
Benefits Paid	(24,974)	(24,971)
Liabilities extinguished on Settlements	(1,002)	0
Closing Balance at 31 March	496,401	460,340

Reconciliation of fair value of the scheme assets

	2025/26 £000	2024/25 £000
Opening Balance at 1 April	737,611	707,190
Interest Income	42,648	34,530
The return on plan assets, excluding the amount included in the net interest expenses	26,320	1,368
Other Actuarial Gains	(2,074)	0
Employers Contributions	16,684	15,404
Contributions by Scheme Participants	4,971	4,515
Benefits Paid	(24,974)	(24,971)
Settlement prices received / (paid)	(1,209)	0
Administrative Expense	(299)	(425)
Closing Balance at 31 March	799,678	737,611

Local Government Pension Scheme assets

The asset allocation as at 31 March is as follows:

	31 March 2026 £000		31 March 2025 £000	
Equity Investments	432,936	54.1%	404,986	54.9%
Government Bonds	11,445	1.4%	11,180	1.5%
Property	72,245	9.0%	59,539	8.1%
Cash/Liquidity	16,160	2.0%	14,385	1.9%
Alternative Assets	126,644	15.9%	111,180	15.1%
Other Managed Funds	140,248	17.6%	136,341	18.5%
	799,678	100%	737,611	100%

The equities allocation consists of 50% overseas listed investments and 4% of unlisted private equity.

The Government Bonds allocation consists entirely of UK index linked government securities.

Of the Property allocation, 33% is listed.

The Alternative Assets allocation is made up of 62% in Infrastructure, 19% in Timber, 19% in Private Debt/Direct Lending.

Other Managed Funds are invested in Multi Asset Investment Grade Credit.

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc.

The Pension Fund liabilities have been assessed by Barnett Waddingham, an independent firm of actuaries, estimates being based on the last full revaluation of the scheme as at 31 March 2022.

The significant assumptions used by the actuary have been:

	2025/26	2024/25
Mortality assumptions:		
Longevity at 65 for Current Pensioners		
Men	22.0	20.7
Women	24.2	23.3
Longevity at 65 for Future Pensioners		
Men	23.5	22.0
Women	25.9	24.7
Rate of Inflation (RPI)	3.30%	3.20%
Rate of Inflation (CPI)	2.90%	2.90%
Rate of increases in salaries	3.90%	3.90%
Rate of increase in pensions	2.90%	2.90%
Rate for discounting scheme liabilities	6.10%	5.80%

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The estimations in the sensitivity analysis have followed the accounting policies of the scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

Impact on the Defined Benefit Obligation in the Scheme	Increase in Assumption	Decrease in Assumption
	£000	£000
Longevity (increase or decrease in 1 year)	18,525	(17,776)
Rate of inflation (increase or decrease by 0.5%)	33,980	(28,866)
Rate of increase in salaries (increase or decrease by 0.5%)	1,351	(1,313)
Rate of increase in pensions (increase or decrease by 0.5%)	33,980	(28,866)
Rate of discounting scheme liabilities (increase or decrease by 0.5%)	(32,100)	36,066

Impact on the Council's Cash Flows

One of the objectives of the scheme is to keep employers' contributions at as constant a rate as possible. The 31 March 2022 valuation set the contribution rates from 2023/24 to 2025/26. At 31 March 2022, the funding level for the whole fund was estimated at 102%. This positive performance has enabled the Council to formally agree a reduced level of employer pension contributions over the years 2023/24 to 2025/26.

The 31 March 2025 valuation set the contribution rates from 2026/27 to 2028/29. At 31 March 2025, the funding level for the whole fund was estimated at 108%. This positive performance has enabled the Council to formally agree a further reduced level of employer pension contributions over the years 2024/25 to 2028/29.

The scheme currently provides benefits based on career average revalued earnings.

The Council anticipates paying a £14.484M contribution to the scheme in 2026/27.

The weighted average duration of the defined benefit obligation for scheme members is 15 years (15 years 2024/25).

Note 38. Nature and Extent of Risks Arising from Financial Instruments

The Council's activities expose it to a variety of financial risks:

- Credit risk – the possibility that other parties might fail to pay amounts due to the Council.
- Liquidity risk – the possibility that the Council might not have funds available to meet its commitments to make payments.
- Market risk – the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates, market prices and stock market movements.

The Council's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk management is carried out by a central treasury team, under policies approved by the Council in the annual Treasury Management Strategy. The Council provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk and the investment of surplus cash.

The Council has adopted CIPFA's Treasury Management in the Public Services: Code of Practice and has set treasury management indicators to control key financial instruments risks.

Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers. The risk with banks and financial institutions is minimised through the Annual Treasury Management Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, the credit ratings being set by Moody, Standard & Poors and Fitch Ratings Services. Regard is also given to rating watches and outlooks and relevant market information as appropriate. The Annual Treasury Management Investment Strategy also imposes a maximum sum to be invested with a financial institution located within each category.

The credit criteria in respect of financial assets held by the Council are as detailed in the Annual Treasury Management Investment Strategy.

The Council's maximum exposure to credit risk in relation to its investments in banks and building societies of £19M cannot be assessed generally, as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all the Council's deposits, but there was no evidence at the 31 March 2026 that this was likely to crystallise.

The following analysis summarises the Council's potential maximum exposure to credit risk on other financial assets, based on experience of default and uncollectability over the last five financial years, adjusted to reflect current market conditions.

Credit Risk	31 March 2026			31 March 2025	
	Amounts £000	Historical experience of default	Historical experience adjusted for market conditions	Estimated maximum exposure to default and uncollectability	Estimated maximum exposure to default and uncollectability
		%	%	£000	£000
Deposits With Banks And Other Financial Institutions	18,931	0.00%	0.00%	0	0
Bonds and Other Securities	55,442	0.00%	0.00%	0	0
Customers	51,849	0.66%	1.51%	650	600

No credit limits were exceeded during the reporting period. Although the unit price of the externally managed property funds had a small net decrease during 2025/26, the value of these funds can increase or decrease but they are being held into the medium to long term. Over that period the Council does not expect any losses from non-performance by any of its active counterparties in relation to deposits and bonds. Regarding the Lothbury Property Trust, once the outstanding redemption amount has been distributed, the remaining balance held in the Financial Instruments Revaluation Reserve will be debited to the Movement in Reserves Statement. (Please see Financial Instruments Note 25, the Partial Derecognition of Property Fund disclosure within the Fair Value through Profit and Loss section.)

The past due but not impaired amount can be analysed by age as follows:

	31 March 2026	31 March 2025
	£000	£000
Less Than Three Months	7,287	7,746
Three To Six Months	2,515	1,485
Six Months To One Year	2,037	1,512
More Than One Year	6,686	6,022
Total	18,525	16,765

Expected Credit Losses

Credit risk at the balance sheet date is assessed by using credit ratings where available and applying the weighted default rate to the balance. Where credit ratings are not available the nature of the financial instrument is considered together with the likelihood that the future cash flows will materialise.

Low risk is considered to be where the credit ratings are A3 and above, where the counterparty is an important partner to the Council or where the Council has a stake in a 100% owned subsidiary where the Council has access to the company cash flow forecasts. Where this is the case the 12-month expected credit loss method will be used. All non-trivial balances were assessed as low risk.

The Council applies the rebuttable presumption that credit risk will have increased significantly since initial recognition when contractual payments are more than 30 days past due.

Where a possible default has been identified, where applicable it has been calculated using the credit ratings agencies weighted corporate default rate and applying this to the balance.

For short- and long-term trade debtors the credit risk cannot be assessed individually, so these have been grouped and a collective assessment made by means of a provision matrix.

Expected losses are an allowance based on all reasonably possible future events that could result in default, weighted by likelihood of occurrence. They are calculated by comparing the net present value of all contractual cash flows that are due with the net present value of all cash flows that are expected to be received. There were no non-trivial expected losses identified.

Liquidity Risk

The Council has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. If unexpected movements happen, the Council has ready access to borrowings from other Local Authorities and the Public Works Loans Board. There is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. Instead, the risk is that the Council will be bound to replenish a significant proportion of its borrowings at a time of unfavourable interest rates. The Council sets limits on the proportion of its fixed rate borrowing during specified periods. The strategy for long term borrowing is to ensure that no more than 40% of loans are due to mature between 2 and 5 years, through a combination of careful planning of new loans taken out and (where it is economic to do so) making early repayments. The maturity analysis of financial liabilities is as follows:

	31 March 2026	31 March 2025
	£000	£000
Less than 1 year	33,452	12,143
Between 1 and 2 years	21,509	33,452
Between 2 and 5 years	72,115	66,951
Between 5 and 10 years	95,231	106,783
Between 10 and 15 years	65,410	71,799
Between 15 and 20 years	32,084	36,664
More than 20 years	234,547	238,699
Total Cost of Loans Over Their Life	554,348	566,491
This total consists of:		
Principal Amount of Loans	346,920	347,158
Future Interest Element	207,428	219,333
Total Cost of Loans Over Their Life	554,348	566,491

These amounts are higher than those recognised in Note 25 as they include the interest for each year of the loans, included in the year it falls due.

All trade and other payables are due to be paid in less than one year.

Market Risk

Interest rate risk

The Council is exposed to risk in terms of its exposure to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Council. For instance, a rise in interest rates would have the following effects:

- borrowings at variable rates – the interest expense charged to the Surplus or Deficit on the Provision of Services will rise.
- borrowings at fixed rates – the fair value of the liabilities borrowings will fall.
- investments at variable rates – the interest income credited to the Surplus or Deficit on the Provision of Services will rise.
- investments at fixed rates – the fair value of the assets will fall.

Borrowings are not carried at fair value, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services and affect the General Fund Balance.

The Council has several strategies for managing interest rate risk. Policy is to keep an appropriate mix of fixed and variable rate loans. During periods of falling interest rates, and where economic circumstances make it favourable, fixed rate loans will be repaid early to limit exposure to losses.

The treasury management team, together with its advisers, has an active strategy for assessing interest rate exposure that feeds into the setting of the annual budget and which is used to update the budget during the year. This allows any adverse changes to be accommodated. The analysis will also advise whether new borrowing taken out is fixed or variable.

According to this assessment strategy, at 31 March 2026, if interest rates had been 1% higher with all other variables held constant, the financial effect would be:

	£000
Increase in interest payable on variable rate borrowings	0
Increase in interest receivable on variable rate investments	(1,142)
Increase in government grant receivable for financing costs	0
Impact on Surplus or Deficit on the Provision of Services	(1,142)
Share of overall impact debited to the HRA	(536)
Decrease in fair value of fixed rate investment assets	0
Impact on Other Comprehensive Income and Expenditure	0
Decrease in fair value of fixed rated borrowings liabilities (no impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure)	(19,730)

Price Risk

The Council has no investments in equity shares and therefore has no exposure to losses arising from movements in the price of such shares.

The Council holds investments in property funds, short-dated bond funds and an enhanced cash fund and therefore has exposure to losses arising from movements in the price of the units of those funds. However, under statute the Financial Instrument Revaluation Reserve must be used to capture the change in fair value of any funds that were in place prior to 1 April 2024, therefore not impacting the General Fund Balance. For any units purchased after that date all changes in the unit value are recognised in the General Fund account but are balanced by appropriations to/from the Council's Interest Equalisation Reserve, which has been set aside for that purpose.

Foreign Exchange Risk

The Council has very limited exposure to loss arising from movements in exchange rates.

Notes Supporting the Cash Flow Statement

Note 39. Cash Flow Statement - Interest Paid and Received

The interest paid and received figures are included within the Net (Surplus) or Deficit on the Provision of Services line of the Cash Flow Statement. The amounts are as follows:

	2025/26	2024/25
	£000	£000
Interest paid	12,048	12,710
Interest received	(4,773)	(6,174)
Dividends received	0	(150)
Net Cash Flows from Interest Paid and Received	7,275	6,386

These figures differ from the Interest Payable and Similar Charges and Interest Receivable and Similar Income figures in Note 11, as they do not include accruals and other non-cash items.

Note 40. Cash Flow Statement – Non-Cash Movements

The Cash flows for non-cash movements include the following items:

	2025/26	2024/25
	£000	£000
Depreciation of Non-Current Assets	(20,719)	(21,353)
Downward Revaluation/Indexation and Impairment Losses on Non-Current Assets	(63,612)	(19,316)
Donated Assets	761	4,728
Amortisations	(2,392)	(2,971)
Increase in impairment for provision for bad debts	(2,387)	(497)
(Increase)/Decrease in Creditors	(8,890)	4,891
Decrease in Debtors	7,261	(1,233)
Increase/(Decrease) in Inventories	(2)	31
Net retirement benefits per IAS19	6,216	1,646
Carrying amount of assets disposed/sold	(11,061)	(1,844)
Reverse out the movement on the provision debited or credited to the Comprehensive Income and Expenditure Statement and replace with the cash payments made in the year out of the provision	1,437	(1,767)
Movements in the value of investment properties	1,342	1,184
Removal of Council Tax and Business Rates Agency Adjustments from Comprehensive Income and Expenditure Statement	4,576	4,124
Net Cash Flow Adjustments	(87,470)	(32,377)

Note 41. Cash Flow Statement - Adjustments for items included in the Net Deficit on the Provision of Services that are Investing and Financing Activities

	2025/26	2024/25
	£000	£000
Capital Grants credited to deficit on the provision of services	32,350	20,092
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	4,695	2,814
Proceeds from short-term and long-term investments	347	935
Net Cash Flow Adjustments	37,392	23,841

Note 42. Cash Flow Statement - Investing Activities

	2025/26	2024/25
	£000	£000
Purchase of property, plant and equipment, investment property and intangible assets	37,850	35,326
Purchase of short-term and long-term investments	15,000	25,000
Proceeds from the sale of property, plant and equipment, investment properties and intangible assets	(4,707)	(2,814)
Proceeds from short-term and long-term investments	(40,492)	(30,127)
Other receipts from investing activities	(32,823)	(17,404)
Net Cash Flow from Investing Activities	(25,172)	9,981

Note 43. Cash Flow Statement - Financing Activities

	2025/26	2024/25
	£000	£000
Capital element of lease liability repayments	154	543
Interest element of lease liability repayments	1,775	232
Repayments of short and long-term borrowing	238	8,207
Council Tax and Non-Domestic Rates agency adjustments	(4,576)	(4,124)
Repayments of ECC transferred debt	359	441
Net Cash Flow from Financing Activities	(2,050)	5,299

Other Notes

Note 44. Related Parties

The Council is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council. Disclosure of these transactions allows readers to assess the extent to which the Council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Council.

Central UK Government

Central UK government has effective control over the general operations of the Council – it is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. council tax bills, housing benefits). Grants received from government departments, and other areas of the public sector, used in 2025/26 and those received but not yet applied as at 31 March 2026 are set out in Note 18.

In addition, the Council works in partnership with NHS Mid and South Essex Integrated Care Board through a pooled budget arrangement.

Members

Members of the Council have direct control over the Council's financial and operating policies. The total of Members' allowances paid in 2025/26 is shown in Note 14.

Two members acted as Board members to one of the Council's joint ventures – Southend-on-Sea Forum Management Limited.

As part of their roles, Members are often appointed to be the Council's representatives on outside bodies and occasionally hold similar roles in their own right. Separately the Council may commission services from these organisations or potentially grant aid them under its voluntary sector grants programme. Contracts were entered into with full procurement rules compliance and awards made with proper consideration of declarations of interest. The relevant Members did not take part in any discussion or decision relating to the grants. Details of all these transactions are recorded in the Register of Members' Interest, which is available on the Council's website.

It is considered that these transactions do not constitute related party transactions.

Officers

One officer acted as Board member to the Council's wholly owned subsidiary - Southend Housing Limited which had yet to trade as at the balance sheet date. Three officers acted as Board members to Vecteo Ltd. The officers do not hold any pecuniary stake in the companies, nor take any director fee.

Two officers acted as Board members to two of the Council's joint ventures – Porters Place Southend-on-Sea LLP and Airport Business Park Southend Management Ltd.

Entities Controlled or Significantly Influenced by the Council

Southend-on-Sea City Council has a dominant influence over South Essex Homes Limited, which manages the Council's housing stock. During the financial year, three Councillors occupied the three reserved positions on the board of South Essex Homes Limited. All material transactions with the company are recorded in the notes to the consolidated group accounts.

Under IAS19 South Essex Homes Limited must account for the net surplus or deficit arising from its share of the pension assets and liabilities in respect of its employees who are members of the Essex County Council Pension Fund. As at 31 March 2026 there was a net surplus of £28.998M (*net surplus of £27.920M at 31 March 2025*) in respect of South Essex Homes Limited's pension assets. The pension assets for South Essex Homes Limited have been recognised to the extent that they are considered recoverable and reflect the potential economic benefit from the reduction in future contributions due to their negative secondary contribution rate over the next three years. The pension asset has therefore been disclosed as a surplus of £2.448M. As at 31 March 2026 South Essex Homes Limited had a retained surplus of £4.131M (*retained surplus of £4.633M at 31 March 2025*) in respect of its Profit and Loss reserve. Southend-on-Sea City Council undertakes to provide continuing financial support to enable the financial statements of South Essex Homes Limited to be prepared on a going concern basis.

Southend-on-Sea City Council also has a dominant influence over Southend Care Ltd, which provides adult social care services to the Council. During the course of the financial year no Councillors or Officers acted as Director on the board of Southend Care Ltd. All material transactions with the company are recorded in the notes to the consolidated group accounts.

