Medium Term Financial Strategy
2024/25 to 2028/29

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1 Introduction

1.1 Background

Southend-on-Sea City Council (SCC), along with most local authorities across the country, continues to face significant challenges in providing essential services to meet the needs of residents within the level of resources it has at its disposal. This is exacerbated by the current unprecedented operating environment, increasing and more complex local service demand and uncertainty over future potential finance reform and national policy changes. The Council was awarded and celebrated achieving City Status in 2022 but no-one could have predicted the economic challenges, national and international circumstances that have been experienced, since the Council approved its 2023/24 budget in February 2023.

It is within this context that the Council has comprehensively updated its Medium Term Financial Strategy (MTFS) for 2024/25 - 2028/29. This strategy provides an integrated view of the whole of the Council's finances and priority investment plans over the medium term. It outlines the Council's ambition, approach, desire, and commitment to do everything it can to plan effectively for the future and invest in priorities that make a real positive difference to residents, businesses, and visitors. This is predicated on ensuring that the Council remains financially sustainable and resilient for the future.

1.2 A Sector Under Pressure

The cost-of-living crisis which was widely reported throughout 2023 was the latest in a decade-long series of events, including austerity, a global pandemic and war in Ukraine that have all contributed to erode the financial sustainability of local public services. The current national operating environment, particularly for upper tier local authorities continues to be financially challenging with numerous Councils announcing or giving warnings of financial distress. National coverage of these concerns and worrying headline announcements from individual local authorities have been summarised and reported to Cabinet in each of Southend-on-Sea's financial performance reports for the periods to the end of July 2023 and September 2023. The latest position as at November 2023 was considered by Cabinet at its meeting on 11 January 2024.

There remains widespread concern and risk to the continued delivery and level of public services in many local authority areas. The unprecedented levels of demand and huge increases in costs of maintaining statutory service provision, particularly for support and intervention for vulnerable children and adults has been at such a pace that discretionary universal services are continually being squeezed and are being 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 has never been more challenging.

Within this context, local authorities continue to be faced with some very tough choices and have needed to embrace and implement significant further changes to their local service offer including digitalisation and automation to capitalise on the efficiencies and savings that can be generated. There remains huge pressure on local authorities to try to continue to meet the essential needs of local residents whilst balancing major affordability and future sustainability concerns.

The sector has never witnessed so many s114 notices (effectively a declaration that a local authority is no longer a going concern) being issued or being considered. There is no longer any ‘low hanging fruit’ to reduce costs in local government, therefore across the country, local authorities are having to think seriously about a comprehensive programme of change to get to a financially sustainable operating cost base whilst at the same time managing increasing and ever-changing complexity of local demand for Council services.

1.3 Local Impact – Finance Settlement 2024/25

The provisional finance settlement was published on 18 December 2023 and confirmed that there would NOT be a Comprehensive Spending Review but did confirm short term funding levels and provide extra investment for social care. The Council began the financial year 2023/24 in a relatively strong financial position in comparison to several other upper tier authorities. The speed of widespread inflationary pressures, energy prices and local service demand post the pandemic has had a huge financial impact for Southend-on-Sea over both 2022/23 and 2023/24 financial years. This situation has been replicated right across the country. Regular monitoring reports have been presented to Cabinet throughout the year, illustrating the scale of the impact and summarising what actions the Council have had to take to try and mitigate the threat to the Council’s financial sustainability. The last updated forecast financial position for 2023/24 as at 30 November 2023 (Period 8) was considered by Cabinet at its meeting on 11 January 2024.

The final local government finance settlement for 2024/25 was published on 5 February 2024 and included additional funding for social care authorities, aimed specifically at children’s social care pressures and distributed through the Social Care Grant. It was **not** confirmed that this additional grant would be a permanent increase for future years.

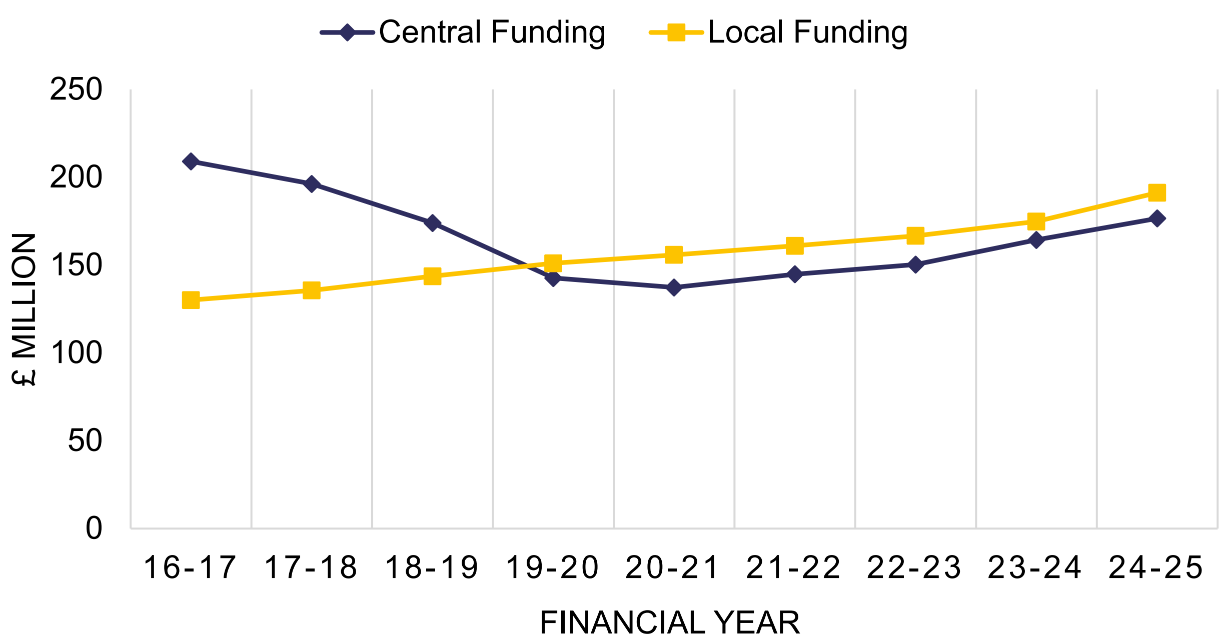
For many years now all Governments have favoured the use of highlighting ‘Core Spending Power’ calculations for local authorities. This combines ‘national funding with local income generating potential via council tax’ so the true level of additional resource received in 2024/25 is considerably less than what is required just to keep up with the levels of inflation experienced in 2023/24, ignoring any increases in local service demand.

This has caused major financial and sustainability challenges, particularly for upper tier authorities with responsibility for social care. In simple headline terms Southend-on-Sea City Council will receive around £13 million extra income in 2024/25 but around £5 million of this was assumed to be raised by increasing local Council Tax by 4.99%. The details also highlight some examples where 'previous grants have been rolled in' as part of the settlement and expected funding from Government commitments around initiatives like the New Homes bonus have been reduced. Extra burdens and 'new strings, expectations and reporting requirements' have also been introduced for 'new funding' particularly Local Productivity Plans that need to be developed and submitted to Government in July 2024.

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

Figure 1 illustrates that for SCC the level of funding available for local authority services is increasingly more reliant on locally generated sources rather than non-ring-fenced or general grants from central government. It is hard to imagine that this trajectory and direction of travel will change over the medium term if anything the gap will continue to widen.

Figure 1 Trend from central to local funding sources.



Southend-on-Sea City Council is one of six unitary authorities in the East of England, responsible for delivering over 500 services and with a current population of nearly 181,000 residents living within over 80,000 households. The Council's turnover is around £440m and our resources are well-managed through our budgetary and financial monitoring framework.

The MTFS has been developed on the understanding of where Southend-on-Sea City Council currently is and where it wants to get to. It has clear ambitions that have been set in conjunction with residents, businesses, and partners, and has a commitment to deliver efficient value for money services, a desire to increasingly target resources towards the delivery of priority outcomes and to remain a financially stable, well run, and resilient organisation. This clarity of focus helped to provide clear direction for the organisation and enabled the Council to respond positively to the huge health, economic and operational impact caused locally by COVID-19 and supported our recovery from the pandemic.

Since 2018 the Council has been on a path to review the culture, values, and behaviours of the organisation. Clear values have been established in our organisation:

- Inclusive – we put people at the heart of what we do.
- Collaborative – we work together.
- Honest – we are honest, fair, and accountable.
- Proud – we are proud to make lives better.

These are supported and complemented by the following set of agreed and championed behaviours:

- Driving Positive Change
- Demonstrating strong leadership
- Trust and respect
- Acting with integrity and behaving responsibly
- Building relationships to work well together.

Proposals within the MTFS build on the Council's ability to work with residents and partners to design services that meet local needs. The agreed set of core values and behaviours continue to shape our approach to decision making and service delivery.

The Council has been led by a minority local Conservative party administration since May 2023 supported by a professional executive leadership team. Our overall financial strategy arrangements have been shaped and influenced by CIPFA's Financial Management Code[1] which summarised a lot of the good work and appropriate standards that were already evident within the local authority.

The MTFS provides an integrated view of the whole of the Council's finances and business outlook over the next five years. It shows how the Council intends to align its financial resources to support the implementation of our corporate plan, in line with the vision for the City, enhancing delivery of our priority outcomes and economic recovery intentions. The MTFS will be refreshed on an annual basis, in recognition that in the current environment the further any financial strategy looks to the future, the more uncertain it becomes.