Under IAS19 Southend Care Ltd must account for the net surplus or deficit arising from its share of the pension assets and liabilities in respect of its employees who are members of the Essex County Council Pension Fund. As at 31 March 2026 there was a net surplus of £8.957M (*net surplus of £7.845M as at 31 March 2025*) in respect of Southend Care Limited's pension assets. The pension assets for Southend Care Ltd have been recognised to the extent that they are considered recoverable and have been disclosed as nil. As at 31 March 2026 Southend Care Ltd also had a retained surplus of £2.671M (*retained surplus of £2.109M at 31 March 2025*) in respect of its Profit and Loss reserve. Southend-on-Sea City Council undertakes to provide continuing financial support to enable the financial statements of Southend Care Ltd to be prepared on a going concern basis.

Given the nature of the two companies, and the fact that they substantially only work to provide services to the Council, in the event of failure of a company the Council would need to secure the continuance of service provision through other means. In such an eventuality, it would mean that any pension surplus or deficit would simply transfer from group to the single entity at that point.

Southend-on-Sea City Council has a dominant influence over Porters Place Southend-on-Sea LLP, whose purpose is to regenerate the Queensway Estate and surrounding environs. During the financial year, one officer occupied a position on the board of Porters Place Southend-on-Sea LLP. All material transactions with the company are recorded in the notes to the consolidated group accounts.

At 31 March 2026 Porters Place Southend-on-Sea LLP, has a retained loss of £7.857M (*retained loss of £4.778M at 31 March 2025*) in respect of its Profit and Loss reserve. The LLP is in the highways infrastructure phase of the regeneration project which is in preparation for the later housing development phases. The majority of the works were funded by the Homes England Highways Infrastructure Fund.

Note 45. Contingent Assets and Liabilities

The Council has no material contingent assets or liabilities.

Note 46. Reclassification of Prior Year Comparatives

Prior period adjustments have been made to the comparative 2024/25 amounts in relation to the following:

The portfolio structure of the Council

The 2024/25 comparatives have been reclassified to reflect changes made to the portfolio structure of the Council in 2025/26, following the start of the 2025/26 municipal year. As a result, the breakdown of income and expenditure into the segmental information as disclosed in the Comprehensive Income and Expenditure Statement, note 6 (expenditure and funding analysis table) and note 8 (segmental information) for the current year has been changed and the comparatives have been reclassified for consistency purposes. The comparative totals in each case, for example, Net Cost of General Fund Services for Gross Expenditure and Gross Income are the same as the figures in the 2024/25 Statement of Accounts.

The 2024/25 figures as presented in the 2024/25 Comprehensive Income and Expenditure Statement:

	Gross Expenditure	Gross Income	Net Expenditure/ (Income)
	£000	£000	£000
Leader: Infrastructure and Corporate Strategy	33,248	(21,308)	11,940
Deputy Leader: Planning, Housing and the Local Plan	8,728	(5,191)	3,537
Children, Young People and SEND	149,051	(83,357)	65,694
Climate, Environment and Waste	25,349	(4,491)	20,858
Community Safety	7,007	(4,336)	2,671
Culture, Tourism and Business	29,263	(6,331)	22,932
Finance, Assets, Investments and Public Transport	78,757	(65,022)	13,735
Regeneration, Major Projects and Regulatory Services	7,468	(6,001)	1,467
Social Care and Healthier Communities	113,921	(48,601)	65,320
Net Cost of General Fund Services	452,792	(244,638)	208,154

The 2024/25 figures as presented in the 2025/26 Comprehensive Income and Expenditure Statement:

	Gross Expenditure	Gross Income	Net Expenditure/ (Income)
	£000	£000	£000
Leader: Infrastructure and Corporate Strategy	32,360	(20,719)	11,641
Deputy Leader: Housing and Planning	8,728	(5,191)	3,537
Business, Culture, Music and Tourism	33,611	(9,791)	23,820
Children, Learning and SEND	145,627	(82,726)	62,901
Climate, Environment and Waste	27,892	(4,888)	23,004
Community Safety and Regulatory Services	8,180	(4,848)	3,332
Finance, Assets and Public Transport	78,801	(65,066)	13,735
Regeneration and Law and Governance	3,672	(2,808)	864
Social Care and Healthier Communities	113,921	(48,601)	65,320
Net Cost of General Fund Services	452,792	(244,638)	208,154

HOUSING REVENUE ACCOUNT

HRA Income and Expenditure Statement

2024/25		2025/26
£000		£000
	Income	
(32,415)	Dwelling Rents (Gross)	(33,512)
(1,972)	Non Dwelling Rents (Gross)	(1,980)
(1,225)	Charges for Services and Facilities	(635)
0	Service Specific Government Grant	(94)
(8,117)	Revaluation Gains (to reverse previous impairment charges)	(3,293)
(43,729)	Total Income	(39,514)
	Expenditure	
8,216	Repairs and Maintenance	9,076
8,981	Supervision and Management	9,335
1,101	Rents, Rates, Taxes and other Charges	1,774
(117)	Provision for Bad and Doubtful Debts	306
17,451	Depreciation and impairment on Council Dwellings	(HRA Note 3) 72,685
181	Depreciation and impairment on Other Assets	(HRA Note 3) 890
22	Debt Management Expenses	20
35,835	Total Expenditure	94,086
(7,894)	Net cost of HRA services as included in the whole authority Comprehensive Income and Expenditure Account	54,572
204	HRA services share of Corporate and Democratic Core	204
(7,690)	Net Cost of HRA Services	54,776
(1,004)	Profit on Sale of HRA Long Term Assets	(1,823)
4,347	Interest Payable and Similar Charges	4,082
(861)	General Grants	(1,278)
(2,194)	Interest Receivable	(1,995)
(7,402)	(Surplus)/deficit for the year on HRA services	53,762

Movement on the HRA Balance

This Statement takes the outturn on the HRA Income and Expenditure Account and reconciles it to the surplus or deficit for the year on the HRA Balance, calculated in accordance with the requirements of the Local Government and Housing Act 1989.

2024/25		2025/26
£000		£000
(7,402)	(Surplus)/deficit for the year on the Housing Revenue Account Income And Expenditure Account	53,762
5,957	Net additional amount required by statute to be debited/(credited) to the HRA Balance for the year	(57,438)
1,445	Transfer to/(from) Earmarked Reserves	3,676
0	Decrease/(Increase) in the Housing Revenue Account Balance	0
(3,502)	Housing Revenue Account - Balance Brought Forward	(3,502)
(3,502)	Housing Revenue Account - Balance Carried Forward	(3,502)

Calculation of Movement on the HRA Balance

2024/25		2025/26
£000		£000
	Amounts included in the HRA Income And Expenditure Account but required by statute to be excluded when determining the Movement on the HRA Balance for the year	
1,004	Profit on Sale of HRA Long Term Assets	1,823
1,303	General Grants / Service Grants	1,525
	Amounts not included in the HRA Income And Expenditure Account but required to be included by statute when determining the Movement on the HRA Balance for the year	
(1,622)	Transfer to/(from) Capital Adjustment Account - Revaluations	(62,128)
(101)	Transfer from Capital Adjustment Account - REFCUS	(23)
5,373	Revenue Contribution to Capital	1,365
1,445	Transfer to/(from) Earmarked Reserves	3,676
7,402	Net Additional Amount required to be debited/credited to the Housing Revenue Account Balance for the year	(53,762)

Notes to the HRA

HRA Note 1. Analysis of Housing Stock

	Number of Properties 31 March 2026	Number of Properties 31 March 2025
Houses And Bungalows	2,092	2,107
Flats	3,852	3,862
Total Houses and Flats	5,944	5,969
Homelessness Hostel Bedsits - Room only	127	125
	6,071	6,094

HRA Note 2. Major Repairs Reserve

The Reserve consists of depreciation charged to the HRA transferred to the account via the Capital Adjustment Account. The balance on the reserve is available to fund future capital expenditure within the HRA.

	2025/26 £000	2024/25 £000
Balance at 1 April	11,661	10,536
Transfers In	8,154	7,893
Used To Fund Capital (Council Dwellings)	(9,435)	(6,768)
Balance at 31 March	10,380	11,661

HRA Note 3. Depreciation

Depreciation – a charge for depreciation has also been made covering dwellings. The useful economic life for Dwellings, other buildings and non-operational assets are in accordance with the componentisation policy and in line with those shown in Note 21. The Major Repairs Allowance (MRA) is matched against the cost of depreciation. Land is not depreciated due to having an indefinite life.

	2025/26	2024/25
	£000	£000
Item 8 Debit		
<u>Depreciation</u>		
Council Dwellings	7,957	7,734
Other Assets	197	159
<u>Impairment</u>		
Council Dwellings	64,728	9,717
Other Assets	693	22
Total Depreciation and Impairment	73,575	17,632
Debt Management Expenses	20	22
Loan Interest Payable	4,082	4,347
Item 8 Credit		
Interest Receivable	(1,995)	(2,194)
<u>Revaluation Gains</u>		
Council Dwellings	3,271	7,979
Other Assets	22	138
Appropriation To/(From) Capital Adjustment Account - Revaluations	(62,128)	(1,622)
Appropriation From Capital Adjustment Account - REFCUS	(23)	(101)
Net Effect On HRA	16,824	26,201

HRA Note 4. Property, Plant and Equipment

The Fixed Assets for the Housing Revenue Account are shown in the table below.

The assets are shown at existing use value to reflect the fact that they are used for social housing and are less than market value.

The Open Market Value (OMV) of council dwellings at 1 April 2025 amounted to £700.7M. It should be noted that the difference between the vacant possession value, or the OMV above, and the balance sheet value of dwellings within the HRA show the economic cost to Government of providing council housing at less than market value.

	Council Dwellings	Other Land & Buildings	Assets Under Construction	Non-Operational Investment Properties	Total
	£000	£000	£000	£000	£000
Gross Book Value as at 31 March 2025	482,964	11,113	1,007	1,206	496,290
Accumulated Depreciation as at 31 March 2025	(35,453)	(830)	0	0	(36,283)
Net Book Value as at 31 March 2025	447,511	10,283	1,007	1,206	460,007
Additions	11,998	219	417	0	12,634
Disposals	(2,514)	(28)	0	0	(2,542)
Transfers	0	(28)	28	0	0
Revaluations via Revaluation Reserve	13,606	4,458	0	0	18,064
Revaluations recognised in I&E	(72,424)	(927)	0	4	(73,347)
Indexation via Revaluation Reserve	(817)	(195)	0	0	(1,012)
Indexation recognised in I&E	562	0	0	0	562
<u>Depreciation</u>					
For Current Year	(7,957)	(197)	0	0	(8,154)
Disposals	46	1	0	0	47
Revaluations via Revaluation Reserve	26,318	578	0	0	26,896
Revaluations recognised in I&E	9,135	252	0	0	9,387
Indexation via Revaluation Reserve	5,770	196	0	0	5,966
Indexation recognised in I&E	1,271	0	0	0	1,271
Gross Book Value as at 31 March 2026	433,375	14,612	1,452	1,210	450,649
Accumulated Depreciation as at 31 March 2026	(870)	0	0	0	(870)
Net Book Value as at 31 March 2026	432,505	14,612	1,452	1,210	449,779

HRA Note 5. Capital Expenditure

	2025/26	2024/25
	£000	£000
Purchase, construction or enhancement of Council Dwellings	12,634	14,951
REFCUS	23	101
Total HRA Capital Expenditure	12,657	15,052
<u>Financed by:-</u>		
Usable Capital Receipts	575	1,830
Total Financed By Capital Receipts	575	1,830
<u>Revenue contributions:-</u>		
General Reserves	1,365	5,373
Major Repairs Reserve	9,435	6,768
Third Party	39	244
Capital Grant	1,243	718
Total Revenue Contributions	12,082	13,103
<u>Funded by Borrowing</u>	0	119
Total Capital Expenditure	12,657	15,052

THE COLLECTION FUND

The Collection Fund

2024/25 £000 Council Tax	2024/25 £000 NNDR	2024/25 £000 Total		2025/26 £000 Council Tax	2025/26 £000 NNDR	2025/26 £000 Total	Collection Fund Note
INCOME							
127,082	0	127,082	Income from Council Tax	135,161	0	135,161	1
0	39,283	39,283	Income Collectable from Business Ratepayers adjusted for Transitional Payment Protection payable	0	41,747	41,747	2
127,082	39,283	166,365	Total Income	135,161	41,747	176,908	
EXPENDITURE							
Precepts and Demands							
103,962	0	103,962	Southend-on-Sea City Council	109,957	0	109,957	
14,886	0	14,886	Essex Police Authority	15,846	0	15,846	
4,991	0	4,991	Essex Fire Authority	5,330	0	5,330	
Business Rates							
0	19,982	19,982	Payments to Government	0	21,465	21,465	
0	400	400	Payments to Fire Authority	0	429	429	
0	19,583	19,583	Payments to Southend-on-Sea City Council	0	21,036	21,036	
0	214	214	Costs of Collection	0	210	210	
Doubtful Debt and Appeals Provisions							
1,648	331	1,979	Top-up of Doubtful Debt Provision	2,157	477	2,634	
0	0	0	Write-off of Debt	0	0	0	
0	2,805	2,805	NNDR Provisions for Appeals	0	1,877	1,877	
0	(1,840)	(1,840)	NNDR Settlement of Appeals	0	(1,811)	(1,811)	
125,487	41,475	166,962	Total Expenditure	133,290	43,683	176,973	
USE OF BALANCES							
Council Tax							
1,000	0	1,000	Southend-on-Sea City Council	1,400	0	1,400	
142	0	142	Council Tax – Essex Police Authority	200	0	200	
49	0	49	Council Tax – Essex Fire Authority	67	0	67	
Business Rates							
0	(691)	(691)	Government	0	(1,752)	(1,752)	
0	(678)	(678)	Southend-on-Sea City Council	0	(1,716)	(1,716)	
0	(14)	(14)	Essex Fire Authority	0	(35)	(35)	
404	(809)	(405)	Surplus/(Deficit) for the year	204	1,567	1,771	

2024/25 £000 Council Tax	2024/25 £000 NDR	2024/25 £000 Total		2025/26 £000 Council Tax	2025/26 £000 NDR	2025/26 £000 Total
COLLECTION FUND BALANCE						
7,883	(4,343)	3,540	Balance brough forward at 1 April	8,287	(5,152)	3,135
404	(809)	(405)	(Deficit)/Surplus for the year (as above)	204	1,567	1,771
8,287	(5,152)	3,135	Balance Carried Forward at 31 March	8,491	(3,585)	4,906
ALLOCATED TO:						
0	(2,576)	(2,576)	Government	0	(1,792)	(1,792)
1,000	0	1,000	Police Authority	1,030	0	1,030
336	(52)	284	Fire Authority	346	(36)	310
6,951	(2,524)	4,427	Southend-on-Sea City Council	7,115	(1,757)	5,358
8,287	(5,152)	3,135	Balance Carried Forward at 31 March	8,491	(3,585)	4,906

Notes to the Collection Fund

Collection Fund Note 1 Income from Council Tax

Council Tax derives from charges raised according to the value of residential properties, which have been classified into 8 valuation bands using estimated 1 April 1991 values for this specific purpose. Individual charges are calculated by estimating the amount of income required to be taken from the Collection Fund by Essex Police Authority, Essex Fire Authority and Southend-on-Sea City Council for the forthcoming year and dividing this by the Council Tax Base. The basic amount for a Band D property (£2,199.93 for the Leigh-on-Sea Town Council area and £2,146.68 for all other parts of the City) is multiplied by the proportion specified for the particular band to give an individual amount due.

The amount per band is as follows:

Valuation Band	Range of Values £	Council Tax 2025/26	Council Tax 2025/26	Ratio to Band D
		Leigh-on-Sea Town Council Area £	All other parts of the City £	
A	Up to and including 40,000	1,466.62	1,431.12	6/9
B	40,001 - 52,000	1,711.06	1,669.64	7/9
C	52,001 - 68,000	1,955.49	1,908.16	8/9
D	68,001 - 88,000	2,199.93	2,146.68	1
E	88,001 - 120,000	2,688.80	2,623.72	11/9
F	120,001 - 160,000	3,177.68	3,100.76	13/9
G	160,001 - 320,000	3,666.55	3,577.80	15/9
H	More than 320,000	4,399.86	4,293.36	18/9
Band D		2024/25	2025/26	Increase
		£	£	%
Southend-on-Sea City Council		1,713.24	1,798.74	4.99
Essex Police Authority		246.42	260.37	5.66
Essex Fire Authority		82.62	87.57	5.99
Total for Other than Leigh-on-Sea Town Council Area		2,042.28	2,146.68	5.11
Leigh-on-Sea Town Council		51.75	53.25	2.90
Total for Leigh-on-Sea Town Council Area		2,094.03	2,199.93	5.06

The number of chargeable dwellings for council tax in each Valuation Band (adjusted for dwellings where discounts apply) for the year was as follows:

	Number of Dwellings	Ratio	Equivalent Number of Dwellings
Valuation Band - A*	6.10	5/9	3.39
Valuation Band - A	11,148.48	6/9	7,432.32
Valuation Band - B	12,670.48	7/9	9,854.82
Valuation Band - C	20,967.93	8/9	18,638.16
Valuation Band - D	11,386.00	9/9	11,386.00
Valuation Band - E	6,254.17	11/9	7,643.98
Valuation Band - F	3,450.45	13/9	4,983.98
Valuation Band - G	1,551.22	15/9	2,585.37
Valuation Band - H	107.45	18/9	214.90
	67,542.28		62,742.92
Less:			
Adjustment for Collection of Rates and anticipated changes during the year for successful Appeals against Valuation Banding, New Properties, Demolitions, Disabled Persons Relief and Exempt Properties.			1,882.29
* Reductions For Band A Disabled.			
	Council Tax Base		60,860.63

Collection Fund Note 2 Non-Domestic Rates

Non-Domestic Rates are organised on a national basis. The Government specified an amount of 55.5p in 2025/26 (*54.6p in 2024/25*) with a small business rate of 49.9p in 2025/26 (*49.9p in 2024/25*) and, subject to the effects of transitional arrangements, local businesses pay rates that are calculated by multiplying their rateable value by that amount.