The MTFS is the Council's key financial planning document which informs business and resource planning. It clearly shows how investment and spending is prioritised and balanced against available resources. It will identify any budget gaps in the medium term to allow the Council time to address them in a considered and planned way.

Despite the current challenges, the Council is determined to build on the solid financial foundation that it has worked so hard to create locally. By also continuing to demonstrate strong leadership, collaboration, and engagement the Council wants to remain proactive, and with the support of its communities, help shape the future destiny of Southend-on-Sea.

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

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

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

Building on the engagement and consultation exercise undertaken with residents and key local stakeholders during 2022, the Council's new corporate plan has heavily influenced the investment priorities for 2023/24 – 2027/28. Our corporate plan provides the context and narrative for our City and the role that the Council will play in that. It reflects the period of organisational change and our operating models for the future – including officer and member development. The corporate plan's four overarching themes provide a framework to support prioritisation:

- a growing city with a strong and prosperous community.
- a safe city with a good quality of life for all.
- a clean city with a resilient environment.
- a transforming council delivering efficient, cost-effective services.

Under each priority there are several outcomes we want to achieve and more detail about what we will do. In October 2022 the Local Government Association was invited to undertake a Corporate Peer Challenge. Contained within the feedback, the Peer Team reflected that 'we have done really well to set priorities (in reference to the 2022 Corporate Plan) but we need to prioritise our priorities'. The refresh of the Corporate Plan seeks to address this.

Our Corporate Plan provides a helpful narrative and sets the direction for the work we're doing, providing a place to knit all of the council's work together in a way that makes sense to everyone. It's aims are to:

- Provide clarity and direction in a 4-year business plan.
- Ensure efficient use of resources.
- Provide a way of measuring success.
- Support effective decision making.
- Coordinate activities.
- Motivate and guide staff.

The Council is working with partners to refresh the city's vision which will provide the opportunity for the Council to continue strengthening partnership working across the City and wider region. Dedicated work and engagement will continue with a focus on driving this ambition as a new City.

To reflect these aspirations and to support delivery of the early phases of activities to achieve better outcomes for Southend's residents, the Council for 2024/25 is continuing to try and develop a longer-term view of the use of its resources and financial planning arrangements. Our commitment remains to focus on supporting the local economy and our most vulnerable local residents to recover from the pandemic and to help them to cope where we reasonably can with the impact of the cost of living crisis.

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

Local Government still faces huge challenges in terms of uncertainty over future funding levels and continuing increases in demand and local expectations – Southend-on-Sea is no exception, but the Council is determined to do everything it can to plan effectively for the future and invest in priorities that make a real positive difference to Southend's residents, businesses, and visitors. The years 2020/21 and 2021/22 were dominated by the impact of the pandemic, 2022/23 and 2023/24 have been dominated by inflationary pressures and a cost-of-living crisis so 2024/25 is now clearly an important year in our journey towards becoming a more outcome focussed organisation where our resources are prioritised accordingly.

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

The Council is continuing to develop shared ownership of the vision for Southend and the first phase of the planned programme of outcomes. Given the need to prioritise the response to the pandemic some aspects of the original plans and the sequencing of activities have had to change. It is still the intention that, wherever possible, measures to achieve the outcomes are co-designed and co-delivered with residents and partners. This has resulted in the development of more innovative partnership arrangements with stakeholders and shifting our culture so that council staff have an engagement role in their day-to-day job. However, the momentum of this programme has slowed given the local challenges and practical obstacles that the pandemic and now cost of living crisis has caused.

It is within this context that the Council remains committed to delivering the overall medium-term ambition but had to recognise that tactically in the short term the pandemic, inflation and increases in local service demand challenges required immediate responses to support our residents, businesses, communities, and our workforce. To support this prioritisation for the Council there we are introducing a corporate planning framework which articulates the Council's key priorities, contributions to the vision for Southend and our transformation ambition to enable the priorities to be delivered.

The Council remains committed to using an Asset Based Community Development (ABCD) methodology to promoting the sustainable development of our communities in the medium term. This will continue to build on how the council works with residents and stakeholders, and revise the Council's approach to leadership, management of assets, funding streams, commissioning, and workforce development.

This approach will include more shared posts, shared commissioning and the co-location of services and staff, along with the development of our locality approach. It will promote a more fluid and creative way for citizens to share their ideas on priorities and solutions, while also valuing and strengthening the more formal consultation processes. The Council believes that this is even more important given the challenges to re-imagine the relationships and contacts with local communities.