The Council is responsible for collecting rates due from the ratepayers in its area but pays 50% of the proceeds over to the Government for onward redistribution in line with need. The Council retains 49% of the proceeds, with the final 1% being passed over to Essex Fire Authority.

After relief and provisions, the Non-Domestic Rates income collectable was £40,993,557 for 2025/26 (*£37,773,039 for 2024/25*). The year-end rateable value for the Council's area was £123,238,321 at 31 March 2026 (*£124,199,865 at 31 March 2025*).

Collection Fund Note 3 Provisions for Non-collection and NNDR Appeals

Within the Collection Fund there are the following provisions.

- A provision of £9.183M as at 31 March 2026 for bad and doubtful debts for Council Tax (£8.093M as at 31 March 2025). Under Council Tax Requirement arrangements, 83.76% of this is attributable to the Council.
- A provision of £0.983M as at 31 March 2026 for bad and doubtful debts for NNDR (£0.961M as at 31 March 2025). Under business rate retention arrangements, 49% of this provision is attributable to the Council.
- A provision of £4.287M as at 31 March 2026 for the potential impact of successful appeals by businesses against their rateable values (£4.221M as at 31 March 2025). Under business rate retention arrangements, 49% of this provision is attributable to the Council.

Collection Fund Note 4 Collection Fund Balance

The Community Charge Collection Fund was closed at 31 March 2007 and any income received after this date has been included in the Council Tax Collection Fund. The balance of £8.491M on the Council Tax Collection Fund is split between Essex Police Authority, Essex Fire Authority and this Council, in proportion to the value of the respective precept demands made by the three authorities on the Collection Fund and will be reflected in future year's council tax.

Under Business Rates retention, the deficit balance of £3.585M on the NNDR Collection Fund is split between Central Government, Essex Fire Authority, and this Council, in the statutory proportions 50%, 1% and 49% respectively.

	31 March 2026 £000	31 March 2025 £000
Council Tax - Southend-on-Sea City Council	7,115	6,951
Council Tax - Essex Police Authority	1,030	1,000
Council Tax - Essex Fire Authority	346	336
NNDR - Southend-on-Sea City Council	(1,757)	(2,524)
NNDR – Government	(1,792)	(2,576)
NNDR - Essex Fire Authority	(36)	(52)
Total	4,906	3,135
	31 March 2026 £000	31 March 2025 £000
Shown on Balance Sheet as:		
Collection Fund Adjustment Account	5,358	4,427
Creditors Falling Due Within One Year	(452)	(1,292)
Total	4,906	3,135

Collection Fund Note 5 Impact of Business Rates Multiplier Under Indexing on Collection Fund

An integral part of the Government's fiscal response, initially to the pandemic and more recently to the impact of the prevailing economic conditions, was to provide support (via Councils) to local businesses in the form of under indexing the Business Rates Multiplier (whereby the multiplier increases by less than the rate of inflation). Local businesses pay rates that are calculated by multiplying their rateable value by that amount.

This national policy response restricted the increase in the value of business rate income available to be collected at a local level. This meant that the level of business rate income collectable within the Council's Collection Fund was lower than it would otherwise have been. To compensate the Council for this reduction an equivalent value of Section 31 grant was received from the Government into the General Fund.

THE GROUP ACCOUNTS

Introduction

Many local authorities now provide services through partner organisations which operate under the control of the Council.

The Code requires that, where a Council has material financial interests and a significant level of control over one or more entities, it should prepare Group Accounts.

Southend-on-Sea City Council has reviewed the relationships it has with its partner organisations to determine the scope of the Council Group.

Wholly Owned Subsidiaries

As at 31 March 2026, the Council had five wholly owned companies that it considers to fall within the legal definitions of group accounts. These are:

- South Essex Homes Limited (Company registration number 05453601)
- Southend Care Ltd (Company registration number 10138562)
- Porters Place Southend-on-Sea LLP (Company registration number OC427026)
- Southend Housing Limited (Company registration number 10181058), and
- Vecteo Ltd (Company registration number 12087470) (formerly LHCS and Southend Travel Partnership Limited)

Southend-on-Sea City Council established an Arm's Length Management Organisation registered as South Essex Homes Limited on 16 May 2005 and transferred responsibility for the management of its housing stock to the company on 24 October 2005. South Essex Homes Limited has no share capital, is limited by guarantee and is controlled by the Council. The Council is committed to meet all accumulated deficits or losses.

Southend Care Ltd is a company that has been established to deliver a range of adult social care services previously provided by the Council directly. The Council transferred several of its provider services to the company as at 1 April 2017.

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 a 30-year partnership with Swan Housing Association and their wholly owned subsidiary Swan BQ Limited. Swan BQ Limited exited as a member of Porters Place Southend-on-Sea LLP on 28 November 2023 and Southend Housing Limited was appointed as a member on 19 June 2024. The Council has 99.9% of the voting rights with Southend Housing Limited having the remaining 0.1%. As Southend Housing Limited is a wholly owned subsidiary of the Council, Porters Place Southend-on-Sea LLP has been treated as a wholly owned subsidiary for the purposes of these group accounts.

Southend Housing Limited has yet to trade but was appointed as a member of Porters Place Southend-on-Sea LLP on 19 June 2024.

LHCS and Southend Travel Partnership Limited was incorporated on 5th July 2019 and was established as a vehicle through which the Council can provide passenger transport. The company commenced trading on 1 March 2020. The company was a partnership between Southend-on-Sea City Council and London Hire Community Services Ltd and the Council had a 49% holding. On 12 May 2023 the Council became the 100% shareholder of the company. On 20 December 2024 the company changed its name to Vecteo Ltd. On 1 September 2025 South Essex Property Services Limited took over operational control of Vecteo Ltd.

Of the five companies, South Essex Homes Limited and Southend Care Limited are the only subsidiary companies that have been judged to be material to the Council in both the current and the previous year. Porters Place Southend-on Sea LLP is judged to be material to the Council in the current year and has been included in the consolidation for 2025/26. This subsidiary was immaterial in the prior year and therefore was excluded from the consolidation in 2024/25. The other subsidiaries are immaterial in total and are hence excluded from the consolidation.

Joint Ventures

As at 31 March 2026 the Council participated in two joint ventures, where it has a significant level of control. These are:

- Southend-on-Sea Forum Management Limited (Company registration number 07830172)
- Airport Business Park Southend Management Ltd (Company registration number 11441062)

Southend-on-Sea Forum Management Limited has been established as a vehicle through which The Forum Southend-on-Sea is managed. The Forum Southend-on-Sea is a partnership between Southend-on-Sea City Council, the University of Essex, and South Essex College. The Forum Southend-on-Sea is also the home of the Focal Point Gallery. The Council has equal voting rights to the other two partners.

Airport Business Park Southend Management Ltd has been established as a vehicle through which the Airport Business Park will be managed. The development is a partnership between Southend-on-Sea City Council and Henry Boot Developments Limited. The Council has a majority shareholding linked to its majority land ownership and shares are distributed with plots as they are sold. The Council is not a director on this company but does attend all management company meetings.

For both these joint ventures, the Council's proportions of net assets are immaterial to the accounts and therefore have not been consolidated into the group accounts.

Trust Funds

The Council is responsible for administering several trust funds. These funds are not Council assets, so they are not included in the Council's own balance sheet. The Council prepares the accounts for these trusts which are subject to audit or examination in accordance with the requirements of the Charity Commission.

At the 31 March 2026, the Council was sole trustee of eight trust funds. Although the Council would require the agreement of the Charity Commission to alter the aims and objectives of the Charities, or indeed to dispose of any charity assets, the Council does have significant control over the day to day operations.

The purpose of each trust fund is set out below:

Beecroft Art Trust

The promotion of the study of art, music and literature.

Jones Memorial Recreation Ground Trust

The provision and maintenance of a recreation ground for the benefit of children and young persons who have not reached the age of 25 years and are resident in the city of Southend-on-Sea, without distinction of political, religious or other opinions.

The Palace Theatre Charity

The Palace Theatre was conveyed to the Council by Mrs GE Mouillot in a deed of gift as an expression of her interest and goodwill towards the then County Borough Council. The Theatre is used for the general benefit of the inhabitants of Southend-on-Sea.

Prittlewell Priory Museum Trust

To provide a museum for the general benefit of the inhabitants of Southend-on-Sea.

Priory Park Trust

To be dedicated, held, used and enjoyed as and for the purposes of a public park for the benefit of the inhabitants of the City of Southend-on-Sea and the recreation of the public area.

The Shrubbery Trust

For the enjoyment of the public as an open space under the Open Spaces Act 1906.

Victory Sports Ground Trust

A public park to be known as the "Victory Sports Ground" for the benefit of the inhabitants of the City of Southend-on-Sea and the recreation of the public.

Youth Commemoration Ground Trust

The provision and maintenance of a recreation ground for the benefit of children and young persons who have not reached the age of 25 years and are resident in the City of Southend-on-Sea.

The assets of these trusts were donated by individuals to provide facilities for the good of the local community.

Group Accounting Policies

South Essex Homes Limited, Southend Care Limited, Porters Place Southend-on-Sea LLP and the Trust Fund accounting policies are consistent with the Group accounting policies with the following exceptions:

The accounts of South Essex Homes Limited and Southend Care Limited are both prepared in accordance with the requirements of the Companies Act.

The Group accounting policy is that Cash and Cash Equivalents are represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. South Essex Homes Limited's accounting policy is that cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours and cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Group Balance Sheet, the figures for Short Term Investments and Cash and Cash Equivalents have been aligned to the Group accounting policy.

Southend-on-Sea City Council owns Brook Meadows House, the care home that is run by Southend Care Ltd, and the asset is therefore included in the Council's single entity accounts. Under the IFRS16 Leases standard Southend Care Ltd have included Brook Meadows House within their accounts too. In preparing these group accounts this duplication has been removed. In the Group Comprehensive Income and Expenditure Account, the gross expenditure and gross income figures for Social Care and Healthier Communities have been adjusted. In the Group Balance Sheet, the figures for Property, Plant and Equipment, Short Term Creditors, Long Term Borrowing and Usable Reserves have been adjusted.

The members of Porters Place Southend-on-Sea LLP have chosen to continue to adopt a non-going concern basis of accounting in preparing the 2025/26 financial statements. Accordingly, work in progress has been impaired down to recoverable value less costs to sell. This is a departure from the standard rules set out in the requirements of FRS102 due to the financial statements being prepared on a non-going concern basis.

Group Comprehensive Income and Expenditure Statement

2024/25				2025/26		
Gross Expenditure £000 Reclassified	Gross Income £000 Reclassified	Net Expenditure £000 Reclassified		Gross Expenditure £000	Gross Income £000	Net Expenditure £000
32,360	(20,719)	11,641	Leader: Infrastructure and Corporate Strategy	36,600	(19,369)	17,231
9,766	(6,560)	3,206	Deputy Leader: Housing and Planning	10,451	(8,715)	1,736
33,200	(8,938)	24,262	Business, Culture, Music and Tourism	18,411	(6,579)	11,832
145,627	(82,726)	62,901	Children, Learning and SEND	160,939	(97,886)	63,053
27,571	(4,505)	23,066	Climate, Environment and Waste	32,002	(6,495)	25,507
8,180	(4,848)	3,332	Community Safety and Regulatory Services	19,003	(5,648)	13,355
78,801	(65,066)	13,735	Finance, Assets and Public Transport	76,546	(57,256)	19,290
3,672	(2,808)	864	Regeneration and Law and Governance	9,301	(1,602)	7,699
114,064	(49,814)	64,250	Social Care and Healthier Communities	115,847	(53,919)	61,928
453,241	(245,984)	207,257	Net Cost of General Fund Services	479,100	(257,469)	221,631
28,505	(37,183)	(8,678)	Local Authority Housing (HRA)	87,557	(32,130)	55,427
28,505	(37,183)	(8,678)	Net Cost of Housing Revenue Account Services	87,557	(32,130)	55,427
481,746	(283,167)	198,579	Cost of Services	566,657	(289,599)	277,058
		305	Other Operating Expenditure			7,720
		2,762	Financing and Investment Income and Expenditure			9,182
		(196,120)	Taxation and Non-Specific Grant Income			(217,300)
		5,526	Deficit on Provision of Services			76,660
		0	Tax Expenses of Subsidiary			175
		5,526	Group Deficit			76,835
		(25,401)	(Surplus)/Deficit on Revaluation of Property, Plant and Equipment Assets			(59,776)
		2,201	Actuarial (gains)/losses on Pension Assets/Liabilities			5,147
		(23,200)	Other Comprehensive Income and Expenditure			(54,629)
		(17,674)	Total Comprehensive Income and Expenditure			22,206

Group Movement in Reserves

	Usable Reserves £000	Unusable Reserves £000	Total Group Reserves £000
Balance at 31 March 2024	203,417	517,659	721,076
Movement in Reserves during 2024/25			
Deficit on the Provision of Services	(5,526)	0	(5,526)
Other Comprehensive Income and Expenditure	0	23,200	23,200
Total Comprehensive Income and Expenditure	(5,526)	23,200	17,674
Adjustments between accounting basis and funding basis under regulations	(2,571)	2,571	0
Net Increase before Transfers to reserves	(8,097)	25,771	17,674
Transfers to / from Earmarked Reserves	0	0	0
Increase in 2024/25	(8,097)	25,771	17,674
Balance at 31 March 2025	195,320	543,430	738,750
Movement in Reserves during 2025/26			
Balance at 1 April 2025 – Porters Place Southend-on-Sea LLP	(4,778)	0	(4,778)
Deficit on the Provision of Services	(76,835)	0	(76,835)
Other Comprehensive Income and Expenditure	0	54,629	54,629
Total Comprehensive Income and Expenditure	(76,835)	54,629	22,206
Adjustments between accounting basis and funding basis under regulations	57,464	(57,464)	0
Net Increase/(Decrease) before Transfers to reserves	(19,371)	(2,835)	(22,206)
Transfers to / from Earmarked Reserves	0	0	0
Increase/(Decrease) in 2025/26	(19,371)	(2,835)	(22,206)
Balance at 31 March 2026	171,171	540,595	711,766

Group Balance Sheet

31 March 2025 £000		31 March 2026 £000
	Property, Plant & Equipment (excluding infrastructure assets)	759,295
765,769		
143,091	Infrastructure Assets	151,133
13,829	Right of Use Assets	19,505
33,694	Heritage Assets	33,772
40,498	Investment Property	41,843
6,940	Intangible Assets	6,587
31,531	Long Term Investments	31,434
2,141	Long Term Debtors	2,243
0	Other Long Term Assets – Pensions	2,448
1,037,493	Long Term Assets	1,048,260
	Short term Investments	24,104
49,713		
1,055	Assets Held for Sale	1,055
233	Inventories	231
41,997	Short Term Debtors	45,899
24,056	Cash and Cash Equivalents	29,921
117,054	Current Assets	101,210
	Short Term Borrowings	(23,513)
(1,863)		
(44,182)	Short Term Creditors	(62,080)
(7,972)	Provisions	(6,535)
(54,017)	Current Liabilities	(92,128)
	Long Term Creditors	(7,903)
(3,545)		
(346,920)	Long Term Borrowing	(325,033)
	Other Long Term Liabilities - Pensions	(4,652)
(2,968)		
(8,347)	Other Long Term Liabilities - Other	(7,988)
(361,780)	Long Term Liabilities	(345,576)
738,750	Net Assets	711,766
	Usable Reserves	171,171
195,320		
543,430	Unusable Reserves	540,595
738,750	Total Reserves	711,766

Group Cash Flow Statement

2024/25		2025/26
£000		£000
5,526	Net Deficit on the Provision of Services	76,835
(29,632)	Adjustments to Net Surplus or Deficit on the Provision of Services for non-cash Movements	(97,431)
23,945	Adjustments for items included in the Net Surplus or Deficit on the Provision of Services that are Investing and Financing Activities	41,995
(161)	Net cash flows from Operating Activities	21,399
9,934	Investing Activities	(25,339)
5,463	Financing Activities	(1,917)
15,236	Net (Increase)/Decrease in Cash and Cash Equivalents	(5,857)
(39,292)	Cash and Cash Equivalents at the beginning of the Reporting Period	(24,056)
0	Cash and Cash Equivalents at the beginning of the Reporting Period – Porters Place Southend-on-Sea LLP	(8)
(24,056)	Cash and Cash Equivalents at the end of the Reporting Period	(29,921)

Notes to the Group Accounts

The notes have only been produced where they are materially different to the notes supplied with the Council's primary statements, or where it adds significant contextual information.

Group Note 1 Details of Subsidiary Companies

South Essex Homes Limited – Company registration number 05453601

Southend Care Limited – Company registration number 10138562

Porters Place Southend-on-Sea LLP - Company registration number OC427026

Group Note 2 Financial Performance Subsidiary Companies

	2025/26				2024/25		
	South Essex Homes Ltd	Southend Care Ltd	Porters Place Southend-on-Sea LLP	Total	South Essex Homes Ltd	Southend Care Ltd	Total
	£000	£000	£000	£000	£000	£000	£000
Income	(19,484)	(11,344)	(1,004)	(31,832)	(17,842)	(11,544)	(29,386)
Expenditure	19,503	10,725	4,083	34,311	16,135	10,938	27,073
Long Term Assets	2,477	2,971	0	5,448	27	3,466	3,493
Current Assets	10,355	6,424	2,547	19,326	7,891	4,339	12,230
Current Liabilities	(6,253)	(3,727)	(10,404)	(20,384)	(3,285)	(2,304)	(5,589)
Long Term Liabilities	0	(2,997)	0	(2,997)	0	(3,392)	(3,392)
Net Assets	6,579	2,671	(7,857)	1,393	4,633	2,109	6,742
Usable Reserves	4,131	2,671	(7,857)	(1,055)	4,633	2,109	6,742
Unusable Reserves	2,448	0	0	2,448	0	0	0
Total Reserves	6,579	2,671	(7,857)	1,393	4,633	2,109	6,742

Trust Funds

2025/26	Beecroft Art Gallery	Jones Memorial Trust	Palace Theatre Charity	Prittlewell Priory Museum Trust	Priory Park Trust	The Shrubby Trust	Victory Sports Ground Trust	Youth Commemoration Ground Trust	Total Trusts
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Income	(171)	(190)	(47)	(157)	(203)	(24)	(43)	(735)	(1,570)
Expenditure	171	59	87	305	240	9	43	757	1,671
Revaluation	0	0	(80)	0	0	0	0	(1,376)	(1,456)
Property, Plant and Equipment	0	22	1,259	436	442	0	10	13,506	15,675
Heritage Assets	1,969	0	0	1,449	0	0	0	0	3,418
Investment Property	0	0	0	0	84	484	0	0	568
Other Current Assets	1,288	279	1	6	1	620	1	4,556	6,752
Other Liabilities	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(5)	(12)
Net Assets	3,256	300	1,259	1,890	526	1,103	10	18,057	26,401
Usable Reserves	0	278	0	441	0	619	0	4,551	5,889
Unusable Reserves	3,256	22	1,259	1,449	526	484	10	13,506	20,512
Total Reserves	3,256	300	1,259	1,890	526	1,103	10	18,057	26,401

2024/25	Beecroft Art Gallery	Jones Memorial Trust	Palace Theatre Charity	Prittlevell Priory Museum Trust	Priory Park Trust	The Shrubbery Trust	Victory Sports Ground Trust	Youth Commemoration Ground Trust	Total Trusts
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Income	(213)	(53)	(61)	(124)	(240)	(28)	(36)	(496)	(1,251)
Expenditure	213	46	100	272	277	9	36	494	1,447
Property, Plant and Equipment	0	22	1,219	463	479	0	10	12,425	14,618
Heritage Assets	1,969	0	0	1,570	0	0	0	0	3,539
Investment Property	0	0	0	0	84	484	0	0	568
Other Current Assets	1,288	148	1	6	1	604	1	4,283	6,332
Other Liabilities	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(4)	(11)
Net Assets	3,256	169	1,219	2,038	563	1,087	10	16,704	25,046
Usable Reserves	0	147	0	468	0	604	0	4,279	5,498
Unusable Reserves	3,256	22	1,219	1,570	563	483	10	12,425	19,548
Total Reserves	3,256	169	1,219	2,038	563	1,087	10	16,704	25,046

Group Note 3 Intercompany transactions

South Essex Homes Limited

The Council paid fees of £8.276M to South Essex Homes Limited for the management of its housing stock, £5.718M as service charges, together with £0.878M in respect of other services.

The Council provides several services for its subsidiary for which South Essex Homes Limited paid £1.123M. These transactions have been removed from the Group Comprehensive Income and Expenditure Statement.

Southend Care Limited

The Council paid fees of £8.971M to Southend Care Limited for the provision of adult social care services.

The Council provides several services for its subsidiary for which Southend Care Limited paid £0.273M. These transactions have been removed from the Group Comprehensive Income and Expenditure Statement.

Porters Place Southend-on-Sea LLP

Payments of £5.272M were made to Porters Place Southend-on-Sea LLP to fund the highways infrastructure works as part of the Better Queensway project. £4.268M was funded by the Homes England Highways Infrastructure Fund and has been recognised in the LLP accounts as a grant receipt in advance. The remaining £1.004M has been recognised as other income. These transactions have been removed from the Group Comprehensive Income and Expenditure Statement.

Trust Accounts

The Trusts generate little or no income in their own right. As such the Council provides either free services or a direct operating subsidy, by way of a grant. In addition, the Council paid interest on cash balances held. In total the Council supported the operation of the Trusts by £2.720M in 2025/26. These transactions have been removed from the Group Comprehensive Income and Expenditure Statement

All intra company debtor and creditor balances in the individual entities primary statements have been removed from the Group Balance Sheet.

Group Note 4 Property, Plant and Equipment

The Property, Plant and Equipment line of the Group Balance Sheet is materially different from the single entity's Balance Sheet. The categories of asset affected are as follows:

Movements in 2025/26	Other Land & Buildings £000	Vehicles, Plant, Furniture & Equipment £000
Cost or Valuation as at 1 April 2025	293,152	23,485
Additions	4,311	4,676
Revaluations via Revaluation Reserve	5,027	0
Revaluations recognised in the CIES	(1,824)	(457)
Indexation via Revaluation Reserve	(4,165)	0
Indexation recognised in the CIES	(158)	0
Disposals	(9,770)	(223)
Transfers	2,449	154
Gross Book Value as at 31 March 2026	289,022	27,635
Accumulated Depreciation as at 1 April 2025	(10,736)	(12,212)
Depreciation	(4,874)	(968)
Written out to Revaluation Reserve on Revaluation	792	0
Written out to the CIES on Revaluation	257	0
Written out to Revaluation Reserve on Indexation	11,800	0
Written out to the CIES on Indexation	731	0
On Disposals	825	190
On Transfers	9	(134)
Accumulated Depreciation as at 31 March 2026	(1,196)	(13,124)
Net Book Value as at 31 March 2025	282,416	11,273
Net Book Value as at 31 March 2026	287,826	14,511

Movements in 2024/25	Other Land & Buildings £000	Vehicles, Plant, Furniture & Equipment £000
Cost or Valuation as at 1 April 2024	297,696	24,203
IFRS 16 implementation - reclassification of existing finance leased asset to Right of Use assets	(8,244)	(523)
Additions	4,678	1,080
Revaluations via Revaluation Reserve	8,770	0
Revaluations recognised in the CIES	(7,827)	(291)
Disposals	0	(874)
Transfers	(1,921)	(110)
Gross Book Value as at 31 March 2025	293,152	23,485
Accumulated Depreciation as at 1 April 2024	(11,470)	(12,285)
IFRS 16 implementation - reclassification of existing finance leased asset to Right of Use assets	1,188	337
Depreciation	(4,889)	(952)
Written out to Revaluation Reserve	3,672	0
Written out to the CIES	729	0
On Disposals	0	688
On Transfers	34	0
Accumulated Depreciation as at 31 March 2025	(10,736)	(12,212)
Net Book Value as at 31 March 2024	286,226	11,918
Net Book Value as at 31 March 2025	282,416	11,273

Group Note 5 Heritage Assets

The Heritage Assets line of the Group Balance Sheet is significantly different from the single entity's Balance Sheet. The categories of asset affected are as follows:

	Historic Seaside Assets	Heritage Land & Buildings	Antiques & Collectables	Museum Collections	Total Heritage Assets
Movements in 2025/26	£000	£000	£000	£000	£000
Cost or Valuation as at 1 April 2025	26,736	5,137	2,865	1,557	36,295
Additions	719	45	3	0	767
Revaluations via Revaluation Reserve	(305)	0	0	0	(305)
Revaluations recognised in the CIES	(666)	(45)	0	0	(711)
Gross Book Value as at 31 March 2026	26,484	5,137	2,868	1,557	36,046
Accumulated Depreciation as at 1 April 2025	(519)	(2,082)	0	0	(2,601)
Depreciation	(529)	(160)	0	0	(689)
Written out to Revaluation Reserve	981	0	0	0	981
Written out to the CIES	35	0	0	0	35
Accumulated Depreciation as at 31 March 2026	(32)	(2,242)	0	0	(2,274)
Net Book Value as at 31 March 2025	26,217	3,055	2,865	1,557	33,694
Net Book Value as at 31 March 2026	26,452	2,895	2,868	1,557	33,772

Movements in 2024/25	Historic Seaside Assets	Heritage Land & Buildings	Antiques & Collectables	Museum Collections	Total Heritage Assets
	£000	£000	£000	£000	£000
Cost or Valuation as at 1 April 2024	31,954	4,857	2,865	1,557	41,233
Additions	684	79	0	0	763
Revaluations via Revaluation Reserve	3,095	280	0	0	3,375
Revaluations recognised in the CIES	(8,997)	(79)	0	0	(9,076)
Gross Book Value as at 31 March 2025	26,736	5,137	2,865	1,557	36,295
Accumulated Depreciation as at 1 April 2024	(2,703)	(2,077)	0	0	(4,780)
Depreciation	(519)	(160)	0	0	(679)
Written out to Revaluation Reserve	1,861	155	0	0	2,016
Written out to the CIES	842	0	0	0	842
Accumulated Depreciation as at 31 March 2025	(519)	(2,082)	0	0	(2,601)
Net Book Value as at 31 March 2024	29,251	2,780	2,865	1,557	36,453
Net Book Value as at 31 March 2025	26,217	3,055	2,865	1,557	33,694

Group Note 6 Defined Benefit Pension Schemes

Alongside the Council, South Essex Homes and Southend Care participates in the Local Government Pension Scheme (LGPS) administered by Essex County Council. The nature of the scheme is set out in full in Note 37 to the single entity accounts, and this note should be read in conjunction with that. The tables below set out where the Group Accounts are materially different from the single entity balance sheet.

Transactions relating to post-employment benefits

We recognise the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. The following transactions have been made in the Group Comprehensive Income and Expenditure Statement and the Statement of Funds / General Fund Balance via the Movement in Reserves Statement during the year:

	2025/26 £000	2024/25 £000
Comprehensive Income and Expenditure Statement		
Cost of Services		
Current Service Cost	10,277	12,564
(Gain) / Loss from Settlement	585	(843)
Cost of Curtailments	461	1,745
Administration Expense	332	472
Financing and Investment Income and Expenditure		
Net Interest Expense	(252)	(215)
Total post-employment benefit charged to the surplus or deficit on the provision of services	11,403	13,723
Other post-employment benefit charged to the comprehensive income and expenditure statement		
Return on plan assets in excess of interest	(29,416)	(1,468)
Other actuarial gains on assets	2,261	0
Change in financial assumptions	(22,711)	(81,696)
Change in demographic assumptions	18,824	(1,447)
Experience (gain)/loss on defined benefit obligation	27,089	(1,576)
Changes in effect of credit ceiling	9,100	88,399
Remeasurements and Other Comprehensive Income and Expenditure	5,147	2,212
Total post-employment benefit (credited) / charged to the Comprehensive Income and Expenditure Statement	16,550	15,935
Movement in Reserves Statement		
Reversal of net charges made to the surplus or deficit for the provision of services for post-employment benefits in accordance with the code	(16,550)	(15,935)
Actual amount charged against the General Fund Balance for Pensions in the year		
Employer's contributions payable to scheme	17,314	16,379

Pension Assets and Liabilities recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the group's obligation in respect of its defined benefit plan is as follows:

Actuarial Gains/(Losses)	2025/26 £000	2024/25 £000
Present Value of the defined benefit obligation	545,470	508,243
Fair Value of Plan Assets	(886,702)	(821,279)
Impact of Asset Ceiling	343,436	316,004
Net Liability arising from defined benefit obligation	2,204	2,968

Reconciliation of Present Value of the Scheme Liabilities (Defined Benefit Obligation)

	2025/26 £000	2024/25 £000
Opening Balance at 1 April	508,243	571,148
Current Service Cost	10,277	12,564
Interest Cost	28,629	27,609
Contributions by Scheme Participants	5,130	4,718
Remeasurement Gains and Losses		
Actuarial gains arising from changes in demographic assumptions	18,824	(1,447)
Actuarial (gains) / losses arising from changes in financial assumptions	(22,711)	(81,696)
Other	27,089	(1,576)
Losses on Curtailments	461	1,745
Benefits Paid	(27,568)	(27,896)
Liabilities extinguished on Settlements	(2,904)	3,074
Closing Balance at 31 March	545,470	508,243

Reconciliation of fair value of the scheme assets

Local Government Pension Scheme assets

The estimated asset allocation as at 31 March is as follows:

	2025/26	2024/25
	£000	£000
Opening Balance at 1 April	821,279	784,699
Interest Income	47,213	38,466
The return on plan assets, excluding the amount included in the net interest expense	29,416	1,468
Other Actuarial Gains	(2,261)	0
Employer Contributions	17,314	16,379
Contributions by Scheme Participants	5,130	4,718
Benefits Paid	(27,568)	(27,896)
Payment of Bulk Transfer Value	(3,489)	3,917
Administrative Expense	(332)	(472)
Closing Balance at 31 March	886,702	821,279

Impact on the Council's Cash Flows

The Group anticipates paying a £14.636M contribution to the scheme in 2026/27.

Group Note 7 Accounts

The financial accounts of South Essex Homes Limited can be obtained from the Chair of the Board, South Essex Homes Limited, Civic Centre, Victoria Avenue, Southend-on-Sea, Essex, SS2 6ER.

The financial accounts of Southend Care Limited can be obtained from the Chair of the Board, Southend Care Limited, Civic Centre, Victoria Avenue, Southend-on-Sea, Essex, SS2 6ER.

The financial accounts of Porters Place Southend-on-Sea LLP can be obtained from Executive Director (Environment and Place), Porters Place Southend-on-Sea LLP, Civic Centre, Victoria Avenue, Southend-on-Sea, Essex, SS2 6ER.

The financial accounts of the Trusts can be obtained from the Executive Director (Finance and Resources), Southend-on-Sea City Council, PO Box 6, Civic Centre, Victoria Avenue, Southend-on-Sea, Essex, SS2 6ER.

Group Note 8 Reclassification of Prior Year Comparatives

Prior period adjustments have been made to the comparative 2024/25 amounts in relation to the following:

The portfolio structure of the Council

The 2024/25 comparatives have been reclassified to reflect changes made to the portfolio structure of the Council in 2025/26, following the start of the 2025/26 municipal year. As a result, the breakdown of income and expenditure into the segmental information as disclosed in the Group Comprehensive Income and Expenditure Statement for the current year has been changed and the comparatives have been reclassified for consistency purposes. The comparative totals for the Net Cost of General Fund Services for Gross Expenditure and Gross Income are the same as the figures in the 2024/25 Statement of Accounts.

The 2024/25 figures as presented in the 2024/25 Group Comprehensive Income and Expenditure Statement:

	Gross Expenditure	Gross Income	Net Expenditure/ (Income)
	£000	£000	£000
Leader: Infrastructure and Corporate Strategy	33,248	(21,308)	11,940
Deputy Leader: Planning, Housing and the Local Plan	9,766	(6,560)	3,206
Children, Young People and SEND	149,051	(83,357)	65,694
Climate, Environment and Waste	25,028	(4,108)	20,920
Community Safety	7,007	(4,336)	2,671
Culture, Tourism and Business	28,852	(5,478)	23,374
Finance, Assets, Investments and Public Transport	78,757	(65,022)	13,735
Regeneration, Major Projects and Regulatory Services	7,468	(6,001)	1,467
Social Care and Healthier Communities	114,064	(49,814)	64,250
Net Cost of General Fund Services	453,241	(245,984)	207,257

The 2024/25 figures as presented in the 2025/26 Group Comprehensive Income and Expenditure Statement:

	Gross Expenditure	Gross Income	Net Expenditure/ (Income)
	£000	£000	£000
Leader: Infrastructure and Corporate Strategy	32,360	(20,719)	11,641
Deputy Leader: Housing and Planning	9,766	(6,560)	3,206
Business, Culture, Music and Tourism	33,200	(8,938)	24,262
Children, Learning and SEND	145,627	(82,726)	62,901
Climate, Environment and Waste	27,571	(4,505)	23,066
Community Safety and Regulatory Services	8,180	(4,848)	3,332
Finance, Assets and Public Transport	78,801	(65,066)	13,735
Regeneration and Law and Governance	3,672	(2,808)	864
Social Care and Healthier Communities	114,064	(49,814)	64,250
Net Cost of General Fund Services	453,241	(245,984)	207,257

ADDITIONAL FINANCIAL INFORMATION

Members' Allowances (unaudited)

Councillors' Allowances		Basic Allowances	Special Allowances	Travel & Subsistence	Total
		£	£	£	£
Elected Councillors					
Allen	S	10,972.58	0.00	106.80	11,079.38
Allen	S	10,972.58	0.00	0.00	10,972.58
Aylen	S	10,972.58	0.00	0.00	10,972.58
Badger	S	10,972.58	60.68	0.00	11,033.26
Berry	M	10,972.58	303.40	0.00	11,275.98
Borton	M	10,972.58	2,743.16	0.00	13,715.74
Buck	K	10,972.58	487.97	0.00	11,460.55
Burton	L	10,972.58	15,362.17	0.00	26,334.75
Campbell	C	10,972.58	7,319.12	0.00	18,291.70
Carty	O	10,972.58	7,319.12	0.00	18,291.70
Collins	P	10,972.58	15,362.17	0.00	26,334.75
Courtenay	J	10,972.58	10,972.58	526.30	22,471.46
Cowan	D	10,972.58	38,404.53	962.70	50,339.81
Cox	T	10,972.58	3,467.35	0.00	14,439.93
Davidson	M	10,972.58	487.97	0.00	11,460.55
Dear	A	10,972.58	0.00	0.00	10,972.58
Dent	M	10,972.58	15,362.17	0.00	26,334.75
Evans	M	10,972.58	0.00	0.00	10,972.58
Faulkner Hatt	M	10,972.58	548.56	387.50	11,908.64
Ferguson	I	10,972.58	548.66	0.00	11,521.24
Folkard	N	10,972.58	15,233.21	0.00	26,205.79
Garston	D	10,972.58	0.00	0.00	10,972.58
Gilbert	I	10,972.58	4,325.52	0.00	15,298.10
Habermel	S	10,972.58	0.00	0.00	10,972.58
Harland	J	10,972.58	548.56	0.00	11,521.14
Hyde	L	10,972.58	15,362.17	518.00	26,852.75
Jones	A	10,972.58	19,750.86	31.80	30,755.24
Jones	D	10,972.58	0.00	0.00	10,972.58
Kinsella	P	10,972.58	0.00	0.00	10,972.58
Longstaff	R	10,972.58	0.00	0.00	10,972.58
McMahon	J	10,972.58	127.16	0.00	11,099.74
McMullen	R	10,972.58	2,743.16	0.00	13,715.74
Moyies	J	10,972.58	0.00	0.00	10,972.58
Mulroney	C	10,972.58	8,229.43	0.00	19,202.01
Murphy	K	10,972.58	0.00	0.00	10,972.58
Nadeem	S	10,972.58	0.00	0.00	10,972.58
Nelson	D	10,972.58	0.00	0.00	10,972.58
Nevin	C	10,972.58	910.23	0.00	11,882.81
Norman	J	10,972.58	2,743.16	0.00	13,715.74
O'Connor	M	10,972.58	5,792.11	0.00	16,764.69
Poulton	D	10,972.58	60.68	0.00	11,033.26
Richardson	D	10,972.58	1,917.08	0.00	12,889.66
Robinson	K	10,972.58	15,362.17	0.00	26,334.75

Councillors' Allowances		Basic Allowances	Special Allowances	Travel & Subsistence	Total
		£	£	£	£
Sadza	M	10,972.58	15,362.17	848.85	27,183.60
Salter	L	10,972.58	2,742.94	0.00	13,715.52
Terry	M	10,972.58	15,362.17	208.33	26,543.08
Wakefield	S	10,972.58	3,167.74	0.00	14,140.32
Ward	N	10,972.58	10,972.58	0.00	21,945.16
Warren	J	10,972.58	0.00	0.00	10,972.58
Webster	C	10,972.58	487.88	0.00	11,460.46
Woodley	R	10,972.58	7,319.12	0.00	18,291.70
Co-opted Members					
Gray	R	0.00	1,371.43	0.00	1,371.43
Hammond	R	0.00	1,371.43	0.00	1,371.43
Mills	P	0.00	1,141.99	0.00	1,141.99
Tetley	J	0.00	444.16	0.00	444.16
Williams	L	0.00	329.15	0.00	329.15
Total		559,601.58	271,927.87	3,590.28	835,119.73

ABBREVIATIONS and GLOSSARY

Abbreviations

ALMO	Arm's Length Management Organisation
CIPFA	Chartered Institute of Public Finance and Accountancy
DfE	Department for Education
DSG	Dedicated Schools Grant
HRA	Housing Revenue Account
IFRS	International Financial Reporting Standard
LLP	Limited Liability Partnership
LGPS	Local Government Pension Scheme
MRICS	Member of the Royal Institute of Chartered Surveyors
MRP	Minimum Revenue Provision
MRR	Major Repairs Reserve
NNDR	National Non-Domestic Rates (Business Rates)
NPV	Net Present Value
OFSTED	Office for Standards in Education, Children's Services and Skills
OMV	Open Market Value
PWLB	Public Works Loan Board
REFCUS	Revenue Expenditure Financed From Capital Under Statute
SEH	South Essex Homes Limited
SOLACE	Society of Local Authority Chief Executives
UEL	Useful Economic Life
VAT	Value Added Tax
VFM	Value For Money

Glossary

Accounting Period	The period of time covered by the accounts, normally a period of twelve months, commencing on 1 April for local Council accounts. The end of the accounting period is the balance sheet date.
Accounting Statements	The Council's Core Financial Statements, Notes and Supplementary Financial Statements.
Accrual	A sum included in the final accounts attributable to the accounting period but for which payment has yet to be made or income received.
Accumulating Absences Account	Accumulating absences are those that are carried forward and can be used in future periods if the current period entitlement is not used in full. In local authorities, annual leave, flexitime, and time in lieu would usually be accumulating. Accumulating absences are typically earned by employees as they provide services. The Government has issued regulations which mean that the Council is only required to fund holiday pay and similar benefits when they are used, rather than when employees earn the benefits. Amounts are transferred to the Accumulated Absences Account until the benefits are used.
Actuary	A suitably qualified independent consultant employed to advise the Council upon the financial position of the Pension Fund.
Amortisation	Amortisation is the writing down of costs to the Comprehensive Income and Expenditure Statement over a number of years.
Appropriations	Appropriations are the transfer of resources between, to and from the various reserves.
Asset	An item having value measurable in monetary terms. Assets can either be defined as non-current or current. A non-current asset has use and value for more than one year whereas a current asset (e.g. inventory or short-term debtors) can readily be converted into cash.
Balance Sheet	A financial statement that summarises the Council's assets, liabilities, and other balances at the end of the accounting period.
Billing Authority	A local authority such as Southend-on-Sea City Council charged by statute with responsibility for the collection of and accounting for council tax and non-domestic rates (NNDR; Business Rates).
Budget	A budget is a financial statement that expresses a Council's service delivery plans and capital investment programmes in monetary terms, covering the financial year.

Budget Requirement	The estimated revenue expenditure on general fund services that needs to be financed from the Council tax, Non-Domestic Rates and Revenue Support Grant, after deducting income from fees and charges, certain specific grants, and any funding from reserves.
Capital Charges	A charge to service revenue accounts to reflect the cost of non-current assets used in the provision of services, such as depreciation.
Capital Expenditure	(or capital spending) – The Local Authorities (Capital Finance and Accounting) (England) Regulations 2023 provides a legal definition of capital expenditure. This includes spending on the acquisition of assets either directly by the Council or indirectly in the form of grants to other persons or bodies. Expenditure that does not fall within this definition must be charged to a revenue account.
Capital Financing	The raising of money to pay for capital expenditure. There are various methods of financing capital expenditure including borrowing, direct revenue financing, usable capital receipts, capital grants, capital contributions and revenue reserves.
Capital Investment Programme	The capital schemes the Council intends to carry out over a specified period.
Capital Receipt	The proceeds from the disposal of land and other assets, so long as the amount is £10,000 or more. Proportions of capital receipts can be used to finance new capital expenditure, within rules set down by the government. They cannot be used for revenue purposes without Secretary of State approval.
CIPFA	Chartered Institute of Public Finance and Accountancy. The principal accountancy body dealing with local government finance.
Collection Fund	A separate fund maintained by a billing authority that records the expenditure and income relating to council tax and non-domestic rates, along with payments to precepting authorities, the national pool of non-domestic rates and its own general fund.
Community Assets	Assets that the Council intends to hold in perpetuity, that have no determinable useful life, and that may have restrictions in their disposal. Examples of community assets are parks and historical buildings.
Comprehensive Income and Expenditure Statement	An account which summarises resources generated and consumed in the provision of services.
Consistency	The concept that the accounting treatment of like items within an accounting period and from one period to the next is the same.

Contingent Asset	A possible asset arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Council's control.
Contingent Liability	A possible obligation arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Council's control. Alternatively, a present obligation arising from past events where it is not probable that a transfer of economic benefits or service potential will be required, or the amount of that obligation cannot be measured with sufficient reliability.
Council Tax	The main source of local taxation to local authorities. Council tax is levied on households within its area by the billing Council and the proceeds are paid into its Collection Fund for distribution to precepting authorities and for use by its own General Fund.
Council Tax Benefit	Assistance provided by billing authorities to adults on low incomes to help them pay their Council Tax bill. The cost to authorities of Council Tax benefit is largely met by government grant.
Creditor	Amounts owed by the Council for works done, goods received, or services rendered before the end of the accounting period but for which payments have not been made by the end of that accounting period.
Debtor	Amounts due to the Council for works done, goods received, or services rendered before the end of the accounting period but for which payments have not been received by the end of that accounting period.
Depreciation	The measure of the cost of the benefits of a non-current asset which have been consumed during the period. Consumption includes the wearing out, using up or other reduction in the useful life of the asset whether arising from use, passage of time or obsolescence through either changes in technology or demand for the goods and services produced by the asset.
Dedicated Schools Grant (DSG)	Grant funding system for schools through specific grant.
Events after the Balance Sheet Date	Events after the balance sheet date are those events, favourable and unfavourable, that occur between the balance sheet date and the date when the Statement of Accounts is authorised for issue. Also referred to as Post Balance Sheet Events.
Exceptional Items	Material items which derive from events or transactions that fall within the ordinary activities of the Council and which need to be disclosed separately by virtue of their size or incidence so that the financial statements give a true and fair view.

External Audit	The independent examination of the activities and accounts of local authorities to ensure the accounts have been prepared in accordance with legislative requirements and proper practices and to ensure the Council has made proper arrangements to secure economy, efficiency, effectiveness and equity in its use of resources.
Lease	A lease is defined as a contract, or part of a contract, that conveys the right to use an asset for a period of time in exchange for consideration. It is treated in the Government's capital control system as a credit arrangement as if it were like borrowing. The value of the Right of Use asset is held on the Council's Balance Sheet
Financial Instruments	A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another.
Financial Regulations	A written code of procedures approved by the Council, intended to provide a framework for proper financial management. Financial regulations usually set out rules on accounting, audit, administrative procedures, and budgeting systems.
General Fund	The main revenue fund of a billing Council. Day-to-day spending on services is met from the fund. Spending on the provision of Council Dwellings, however, must be charged to a separate Housing Revenue Account.
Gross Expenditure	The total cost of providing the Council's services before taking into account income from government grants and fees and charges for services.
Housing Benefits	A system of financial assistance to individuals towards certain housing costs administered by local authorities and subsidised by central Government.
Housing Revenue Account (HRA)	A separate, statutory account inside the General Fund which includes the expenditure and income arising from the provision of housing accommodation by the Council acting as landlord.
Infrastructure Assets	Non-current assets belonging to the Council which do not necessarily have a resale value (e.g. highways).
Internal Audit	An independent appraisal function established by the management of an organisation for the review of the internal control system as a service to the organisation. It objectively examines, evaluates, and reports on the adequacy of internal control as a contribution to the proper, economic, efficient, and effective use of resources.
International Financial Reporting Standard (IFRS)	International Financial Reporting Standards cover particular aspects of accounting practice, and set out the correct accounting treatment, for example, of depreciation. Compliance with these standards is mandatory and any departure from them must be disclosed and explained. The standards originated in the commercial sector and some are not directly relevant to local authority accounts.

Inventory	These comprise one or more of the following categories: goods or other assets purchased for resale; consumable stores; raw materials and components purchased for incorporation into products for sale; products and services in intermediate stages of completion; long term contract balances and finished goods.
Minimum Revenue Provision (MRP)	This is the amount to be set aside for the repayment of debt. Each local Council has a general duty to make an MRP charge to its revenue account each year, which it considers to be prudent.
National Non-Domestic Rate (NNDR)	A standard rate in the pound set by the Government payable on the assessed rateable value of properties used for business purposes. Also known as Non-Domestic or Business Rates.
Net Expenditure	Gross expenditure less specific service income.
Non-Operational Assets	Fixed assets held by the Council but not directly occupied, used, or consumed in the delivery of services. Examples are investment properties or assets surplus to requirements, pending sale or redevelopment.
Operational Assets	Non-current assets held and occupied, used, or consumed by the Council in the direct delivery of those services for which it has a statutory or discretionary responsibility.
Outturn	Actual income and expenditure in a financial year.
Pension Fund	An employees' pension fund maintained by a Council, or group of authorities, in order to make pension payments on retirement of participants. It is financed from contributions from the employing Council, the employee and investment income.
Precept	The levy made by Precepting authorities on billing authorities, e.g. Southend-on-Sea City Council. The major precepting authorities are Essex Police and Crime Commissioner and Essex Fire Authority. The Leigh-on-Sea Town Council also raise money by means of a precept on the billing authority.
Public Works Loan Board (PWLB)	A central government agency which provides long- and medium-term loans to local authorities at interest rates only slightly higher than those at which the Government itself can borrow. Local authorities can borrow a proportion of their requirements to finance capital spending from this source, subject to them being able to afford the interest and principal repayments.
Provision	An amount set aside for liabilities or losses that are certain to arise but owing to their inherent nature cannot be quantified with absolute certainty.
Prudential Code	The Prudential Code, initially introduced in April 2004 and most recently revised in 2021, sets out the arrangements for capital finance in local authorities. It constitutes 'proper accounting practice' and is recognised as such by statute.

Rateable Value	The annual assumed rental value of a property that is used for business purposes.
Revenue Expenditure Financed from Capital under Statute (REFCUS)	Capital expenditure which may be properly treated as such, but which does not result in, or remain matched with, tangible fixed assets. An example of REFCUS would be capital expenditure on improvement grants.
Reserves	The accumulation of surpluses and deficits over past years. Reserves of a revenue nature are available and can be spent or earmarked at the discretion of the Council.
Revenue Support Grant	A grant paid by the Government to Councils, contributing towards the costs of their services, as opposed to specific grants, which may only be used for a specific purpose.
Right of Use Asset	This represents a lessee's right to use an underlying asset during the lease term. It is subject to depreciation and impairment similar to other fixed assets.
Section 151 Officer	Section 151 of the Local Government Act 1972 requires local authorities to make arrangements for the proper administration of their financial affairs and appoint a S151 Officer, also known as a Chief Finance Officer, to have responsibility for those arrangements.
Section 31 Grants	A grant issued by a Minister of State under Section 31 of the Local Government Act 2003.
Specific Grants	The term used to describe all government grants – including supplementary and special grants – to local authorities that are to be used for a particular purpose, as opposed to non-service specific grants such as revenue support grant.
Subjective Analysis	This is an analysis of income or expenditure according to type. Such expenditure headings are wages and salaries, capital charges, building maintenance, consumable materials. On the income side, the examples are government grant, fees, and charges.
Supplementary Financial Statements	Additional financial statements comprising the Housing Revenue Account and Collection Fund. Together with the Core Financial Statements they comprise the Council's Accounting Statements.
Trust Funds	Funds administered by the Council for such purposes as charities and specific projects usually resulting from individual legacies and donations.
Value for Money (VFM)	A term that describes a service or product that demonstrates a good balance between its cost, quality, and usefulness to the customer. A VFM audit considers the economy, efficiency, effectiveness and equity of a Council service, function, or activity.

ANNUAL GOVERNANCE STATEMENT

Annual Governance Statement for the Year Ended 31 March 2026

Executive Summary

This statement summarises the outcome of Southend-on-Sea City Council’s review of the effectiveness of the governance arrangements that have been in place during 2025/26.

We have been advised on the result of the review of effectiveness of the governance framework by the Audit & Governance Committee and, although the arrangements fundamentally achieve their aims, meet the needs of the council and provide satisfactory assurance, it is recognised that there is scope for further development to ensure these are as effective as possible. Work is underway to make the necessary improvements, as set out in the action plan for 2026/27.

We also commit to proactively monitoring and responding to challenges that the authority may see in 2026/27 to maintain effective governance arrangements.

Leader of the Council

Signed.....

Date:

Chief Executive

Signed.....

Date:

Introduction

Southend-on-Sea City Council (the council) is responsible for ensuring that its 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. It has a duty under the Local Government Act 1999 to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency, and effectiveness.

In discharging this overall responsibility, the council is responsible for ensuring the proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions, including arrangements for the management of risk, are in place. This responsibility extends to satisfying itself that there are robust governance arrangements between the council and its subsidiaries.

Southend's Local Code of Governance was reviewed in 2023/24 and the format updated to reflect the seven principles of the CIPFA / SOLACE framework "Delivering Good Governance in Local Government 2016". A further review will take place in 2026/27.

This Annual Governance Statement explains how the council has complied with its Local Code of Governance and meets the requirements of Section 6 of the [Accounts and Audit Regulations 2015](#) in relation to the production and publication of an Annual Governance Statement.

The Purpose Of The Annual Governance Statement (AGS)

The aims of the AGS are to report the arrangements for stewardship of the Council to support good governance, compliance with the Council's Local Code of Governance, reflect the changes affecting governance in local government, encourage robust reviews of governance arrangements and improve accountability to stakeholders, including local communities.

The Governance Framework

The governance framework comprises the structures, systems, processes, culture, and values, by which the council is directed and controlled and the activities through which it is accountable to, engages with, and leads the community. It enables the council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money.

The council's Governance Framework is reviewed annually to ensure its continuing effectiveness regarding the seven CIPFA / SOLACE principles of delivering good governance.

Key highlights from the Governance Framework in place are shown against each of the seven principles. These seven principles echo the seven Principles of Public Life also known as the Nolan Principles and form a key part of the Code of Conduct for Councillors in the Council's constitution.

The governance framework has been in place at the council for the year ended 31 March 2026 and up to the date of approval of the Annual Statement of Accounts.

Our Assessment of Effectiveness

The council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control.

The review of effectiveness is informed by:

- the work of the Senior Leadership Network which has responsibility for the development and maintenance of the governance environment
- the work of Cabinet and the Committees, including the Audit & Governance Committee, Scrutiny Committees
- the Head of Internal Audit's annual report
- comments made by external auditors and other external agencies and inspectorates.

The Chief Executive has the responsibility for overseeing the implementation and monitoring of the Local Code of Corporate Governance.

Reports to CLT and the Audit & Governance Committee set out weaknesses identified in governance arrangements and any corrective action necessary to resolve concerns identified.

The Annual Governance Statement has been prepared through engagement with a range of officers across the council.

As well as the annual review, the governance and control frameworks are maintained and reviewed by a series of comprehensive processes throughout the year. These include:

- A robust Internal Audit function where the planned work is based on identified key risk areas.
- The council's Internal Audit Service arrangements conformed to the Global Internal Audit Standards from 1 April 2025.
- A risk management process which ensures corporate risks are captured and reported to CLT and councillors.
- A comprehensive budget monitoring process with reporting regularly to CLT and Cabinet.
- An evidenced based self-assessment against each of the 17 standards contained within the CIPFA Financial Management Code (see Principle F).

The outcome of this review of effectiveness is presented below, which includes a summary of key actions, internal audits annual conclusion, improvements made during 2025/26 and areas for improvement during 2026/27.

Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

The council's Monitoring Officer is recognised as a key role within the council and sits within the Corporate Leadership Team (CLT) where their advice and expertise can oversee and inform all issues of strategic importance. The role is responsible for upholding ethical standards, which includes the maintenance of the Constitution and for reviewing its relevance and effectiveness, ensuring that it is always fit for purpose. All but minor changes or those required by law to the Constitution will be considered by the Standards Committee which will recommend appropriate changes to Council. The approval of Council is required before any substantive changes to the Constitution are implemented. The Monitoring Officer has authority to make changes required by law plus typographical and grammatical amendments and corrections to the Constitution. The Constitution is reviewed regularly, and a full refresh was undertaken in 2024/25 with a 6-month review taking place in September 2025. The Monitoring Officer also has a duty to report unlawfulness under s 5 of the Local Government and Housing Act 1989.

The council's financial management arrangements comply with the governance requirements of the [CIPFA "Statement on the Role of the Chief Financial Officer in Local Government"](#) (2016). The Chief Financial Officer (CFO) occupies a key position in managing the council's finances and ensuring that resources are used wisely to secure positive results and desired outcomes. They have statutory responsibility for the proper management of the council's finances and is a key member of the Corporate Leadership Team.

The Chief Finance Officer is responsible for ensuring that the annual Statement of Accounts is prepared in accordance with the Code of Practice on Local Authority Accounting in The United Kingdom.

The audit of the 2024/25 accounts is complete, and the audited accounts were published on 13 January 2026, thereby meeting the statutory backstop date of 27 February 2026. The external auditors issued an unqualified opinion on the Council's accounts and an unmodified opinion on the Council's Value for Money arrangements. As a result, this Council is the only one out of the 15 local authorities across Greater Essex with fully up to date audits and unmodified opinions on the Statement of Accounts for all past years.

The council's cross-party Standards Committee promotes and maintains ethical standards of conduct for elected members, helping to oversee the Councillors' Code of Conduct and to monitor the effectiveness of the Councillors' Code of Conduct whilst also dealing with formal complaints against councillors. This year, the Monitoring Officer resolved all Code of Conduct complaints in line with the Constitution without need for escalation to the Standards Committee. The Standards Committee also conducted the Member-led full review of the Council's constitution during 2024. As requested by Council on 12th December 2024 when it approved the Council's constitution, a 6-month review was commenced in September 2025 culminating in a report to Council on 19th March 2026 which approved further amendments as a result of the review.

The council has introduced an online system for the submission of complaints under the Code of Conduct against Councillors. This has made it easier for Complainants to access the complaints system and distinguishes it more clearly from that for general complaints. The ability to submit a complaint by email or in hardcopy remains.

Section 28 of the Localism Act 2011 requires that each local authority appoint at least one Independent Person. The Monitoring Officer undertook a refreshed recruitment of Independent Persons (IP's) which resulted in the appointment of three IP's who will hold office for four years. Following the departure of one of the IPs, there are now two, this is compliant with the legislation and operating effectively.

Policies and procedures on councillor and officer declarations of interests and of gifts and hospitality are publicly available, and the requirements are set out clearly within the Code of Conduct for Councillors. Declaration of interests remain a standing item on all Committee, Cabinet and Full Council meeting agendas. Regular prompts are sent to councillors regarding maintaining formal declarations to form an accurate Register of Interests and the Monitoring Officer maintains the Register, which is published on the website under the profile for each Councillor.

The council's key governance and business planning processes are also subject to audit on a risk assessed basis. Such work completed during the year forms part of the evidence in support of the Head of Internal Audit's annual opinion on the adequacy and effectiveness of the council's system of internal control.

A complaints procedure and a whistleblowing policy are in place and made available to members of the public, employees, partners and contractors. They are kept under review to enable issues to be raised by public, staff, councillors, and co-opted councillors, when they feel appropriate

standards have not been met. Staff are made aware of the policies as part of the induction process. Complaints received and investigated effectively under the policy show good awareness of an effective policy and appropriate investigations.

A report analysing complaints, comments and compliments is submitted to Audit & Governance Committee annually. Within the report the Monitoring Officer also reports on the council's annual feedback from the Local Government and Social Care Ombudsman and the outcome of investigations during the year by the Ombudsman where fault was found. This report is made to the October Audit & Governance Committee to align with the Ombudsman's publication of their annual letter and supporting data. Should an investigation reveal fault of a serious nature (as defined by the Ombudsman) it would be reported separately to Cabinet or the relevant Committee.

In addition to the annual report, Audit & Governance Committee may receive updates and supplementary reports by request, although this was not required in 2025/26.

The Corporate Finance and Performance Board (CFPB) receive a monthly complaints performance report. Outstanding and overdue complaints are reported to Corporate Leadership Team and their assistance sought with resolution as required. The general complaints process has been reviewed to be more closely aligned with the Ombudsman's new Complaint Handling Code and guidance which came fully into effect from April 2026.

Over the past year the council has continued its work to significantly improve its assurance in several areas of activity including data security, complaints handling and Freedom of Information requests and Subject Access Requests. The Information Governance Update and Senior Information Risk Owner (SIRO) Annual Report 2025/26 provides a summary of the council's key actions regarding information governance and information risk management during 2025/26 and is reported to Audit & Governance Committee.

The significant improvement in response times to Freedom of Information (FOI) requests achieved during 2024/25 has been maintained during 2025/26. The required level of 90% or more of requests being responded to in time has been consistently achieved with 96.49% of requesters receiving a reply on time. More detail will be provided in the SIRO's annual report to Audit & Governance Committee.

The number of Subject Access Requests (SAR) received has increased, from 211 requests to 281 in 2025/26. This is a 33% increase on numbers received in 2024/25 and an 86% increase on 2023/24. Although during 2025/26 the council did not meet its obligations to process all requests within the timescales prescribed by the Data Protection Act, compliance has further improved. The increased volume has been absorbed and the number of cases being replied to on time increased by 16.58% to 60.55%. More detail will be provided in the SIRO's annual report to Audit & Governance Committee.

Continuous review of work practice facilitated improved performance. Continued focus and review of work practice during 2026/27 will further improve the situation.

Principle B: Ensuring openness and comprehensive stakeholder engagement

The council's Communications & Engagement Strategy aims to take a proactive and priority-based approach with residents, staff and other stakeholders in the council's complex local environment. Key principles include anticipating, enabling, engaging, informing, and celebrating. The strategy has been refreshed in 2025 to align with the council's vision and priorities, as well as being further reviewed post-election in May 2026.

The council follows a media protocol, which has due regard for the national Publicity Code and the council's own Constitution and ensures fair and objective communication. Sign-off processes for proactive media releases and reactive media enquiries involve senior officers and cabinet members, with exceptions during pre-election periods where cabinet members may be briefed or updated if appropriate.

A vast array of information is accessible to the public via the council's website in an accessible and understandable style appropriate to the intended audience.

The council has an [FOI publication scheme](#) on its website and also [publishes certain information in line with the Local Government Transparency Code 2015](#). The council's [Annual Statement of Accounts](#) is published online. The Council prioritises ensuring that information is available on the council's website.

Council, Cabinet and committee meetings are open to the public and guidance on attending and speaking at public meetings is available in the Constitution. A [calendar of meetings](#) ensures that timely reports are submitted to, published by, and distributed by Democratic Services to ensure councillors' information needs, and relevant statutory deadlines, are met. Meetings are [webcast](#) and committee reports are published on the council's [Democracy platform](#), through the website. Notices of Key Decisions, Executive Decisions and Urgent Decisions are also issued in advance / made available on this platform (as appropriate).

The Corporate Plan 2024-28 outlines our commitment to listen to and work together with residents and communities, partners and stakeholders to redesign services, focusing on honesty, openness, transparency and strong relationships.

The [Co-production Framework 2023](#) uses the ladder of participation to explain different approaches which can be considered when engaging with residents depending on the topic. It encourages staff to consider how they can move their approach up the ladder towards co-design and co-production.

We run consultations on the council's engagement platform, [Your Say Southend](#). Once concluded - the results, analysis, accompanying report and decision is published on the democracy site as a pack for decision makers and is available to the public.

The dates of public meetings and major decisions are communicated via the council newsletter and press releases. Once the decision is taken a link to the Democracy site and short summary are included on the consultation platform with the project and on the dedicated "Together We Did" subpage with additional details for actions which have been informed by the feedback. For projects where registration was required the system updates participants using the details they provided with updates to the project.

The Your Say Southend online engagement platform is a key part of our ongoing approach to ensuring we deliver meaningful and inclusive engagement with all communities and residents. It supports improved participation from voices that are seldom heard and enables residents to actively shape the design and delivery of services. The system was re-procured in 2025. Continued review of the platform ensures alignment with the website policy, delivering improved visibility of information, consistent approach of security measures and accessible access for all users. By valuing the knowledge and lived experiences people bring, we aim to co-produce solutions that better reflect local needs. Through this approach, we continue to build trusted relationships, work collaboratively to address shared challenges and deliver better outcomes for our communities.

As of April 2026, there is no longer UKSPF available to local authorities across the UK. Accordingly, the Economic Inclusion team undertook a programme of expectation management for

around 6 months before funding ceased with recipient partners who had benefitted from these particular funds, informing them that no new funding was forthcoming and that if they wished to continue their UKSPF funded projects, they would have to draw upon alternative sources of funding.

The Council, along with its regional upper tier constituent authority partners, Essex County Council (ECC) and Thurrock Council (TC), were accepted onto the Government's Devolution Priority Programme in February 2025. This meant that the Council committed to working to establish a mayoral combined county authority for Greater Essex (GECCA), and providing a mayoral election, by May 2026 – a timeframe that was altered nationally during 2025/26 when the Government took a decision to postpone mayoral elections in DPP areas from May 2026 to May 2028. The English Devolution White Paper set out a close relationship between devolution and Local Government Reorganisation (LGR), by suggesting that whilst it is not a requirement for devolution, LGR is a “key” that will unlock devolution in some areas - by positioning LGR as the tool with which to create local government structures that are able to meet the criteria for devolution agreements; making the ability of new unitary structures to support devolution arrangements a criterion for LGR proposals.

In March 2025, the Council, along with the 14 other authorities in the county – submitted an Interim Plan to Government. Work was undertaken, in partnership with 10 other councils, to assess options against the Government criteria and to develop a robust, evidence-based proposal for submission to Government.

The submission for the 5 unitary authority proposal was submitted in September 2025. This was supported by 10 councils across Greater Essex and was the only proposal to have cross-party support.

The work to develop the proposal and shape the joint vision was led by a strong programme Board of the Leaders and Chief Executives: Chaired by Cllr Daniel Cowan, with Colin Ansell our Chief Executive as Senior Responsible Officer (SRO) for the proposal and officers of the Council leading the programme management and drafting of the proposal. At every stage, the process was open and inclusive and technical officers worked together on building a shared evidence base. Collaboration across the system has been facilitated by Newtrality and underpinned by agreed principles and ways of working.

The breadth of collaboration, which transcended politics, underscored that the proposal represented a consensus approach, not a unilateral plan by any single council.

On 25 March 2026 the Government announced that the 5 unitary authority proposal had been successful and would be the future model for local government in Greater Essex.

Further to this, the Greater Essex programme of work for devolution was rephased in 2025/26. The three constituent councils took a decision to consent to the laying of the secondary legislation required to establish the GECCA in October 2025; this decision was affected by the new timetable for mayoral elections, and by consequent alterations to the package of powers and funding that would be provided upon establishment of the GECCA. A decision was taken early in 2026 to retake the previous consent decision after the Local Elections had taken place in May 2026.

The programme's governance structure was also updated in 2025/26, to reflect the pace of work and the commitment to an accelerated pathway for establishing GECCA and electing a mayor. The Greater Essex Devolution Steering Group was reformatted to an Interim GECCA Board, comprising the Leaders and Chief Executives from the three constituent councils.

The Programme Board drawn from the three constituent councils continued to manage a series of workstreams throughout the year, to design the GECCA and its governance framework. Dedicated

programme capacity was supplemented by a Programme Sponsor approach, whereby Senior Officers from each constituent councils acted as Senior Responsible Officers for the workstream on which their council was leading. This structure was, and remains, in place.

The Council continues to lead the Devolution Programme's Legal and Governance workstream, one of four within the Programme structure along with the Finance, GECCA Design and Set Up, and Policy workstreams. The workstream continues to be responsible for developing a suitable, representative governance structure and a scrutiny, assurance and accountability framework for the new GEMCCA, and reports into the Interim GECCA Board via the Devolution Programme Management Office.

A cross-party Devolution and Local Government Reorganisation Working Party has also continued to meet, to provide co-design and oversight opportunities for elected members, fulfilling a commitment to openness and high quality, timely stakeholder engagement made by the Leader of the Council in early 2025. This working party will continue to meet regularly until the establishment of the GECCA in 2026/27 (subject to local and parliamentary consent) and the election of a mayor in May 2028.

Essex County Council (ECC) has, in line with MHCLG's transition agreement requirements and post Local Enterprise Partnership disaggregation, once more assumed the role of Accountable Body for legacy capital projects oversight / reporting to central government with the Council and Thurrock Council (TC) taking responsibility for reporting on their projects into ECC.

As an interim voting / legacy project management solution the three respective S151 officers have an equal vote to decide on how legacy funding / project change requests are managed / agreed.

The Transition Agreement between ECC, TC and SCC was sealed on 22nd May 2025.

ECC have, in preparation for the new mayoral strategic authority, created the Essex Growth Agency (EGA). As part of this they have rebranded to the 'Ambitious Essex Growth Hub' which is, as of 2026/27, now run by Smarter Society who won the tender for the next 2 years.

From April 2024, as agreed with the Southend Health and Wellbeing Board, the Southend Health Protection Board will only meet when required. All health protection matters are managed jointly with the UK Health Security Agency (UKHSA) and assurance is provided to the Public Health Senior Management Team (via a fortnightly report which highlights key data points, initiative approaches, risks and emerging issues) this information allows for an assessment to establish if escalation is required and channelled through to the Corporate Leadership Team and Cabinet member for Public Health.

Any case where a local health protection outbreak is declared will result in the Health Protection Board being convened and an assurance report provided by the Director of Public Health to the Southend Health and Wellbeing Board. All East of England upper tier local authorities have adopted a Memorandum of Understanding with the UKHSA which describes when UKHSA will call an outbreak. This consistency of embedding a framework means that all involved better understand the expectations of individuals and organisations and the process required.

The Council had established a long-term joint venture partnership (Porters Place Southend-on-Sea LLP) to deliver the Better Queensway regeneration development in central Southend. The partnership was between the Council and Swan BQ, a subsidiary of Swan Housing Association. Following changes at Swan, they were acquired by Sanctuary Housing who, it was hoped, would step in to Swan's role to work with the Council to deliver Better Queensway.

Unfortunately, following a period of due diligence by Sanctuary Housing, they decided to focus on managing their new and existing tenants and on developments which were already on-site. They

therefore declared that they wished to step away from Better Queensway and the partnership with the council.

Officers have worked hard with key stakeholders such as Homes England and have maintained investment and have been engaging with the market to inform the reprogramming of the regeneration scheme, responding both to the recent building safety requirements and market forces which are relevant to the proposed development. This work is progressing.

From a company perspective, the council has brought Southend Housing Ltd alongside the council as the other joint venture partner within the LLP to ensure that the LLP remains compliant with company law.

Principle C: Defining outcomes in terms of sustainable economic, social, and environmental benefits

The council has a [Corporate Plan](#) for 2024 to 2028, which sets out four strategic priorities for the council. These priorities set out the council’s high-level ambitions for sustainable economic, social and environmental benefits.

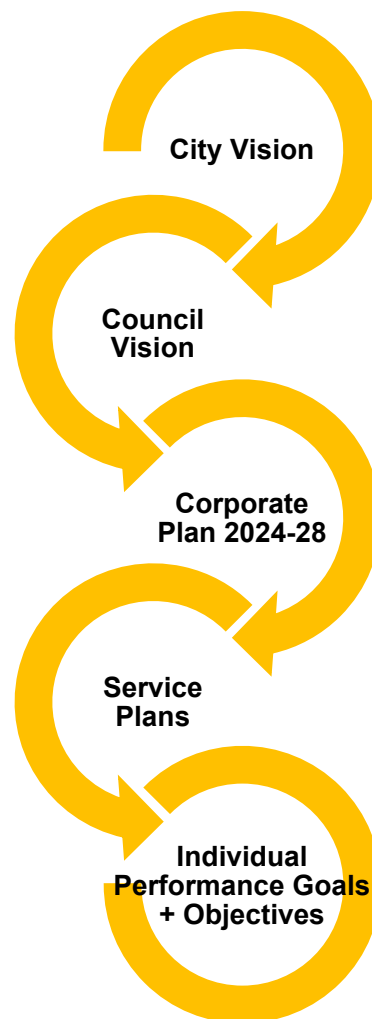
Figure 21 The council's Golden Thread

Our four strategic priorities are as follows:

A city that is:

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

The council embeds these priorities through an approach described as the ‘golden thread’, where goals are articulated throughout onward plans. For 2025/26, this includes the corporate plan, executive directorate plans and individual performance goals and objectives. High-level executive directorate plans set out the business activities of each executive directorate and enable better coordination across the organisation. They inform key corporate planning processes like the Cabinet Forward Plan, Policy Register, Corporate Delivery Plan, Corporate Performance Report and Corporate Risk Register. Individual performance agreements complete the golden thread, linking individual performance to service tactics and organisational strategy.



In 2024/25, we developed and launched a council vision statement, which sets out a compelling future for the organisation that all council employees can get behind. We continue to work towards achieving our council vision, which is:

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.

In 2024/25, we also worked with partners in the Southend City Partnership to create a new vision for the city. The Southend City Partnership, consulted with businesses, organisations, students, residents and visitors in the development of a 10-year vision and priorities for the city, owned by local partners, businesses, organisations, residents and communities. The partnership comprises the council and City Family, Essex County Fire and Rescue Service, Essex Police, London Southend Airport, Metal, South East Essex Alliance, South Essex Homes, Southend Association of Voluntary Services, Southend Business Partnership, South Essex Colleges Group, Southend Tourism Partnership, Southend Business Improvement District, Southend Pubwatch and University of Essex.

The Southend City Vision is:

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.

On the second annual Southend City Day on 7 March 2026, the Southend City Partnership published the [Southend City Vision 2025–26 Report](#). This report highlights the progress made across the city since the launch of the City Vision in March 2025, detailing partnership projects and community-led activity shaping Southend-on-Sea's future.

A financially sustainable Capital Investment Programme is maintained by ongoing challenge and review. The resulting changes to the programme are presented to Cabinet for approval via the regular integrated financial monitoring reports (covering both revenue and capital). These provide comprehensive analysis and explanations of any significant variances from approved budgets. The Investment Board considers both revenue and capital investment and reviews and challenges business cases.

The council operates a five-year Capital Investment Programme, with the application of a 'gateway review' process, enabling items on a reserved list to be subject to further and proportionate consideration before being included in the approved programme. This approach enables consideration of the levels of required resourcing to be applied to projects, both in terms of affordability and the capacity of the council to deliver them, and that the projects are in alignment with the priorities outlined in the Corporate Plan.

Four rounds of capital challenge sessions were held with the Cabinet Member for Finance, Assets, Investments and Public Transport and the Leader of the council in 2025/26. The sessions in July 2025 and December 2025 targeted a review of key strategic schemes, several sessions held in October 2025 and April 2026 reviewed the progress and status of all schemes in the Capital Investment Programme.

The council seeks to ensure that its services are planned to be sustainable and achieve the right economic, social and environmental benefits by consulting with the council's service users to understand more about their needs (see Principle B).

More than 40 consultations and engagements were undertaken, attracting more than 50,000 visits to Your Say Southend and generating in excess of 4,000 contributions from residents, service users, and stakeholders. Topics included the Local Plan, Local Government Reorganisation in Greater Essex, the Pharmaceutical Needs Assessment, Southend Schools Careers Guidance Outcomes, Big Sparks, the Public Space Protection Order (PSPO) 2025 - Dog Control, JSNA Physical Activity Southend, Private Sector Discharge of Duty Policy, Southend Housing Selective Licensing and the Air Quality Action Plan - AQMA No.1 The Bell Junction. The Residents' Perception Survey reached a representative sample of 1100 residents through telephone and street interviews with the results to be incorporated into performance reporting as outcomes measures helping to understand the impact of council services.

Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes

The Corporate Leadership Team (CLT) comprises of the Chief Executive, Executive Directors and Director of Law and Governance (Monitoring Officer). This executive management function provides strategic oversight and leadership across the whole council.

CLT meets weekly with a clear framework which puts in place strong governance and assurance. The framework operates over a monthly cycle, with standing bi-monthly and quarterly items which include risk management, internal audit & fraud, ICT & Digital (including information and cyber security). CLT convenes monthly as the Transformation Board.

CLT also forms the Corporate Finance & Performance Board (CFPB), made up of CLT members and other key officers, which meets monthly. The CFPB's role is to ensure that the council has a robust method of scrutiny and appraisal to ensure delivery of the council's Corporate Plan and internal business health and intelligence. The Board also considers any other areas identified as a priority for monitoring and intervention across the council, for example complaints performance; has oversight on the council's finance and resources and corporate budget monitoring; monitors organisational health; deep dives into performance issues and impacts on service delivery.

The Policy and Performance Team is responsible for the development and oversight of the Policy Register which has been further developed during 2025/26. This is aligned to the ICO recommendations and supports more timely FOI request responses and open data sources.

Resourcing the council's strategic priorities as set out in the Corporate Plan will require tough choices and careful consideration over the coming years. Decisions are underpinned by the Financial Sustainability Strategy and the Medium Term Financial Strategy, helping to target resources and effectively consider and manage a range of financial impacts.

As described in Figure 1 above, the 'golden thread' provides a mechanism for intended outcomes to be articulated and monitored throughout key plans and strategies, including those which guide the council's departments and staff. These include Directorate and Departmental Service Plans, providing data and intelligence to inform prioritisation activities. They also collate budget, key risks, and KPIs for the service area, informing resource planning. As well as annual Performance and development conversations.

During the past year the council has significantly strengthened and matured its Transformation Programme, moving from initial mobilisation into a more established delivery phase. Key outputs and achievements during 2025/26 have included:

- Continued Transformation Board oversight of delivery of the council's transformation programme and associated financial benefits, with £4.08m delivered in 2025/26 against forecast categories within the programme, comprising £113,593 of base budget savings delivered and £3.967m of cost avoidance / overspend reduction delivered. This has supported the council's wider financial sustainability objectives and active management of in year financial pressures.
- Maintenance of a forward pipeline of transformation benefits across future years, including forecast delivery of £511,074 base budget savings in 2026/27 rising to £1.032m in 2027/28, alongside forecast cost avoidance / overspend reduction of £5.896m in 2026/27 and £8.924m in 2027/28.
- Development of a clearer corporate Transformation approach and delivery pipeline, bringing greater structure, governance and prioritisation to transformation activity across the organisation, and strengthening the relationship between transformation, service planning, budget planning and the Medium Term Financial Strategy.
- Progressing core enabling and foundation activity to support wider organisational change, including Business World development, data and insight capability, workforce modernisation, digital and customer transformation, and work to strengthen the council's operating foundations for future redesign.
- Delivery of Phase 1 of the OneCouncil programme, supporting systematic service redesign across council services to improve resident experience, reduce manual processes, improve productivity and embed a more consistent culture of change and continuous improvement.
- Establishment and mobilisation of a stronger evidence led approach to demand and productivity improvement, including children's social care demand modelling, activity analysis and prevention focused work to identify opportunities to better manage demand, improve practice and reduce future cost pressures.
- Development of a more robust approach to third party spend and value for money, including targeted work on commissioning, procurement, contract management and specific spend reduction opportunities through the Third Party Spend programme.

- Launch and deployment of Zero Based Budgeting activity in priority service areas, helping services review demand, activity, resources and cost drivers in a more systematic way and supporting identification of both recurring savings and cost avoidance opportunities.
- Strengthening of the council's corporate change infrastructure, including development of the Transformation Strategy, refinement of programme governance, and continued use of change management tools and frameworks to improve consistency and delivery discipline across the organisation.
- Increasing alignment between transformation activity and preparations for Local Government Reorganisation, ensuring that current improvement activity supports both immediate organisational priorities and readiness for future system change.

In the coming year the Director of People and Transformation will continue to develop and lead the programme further, including the following:

- Finalise and embed the council's refreshed Transformation Strategy and supporting delivery model, ensuring a clear, prioritised and financially grounded programme of change linked directly to the council's strategic and financial priorities.
- Deliver substantial transformation through the Resident Experience programme, improving access, customer journey design, channel shift, service responsiveness and the overall experience of residents, while reducing avoidable demand and generating efficiencies through simpler, more consistent ways of working.
- Deliver significant efficiencies and service improvement through the Enabling Services programme, redesigning and strengthening core corporate services to improve productivity, consistency, control and organisational resilience, while reducing duplication and creating a more effective corporate operating model.
- Deliver the Organisational Development and Culture programme to build the leadership structures, behaviours, capability and change readiness needed across the workforce to sustain transformation and prepare the organisation for significant future change.
- Build on the delivery of OneCouncil by taking forward the next phase of service redesign and improvement activity, with a stronger focus on implementation, measurable benefits realisation and corporate consistency.
- Continue to strengthen the corporate Transformation function and operating model, including clarifying capacity, capability, governance and the blend of internal and external resource required to deliver the scale of change ahead.
- Take forward the next phase of social care demand management, prevention and productivity work, particularly in children's services, ensuring modelling and analysis are translated into concrete service and financial improvements.
- Continue delivery of Third Party Spend, Zero Based Budgeting and related financial sustainability programmes, supporting the council to identify recurring savings, reduce unnecessary spend and improve value for money.

- Ensure that transformation planning and delivery are closely aligned with Local Government Reorganisation preparation, helping the council manage immediate priorities while also preparing for transition in a disciplined and strategically coherent way.

The Transformation Board continues to play a critical role in providing corporate oversight, challenge and direction across the transformation portfolio. In 2025/26 it has overseen delivery across a mixed portfolio of recurring savings, cost avoidance and service redesign activity, including the strongest in year impact being delivered through cost avoidance / overspend reduction. The Board is central to ensuring that transformation activity is prioritised, governed effectively and translated into tangible organisational, service and financial outcomes. In doing so, it supports the council to drive improvement, innovation, productivity and financial sustainability across the organisation.

Digital transformation continues at pace; the focus has shifted to transforming data to enable automation and the safe and secure use of Artificial Intelligence (AI), while continuing to enhance resident facing and key business platforms and applications.

The current digital transformation strategy is focused on digital inclusion, workforce capability, the use of data, insights and AI, along with targeted automation, supported by strong governance, dovetailing with the data strategy.

The AI policy and guidance are intended to ensure that AI adoption is conducted safely and securely and that it is functioning as it should. Further work on websites standards will take place to support the website policy, with a focus on standardisation and streamlining of information, as well as ensuring consistency of accessibility, while keeping data and information secure.

An established governance framework escalates digital and data related issues to the Digital Steering Group as required. Transformational projects are tracked by the Transformation Board to ensure alignment with transformation principles. Involvement from other service areas is encouraged to strengthen governance further and ensure that all needs are considered as part of decision making.

Principle E: Developing the council's capacity, including the capability of its leadership and the individuals within it

The May 2024 local election returned No Overall Control. The Labour Party, as the largest minority group, consequently formed a new joint administration with the Independent and Liberal Democrat groups. With no local elections for Southend in May 2025, the joint administration continued to lead the council during 2025/26.

The Council's Corporate Leadership Team has remained stable and unchanged during 2025/26.

The People Vision is aligned to our corporate priorities and structured around the employee lifecycle model. It comprises eight core components, each supported by detailed delivery plans for the next three years. The framework is intentionally flexible, enabling service areas to shape workforce strategies that reflect their specific priorities, recognising that a "one size fits all" approach is not appropriate. This allows for targeted recruitment, development and retention initiatives tailored to local needs. In support of the People Vision, our Workforce Transformation programme is modernising and strengthening the Council's core employment offer. This includes reviewing and streamlining policies, procedures and people processes to improve efficiency and consistency. We are also enhancing staff engagement, insight and recognition, including the introduction of an annual staff recognition awards programme. Furthermore, we are strengthening

the Council's organisational development offer through the delivery of a more robust learning and development programme, the introduction of a change leadership framework, and the implementation of new tools and approaches to support organisational growth and transformation.

A core part of the People Vision is the implementation of the councils Equality Diversity and Inclusion strategy, which includes a set of commitments to work towards between 2023-2026 (published 9 April 2024).

The council currently has 11 employee networks (Men's and Armed Forces Networks have been established during 2025/26), which give officers an opportunity to support each other, share ideas and make friends in a safe environment, as well as playing a valuable role in consulting on and shaping council policies and guiding a range of matters.

The People Vision also has an ambition to enhance the council's leadership capability, creating an infrastructure that enables officers and councillors to develop the skills of 21st Century Councillors and Public Servants. A core focus to support the uplift of our leadership capability is the implementation of a leadership pathway to include investment in apprenticeships and the roll out of a comprehensive mandatory learning programme.

A comprehensive induction and training programme has been implemented for 2025/26 to support the induction of the council's councillors and officers showing the council's clear commitment to developing capacity and capability.

In support of developing a high-performance culture within the council's approach to performance for 2024/25, our performance conversations have been rebranded to performance and development reviews to reinforce performance is continual with renewed emphasis on our refreshed values and the importance of goal setting for the forthcoming year. Additionally, to reflect feedback from the Employee Engagement Survey inclusion of development goals and what's next in relation to career development.

All Cabinet Portfolio and Shadow Portfolio councillors are provided with regular briefing opportunities from key officers across the relevant departments. Monthly group leader meetings are held by the Chief Executive, with the intention to build trusting and effective working relationships between councillors and officers.

The Standards Committee reviewed Overview and Scrutiny Arrangements (Part 5) as part of the Constitution review exercise in October 2024. The Committee discussed the appropriate number of Overview and Scrutiny Committees and the merits of a separate Health Overview and Scrutiny Committee (October 2024), following which it was resolved that the number of Overview & Scrutiny Committees be changed to four, one of which was the creation of a new Health Overview & Scrutiny Committee. This was to ensure that workloads and responsibilities were more evenly and appropriately allocated. The Standards Committee also proposed that the membership of the four Overview and Scrutiny Committees be reduced from 17 Councillors to 9 Councillors. This was considered by Council in December 2024, where it was agreed and the new provision were adopted from the date of the Annual Appointments Council on 12 May 2025. New Overview and Scrutiny Terms of Reference and a new Overview and Scrutiny Protocol were also agreed at the Annual Meeting. This part of the Constitution was reviewed and agreed with no significant changes by Council in March 2026. Work will continue with the Scrutiny Coordination Group to further develop the culture, skills and work programme of the scrutiny function. It is anticipated that this new protocol, which includes an Executive-Scrutiny Protocol that has been developed in consultation with Members, will contribute to stronger governance in decision making and the effective discharge of the Overview and Scrutiny function. There is also a renewed focus on the Overview and Scrutiny function in the Member Training Programme, with bespoke sessions.

To support implementation of the new procedures, training will be provided to Members through the Overview and Scrutiny Focus Group and Member training programme.

The new constitution includes a clear delegation scheme from the Leader to Cabinet Members enabling them to make individual Cabinet Member decisions in their portfolio areas.

The Council meeting is a public debate between all councillors. To engage effectively with the public, rules are set out to govern the debate, known as standing orders or the Council Procedure Rules which form part of the Constitution.

Principle F: Managing risks and performance through robust internal control and strong public financial management

The council recognises that risk management is one of the key principles of effective corporate governance, it is a vital activity that underpins and forms part of the council's vision, values, and strategic objectives. Risk management is a fundamental contributor to a sound internal control environment as monitored and assessed through this Annual Governance Statement.

The Corporate Risk Register sets out the key risks to the successful delivery of the council's priorities and objectives and outlines the key management arrangements in place to mitigate and reduce the likelihood of the risks crystallising or maximise the likelihood of the opportunities being achieved. Updates to the Corporate Risk Register are discussed with Executive Directors, reported to CLT and the summary position is reported to Cabinet twice a year. Project risk and departmental risk registers are reviewed by service area departmental management teams.

In October 2025, internal audit used PWC to carry out an audit of the council's Corporate Risk Management process. Feedback was received in February 2026 with the audit returning a judgement of 'satisfactory assurance'. A small number of recommendations were made, and an action plan is in place to deliver these during 2026/27.

The Head of Internal Audit Annual Report to Audit & Governance Committee confirms that an effective internal audit service is resourced and maintained and provides an annual opinion on the adequacy of the council's governance, risk management and internal control arrangements. The risk-based Internal Audit Plan is aligned to the Corporate Plan priorities and the council's corporate risks.

The Senior Information Risk Officer (SIRO) is responsible for overseeing the strategic management of information related risks and ensuring alignment with business objectives. This is a multifaceted role, which encompasses risk management, data protection and adherence to regulatory standards such as the Caldicott principles. The SIRO identifies, assesses, prevents, and mitigates where possible, potential threats to information security and integrity.

As the use of data for insights, intelligence and automation, and the use of artificial intelligence evolves, the need to balance the risk of using data while keeping it secure, is growing and for this reason the SIRO, together with the Data Protection Officer have an annual workplan to drive forwards ongoing improvements to data processes, aligned to the take-up of data use. The Information Risk policy, approved within the year is intended to further improve the controls, management of data, and procedures related to data and its management.

The Data Protection by Design and Default Policy provides for risks related to the processing of personal data to be assessed with the help of the Data Protection Risk support service. Those matters which are considered high risk are reviewed before being signed off by the Senior Information Risk Owner or Caldicott Guardian.

Quarterly Performance reports are made available on the council's website as part of Cabinet reports and on the '[How we are performing](#)' section of the council website. The council is using Microsoft PowerBI to produce and visualise performance reports, enabling senior leaders to monitor the council's performance on a self-serve basis.

The council's performance is monitored by the following mechanisms:

- Live PowerBI dashboards provide self-serve access for CFPB to real-time corporate performance data.
- The Corporate Plan Performance Dashboard and Annual Report reporting schedule is reported to the CFPB, bringing focus and ownership for Executive Directors, improving target setting processes and ensuring consistency and accuracy. Detail about the role of CFPB is provided under Principle D above.
- The Corporate Plan Performance Report is reported to Scrutiny Committees and to Cabinet quarterly.
- The People dashboard is reported to the CFPB quarterly.
- Management Dashboards are scrutinised at Departmental Management Team level.
- The Annual Report, showing year end measures for key activities, is reported to Scrutiny Committees and Cabinet.

The People dashboard provides oversight, scrutiny and assurance of the health of the council. It provides detailed data on relevant employee related data, including:

- Mandatory training compliance.
- Sickness absence.
- Grievance, capability, disciplinary.
- Health and safety - number of incidents and near misses.
- Gender / ethnicity per pay range.
- Turnover and reasons for leaving.

The Information Management Strategy has been reviewed and updated and will be taken through the governance processes. This is aligned to existing policies and procedures as well as the data strategy. The Information Risk Policy ensures that the further use of data will have robust information controls and governance processes in place. The SIRO's workplan for this year is in support of the data transformation work, and to improve maturity of processes in support of a safe and secure data transformation.

An assessment of the quality, compliance and security arrangements in place around data took place in late 2025/26. An improvement action plan has been agreed which will be presented to Audit & Governance Committee. The council's Data Protection Policy and its supporting policies and procedures provide instruction concerning the correct handling and processing of personal data.

Effective arrangements are in place to enable lawfully sharing data with other bodies when appropriate. Formal Information Sharing Agreements or similar are entered into where required, with support provided by the Data Protection Risk support service. Information sharing

arrangements which otherwise would be considered high risk are signed off by the Senior Information Risk Owner or Caldicott Guardian.

The council's [Financial Procedure Rules](#) are set out in Part 7(Section 7) of the Constitution available on the council's website.

CIPFA's Financial Management Code came into effect from 1 April 2020, with the first full year of statutory compliance required for the 2021/22 financial year. The Council committed to complete an annual self-assessment against each of the 17 standards and expectations contained within the Code. The results are reported to the Council's Audit & Governance Committee every April, and a six-monthly update each October providing a commentary of progress against any resulting action plan between each self-assessment.

The 2025/26 annual self-assessment has been undertaken, against the six core principles and 17 standards contained within the Code. Officers reviewed the evidence of the council's current arrangements compared to the Code's expectations and expressed their degree of confidence about how well these arrangements met the Code's expectations.

The findings for 2025/26 that were presented to Audit & Governance Committee in April 2026 confirmed that the council achieved overall compliance with the expectations of the CIPFA Financial Management Code.

The council meets the minimum expectations for all 17 standards, with good compliance for 14 standards and demonstrable compliance, but with recognised scope for further improvement, for the remaining three standards.

The budget process for 2026/27 began in May 2025, with the start of the new municipal year. The Corporate Leadership Team considered the financial challenges facing the Council which led to detailed budget development work taking place with senior officers across all service areas. During the summer of 2025 the Council's political administration invited all councillors to share any budget ideas to help address the financial challenges. Budget Development sessions were held from August to December between the Cabinet and the Corporate Leadership Team, to identify, develop and refine budget proposals and agree budget assumptions. The provisional Local Government Finance Settlement was published for consultation by the Government on 17 December 2025. The final Local Government Finance Settlement for 2026/27 was published on 11 February 2026. The draft budget was launched in January, and a balanced budget was approved by Full Council in February and in accordance with statutory timescales.

A cross-party Members Resource Sub-Group was established in 2024/25 and continued into 2025/26, its purpose was to undertake an analysis of key risk areas of the budget, evaluate financial challenges, and generate ideas for further risk mitigation. The Panel scrutinised financial recovery plans over the medium-term period, to ensure a balanced and sustainable organisational position. The Panel was supported by the Corporate Leadership Team Transformation Board and the Corporate Leadership Team Finance and Performance Board, with outputs fed into budget monitoring and budget setting processes. This allowed for appropriate Member oversight and enabled strong and robust governance of the council's financial position.

Throughout 2025/26 there was intensive monitoring and oversight of children's residential and high cost supported accommodation placements to tackle placement budget pressures and to provide assurance that placements are providing value for money. These measures included regular focus sessions chaired by the Leader of the Council and fortnightly placement review meetings chaired by a chief officer. The Leader's sessions received updates from the panels, summary of efficiencies that were delivered and identified further opportunities to secure better Value for Money outcomes. All placements were regularly reviewed throughout the year to ensure

the children we care for receive the right support at the right price. These focussed review arrangements were extended to adult social care and homelessness services during the last quarter of 2025/26.

At the start of the 2025/26 financial year, the council had a capital investment programme budget of £95million, £27million of which was financed by borrowing. Following capital challenge sessions this was reduced to £65million at February 2026, £20million of which was financed by borrowing. This is a reduction in borrowing of £7million, which resulted in the increase in financing costs for 2026/27 being reduced by £0.5million.

Financial monitoring reports have kept councillors informed of the capital budget variations and the projected outturn position of the council's finances.

The cross-party Shareholder Board, which oversees the governance of the council's companies and joint ventures, is chaired by the Leader and reports to Cabinet. The Board met three times in 2025/26 and received reports on the accounts and business plans of the Airport Business Park, Porters Place LLP, South Essex Homes, Southend Care Ltd., Vecteo and the Forum Management Company.

Additionally, it received reports on major regeneration programmes (e.g. Better Queensway) and reports on any other appropriate Council group entities.

Work to bring forward Better Queensway continues to be prioritised, with initial highways aspects contracted and completed during 2024-25, and further works programmed during 2025-26.

Business planning for the residential elements of the scheme continues, with Porters Place LLP, being a key element of this. The route to market for the first residential phases is expected to be confirmed during 2026/27.

Principle G: Implementing good practices in transparency, reporting, and audit to deliver effective accountability

The council's [Publication Scheme](#) contains details of the types of information to which the public have the right of access, ensuring transparency and underpinning accountability. Each category contains direct links to information either on the council's website or elsewhere.

The council's [Annual Report for 2024/25](#) was endorsed by Cabinet in June 2025 and provides a high-level overview of the successes and achievements leading into 2025/26, setting the context in which we were operating. It aligned with the financial year end-report reports and the Annual Governance Statement, and annual data for the council's corporate performance indicators was presented, grouped by the four corporate priorities. In this way the Annual Report forms part of the council's Golden thread.

CLT has full oversight of all Cabinet papers; and one meeting per month is designated to operate as a Transformation Governance Board. Regular performance reporting received by CLT gives oversight and assurance of the health, corporate priorities, and the finances of the council.

In 2025/26 our adult social care team built on the previous restructure to ensure improved responses and delivery of information and advice and prevention work. A new partnership with Southend Association of Voluntary Services saw the commission of two community co-ordinators into our first point of contact services. Specialising in community advice and connection with local community groups these workers have supported 521 individuals and supported a net reduction in a requirement for formal care act assessments.

The Care Quality Commission (CQC) is the independent regulator of healthcare, adult social care and primary care services in England, with objectives to protect and promote the health, safety and welfare of people who use health and social care services and ensure the efficient and effective use of resources in the provision of health and social care service.

The Council received its rating in June 2025 with a Good assurance rating scoring 70 out of 100. In addition, our national Adult Social Care Outcome Framework (ASCOF) scores saw us equalling or exceeding the English average score in the vast majority of all domains.

The CQC report noted some areas of opportunity for development in both commissioning and operational services. In response the council has developed an action plan to focus on these areas as well as ensuring all areas of good are maintained and improved throughout 2026/27.

In November 2025 Ofsted introduced a new report card system moving away from a single judgment on schools under inspection. Inspection results for all schools are available online via the Ofsted website.

In April 2025, the council's housing management services were inspected by the Regulator for Social Housing (RSH) assessing our performance against the four Consumer Standards. The two-day on-site inspection followed a period of initial data gathering and submission. The outcome of the inspection was published in September 2025, with a grading of C3 awarded, indicating there were serious failings in the housing management service at the time of the inspection, particularly relating to safety and quality compliance. By the time of publication improvements had been made and these were noted in the Regulatory Judgement published. Since this time the council continues to work closely with the RSH to deliver further improvements.

Internal Audit

The annual risk-based Audit Plan for 2025/26 was prepared in consultation with Directors and the Chief Executive. It was developed by the Head of Internal Audit and approved by the Audit & Governance Committee. Terms of Reference and outcome reports for specific audits are discussed with relevant Service Managers, Heads of Service, Directors, Executive Directors or the Chief Executive before being finalised, with the recommended actions required to mitigate risks summarised in an action plan.

Internal Audit revisits action plans where the report found either Partial or Minimal assurance. These actions are retested, and the result of this work is reported to management and the Audit & Governance Committee as part of the Quarterly Performance Report.

Head of Internal Audit Opinion for the year ended 31 March 2026

Governance comprises the arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved. Such arrangements can take many forms and still be effective. Assurance is then required that these processes are fit for purpose and being applied throughout the council.

During 2025/26 the council continued to be challenged by the external environment that it operates within, particularly in respect of the ongoing issues with the wider economic situation, the impact of inflation and increasing demand for services, creating additional financial pressures for the council, residents, the supply chain, and other stakeholders, resulting in a significant overspend for the year.

Further embedding of previous changes has taken place, but with other significant changes being made to the operations of the council also needing to be embedded, along with further significant change being planned through the Transformation Programme. The changes implemented so far have enabled the council to continue to deliver what has been required by the challenges of recent years, but focus on further change needs to continue to be applied to resolving the significant financial challenges that the council continues to face, so that the council can address the recognised medium-term budget gap that exists and work to bring the council into a financially sustainable position. Senior management is committed to achieving this, with the Transformation Programme and preparations for Local Government Reorganisation providing focus on delivery in ambitious timescales.

The Transformation programme is being worked through and is providing the focus and methodologies that are necessary to make the further changes that are required to transform the culture and the way that the council operates, so that the council shifts to a culture, a focus, a structure, and ways of working that are most appropriate, effective and financially sustainable to deliver the priorities in the challenging circumstances faced by the council and to prepare for Local Government Reorganisation.

Towards the end of the year the government confirmed the 'minded-to' decision on the formation of new unitary authorities for Greater Essex. The Council now knows that the expectation is that alongside Castle Point Borough Council, Rochford District Council and the services of Essex County Council covering those geographic areas, it will form a new South East Essex Council from 1 April 2028. There is a significant amount of work and resource required to deliver the transition, and the Council is alert to the risk that the diversion of resources required to deliver these changes impacts on the ongoing delivery of services to residents and other stakeholders.

Management needs to continue to monitor both the actual and potential impact of these pressures, the progress achieved against delivery of the Transformation Programme to drive change, as well as delivery of the Corporate Plan. Management and councillors need to be ready to adjust, if necessary, as the situation continues to evolve and the understanding of the impact on future needs becomes clearer.

The council is working to deliver and meet these multiple challenges. As a result, there continues to be updates made to way the council is operating and therefore there is a need for changes arising to have the opportunity to be established and embedded before assurance can be provided that they are working effectively as intended. Management continues to work in the context of ongoing change and challenges arising from the external environment, which makes it difficult to achieve a period of stability that would assist with implementing and embedding revised arrangements.

With regards to the assurance provided by audit work undertaken in these areas, the results of the work indicate that the design of the council's risk management can be provided with satisfactory assurance, with increased embedding of the arrangements within the departments evident during the year enabling increased understanding of the need to capture the conversations about risk that are happening, providing increased visibility, transparency and accountability for decision making around the risks below those on the corporate risk register.

The design and operation of internal control can be provided with satisfactory assurance, and improvements that have been implemented in respect of the governance framework as operated for the year indicate this is becoming more effective and can be considered to be satisfactory overall, with a need for this to become fully embedded in ongoing ways of working for the Council. Work to further improve the governance framework and arrangements is being undertaken, as reflected in the Annual Governance Statement action plan, and progress will be reported to councillors later in 2026/27.

The basis for forming this opinion is an assessment of:

- the design and operation of the underpinning governance and assurance framework
- the range of individual opinions arising from risk based and other audit assignments that have been reported during the year, taking into account the relative significance of these areas
- whether management properly implement actions arising from audit work completed, to mitigate identified control risks within reasonable timescales
- observations from advisory and support work undertaken
- changes to the council's Corporate Plan, management structure and use of technology
- assurance from other providers including independent regulators and peer reviews
- the quality and performance of the Internal Audit service and the extent of compliance with the Global Internal Audit Standards.

The Head of Internal Audit has not reviewed all risks and assurances relating to the council's activities in coming to this opinion.

Compliance with Professional Standards, Head of Internal Audit Opinion

I can confirm that I have maintained an appropriate Quality and Improvement Programme (QAIP) during the year for the in-house team and work undertaken by contractors when being managed by the in-house team. As required by the Standards, this consisted of:

- on-going supervision and review of individual audit assignments completed by in-house staff or contractors working to in-house staff
- reporting on a limited set of performance targets to the Audit & Governance Committee (for all work done including that of external suppliers)
- reviewing the independent external assessment of compliance with the Standards which is required at least every five years and updating for the position for this year.

I have received assurance from external suppliers used that where they have undertaken work using their own audit approach, that are also compliant with the Standards.

Issues for the Annual Governance Statement

No issues have come to internal audit's attention this year, other than those already disclosed, that we believe need including in the council's Annual Governance Statement.

How we have improved our governance arrangements in 2025/26

The table below outlines actions that were identified in 2024/25 and progress that has been achieved or planned. This contributed to more effective governance in 2025/26.

Review of actions from the 2024/25 Annual Governance Statement

Ref.	Action	Responsible Officer	Progress made and planned
1-2024/25	At the request of Council, officers will review the effectiveness of the new constitution at a date at least six months after its final adoption in May 2025.	Director Law and Governance	A review of agreed sections of the Constitution was undertaken and agreed by Council in March 2026.
2-2024/25	Continue the review of governance arrangements for the general complaints process to align with the Ombudsman's new Complaint Handling Code and guidance prior to full adoption by May/June 2026.	Director Law and Governance	The complaints policy and procedure has been revised to align with the Ombudsman's Complaint Handling Code. This is on track for approval in May/June 2026
3-2024/25	Refresh the council's Communication & Engagement Strategy to align with the council's vision and priorities.	Director of Policy and Customer Experience	The refreshed council's Communications & Engagement Strategy aims to take a proactive and priority-based approach with residents, staff and other stakeholders in the council's complex local environment. Key principles include anticipating, enabling, engaging, informing, and celebrating. The strategy been refreshed in 2025 to align with the council's vision and priorities, as well as being further reviewed post-election in May 2026.

Ref.	Action	Responsible Officer	Progress made and planned
4-2024/25	Lead on the Greater Essex Devolution Programme's Legal and Governance workstream, working to develop a suitable, representative governance structure and a scrutiny, assurance and accountability framework for the new Greater Essex Mayoral Combined County Authority.	Executive Director Strategy & Change	Following the Government's decision to delay the Mayoral elections to May 2028, the constituent councils will re-take the decision to consent to the laying of the Statutory Instrument that will establish the Combined County Authority after the local elections in May 2026. The Greater Essex Devolution programme, including the Legal and Governance workstream, is paused until the consent is in place.
5-2024/25	Continue to embed the revised Risk Management Framework with a particular focus on departmental risk management processes.	Director of Policy and Customer Experience	Quarterly reviews of departmental risk registers and the escalation and de-escalation processes are now embedded with all departmental management teams supported by a Senior Policy Advisor.

Where our governance needs to improve

The table below shows Southend on Sea City Councils commitment to strengthening governance in 2026/27, looking forward to opportunities to improve governance overall.

Further actions to strengthen the Council's governance arrangements for 2026/27

Ref.	Area	Action	Date of implementation	Responsible Officer
1-2026/27	Risk Management Audit	Continue to review and implement the Risk Audit Action Plan to support enhanced risk management across the council.	March 2027	Director of Policy and Customer Experience
2-2026/27	Regulator for Social Housing (RSH) grading	Continue to work closely with the Regulator for Social Housing to deliver the required improvements outlined in the inspection feedback.	March 2027	Director of Regeneration, Housing & Regulatory Services
3-2026/27	Transformation	Transformation Action Plan in place and delivering required outcomes	March 2027	Director of People and Transformation
4-2026/27	Local Code of Governance	In line with the agreed timescale review the current Local Code of Governance and Local Assurance Framework.	Sept 2026	Director of Policy and Customer Experience

Forward look on governance

It may be necessary to develop new governance arrangements to meet the future needs of the authority during 2026/27.

On 25 March 2026 the Government announced that the 5 unitary authority proposal had been successful and would be the future model for local government in Greater Essex. Following the approval of the required Structural Changes Order (expected later in 2026), councils will need to work together to implement the new model within set governance structures as set out in the regulations.

Following the Government's decision to postpone mayoral elections in Devolution Priority Programme areas from May 2026 to May 2028 and by consequent alterations to the package of powers and funding that would be provided upon establishment of the Greater Essex Combined County Authority, a decision was taken early in 2026 to retake the previous consent decision after the Local Elections taking place in May 2026.