To further enhance our approach to partnerships, community engagement and citizen empowerment, the Council continues to invest in a community builders' scheme on a test and learn basis. Community builders will be embedded into the heart of the local community and will have preventative conversations with neighbourhoods about what matters to them as well as helping people to build and connect using their personal strengths and with natural support through local assets and relationships. Community builders will be an enabler to support early, preventative action BY citizens to help to deliver on our vision for Southend.

1.5 Implementing the ambition and transforming service delivery arrangements

Building a City Council Fit for the Future

The overall level of net cost reduction required by Southend-on-Sea City Council to bridge a medium to long term deficit by 2028/29 requires a programme of work that not only supports the development of net cost reduction and transformation opportunities at a service level, but that also considers how these opportunities can be integrated into a renewed, sustainable, operating model.

Previous work undertaken by Grant Thornton identified key observations about the original operating model of the Council:

- As a twenty-first-century Council with an ever-tightening fiscal environment, Southend has no option but to modernise its operating model and find new, more cost-effective ways of meeting the needs of its communities in the context of a changing public sector landscape.
- Overall, the Council is relatively 'traditional' in its mode of service delivery, and there is significant opportunity to innovate, considering not just 'how' services are delivered but also 'what' services are delivered.
- The Council has a history of being all things to all people - a key objective of the Corporate Plan and Service Plans should be to define more clearly what the Council prioritises and delivers and therefore give officers the authority to stop/reduce non-essential activities.

A transformation partner, Ernst and Young (EY), was then appointed in August 2023 to undertake a fourteen-week period of review to advance thinking around transformation and help develop strategy. This, in part, built on some of the work delivered by Grant Thornton. However, due to the imminent financial challenges, the Council requested that this work be ‘pivoted’ to develop cost-saving ideas to reduce the overspend for 2023/24 and for the 2024/25 budget setting but also to focus on primarily 4 key cross cutting workstreams as follows:

- Estate Optimisation
- Demand Management in Adults & Children
- Front Door Redesign
- Procurement / Commissioning / Contract Management

Building on the initial work undertaken by Grant Thornton six design principles for transformation were developed by the Council’s Senior Leadership Network with support from EY. The principles guide activity to ensure any change initiatives across services align to the following:

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

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

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

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

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

- **Commercially Viable:** We will think commercially about how we operate and deliver services, so the Council is financially viable. This is to enable us to deliver services within the budget we have, driving the best value for our residents.

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

Governance, Reporting and Delivery Arrangements

The level and intensity of the transformation programme requires strong governance and support, and a new officer Transformation Board was created in the spring of 2023 to oversee the programme and delivery of activity. The Board's composition has been reviewed and a new Transformation Board, now led by the Corporate Leadership Team (CLT) with support from key Directors was established in November 2023. Its terms of reference include oversight of a newly developed Transformation Programme, identification, prioritisation, and approval of transformation initiatives that align to the Corporate Strategy, and remediation of initiatives considered to be at risk. It will also oversee the delivery of savings and income generation set for 2024/25 onwards.

To support the Council's transformational journey a new role of Transformation Director has been appointed in September 2023. CLT have recently agreed the recruitment of a Lead Programme Management Office Manager and Project Support Officer to support the development and delivery of the programme.

In addition to the Transformation Board there has recently been the creation of a cross party Members Finance Panel, which will have regular oversight of the work of the Transformation Board but also be used as a cross party panel actively challenging progress, delivery, generate new ideas and do some in depth analysis and mitigation around key risk areas of the budget.

There was approval in the 2023/24 budget setting process for additional one-off 'change' resources of £1.5m from the transformation implementation reserve. This was earmarked to facilitate the delivery of the transformation programme with both internal and specialist external expertise and to provide the capacity to implement the programme and cultural change required at pace. Without this major redesign the Council will be exposed to the increasing pressure and risk of financial unsustainability. A threat that many local authorities are already declaring. The operating landscape and financial pressures are getting even more challenging each year and the Council needs to be proactive and continue its major change journey. The alternative could lead to an even greater reactive impact on our service range, quality and operational viability.

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

In the context of the challenges and unprecedented circumstances, the purpose of the MTFS is to try and provide a clear strategic framework and encourage a forward-looking approach to support medium term financial stability and longer-term sustainability. The intention has been to target scarce resources to the agreed priorities within the Council's new corporate plan within the context of the overall vision for Southend, provide support for our most vulnerable residents, respond positively to the impact of the pandemic on our local economy, manage the impact of inflation as carefully as possible whilst coping with unprecedented levels of local demand pressures across social care.

Success will depend on how the Council manages and navigates this very difficult combination of challenges, whilst also ensuring that the Council lives within its means and remains a financially sustainable organisation. The strategy will aid robust and methodical planning as it forecasts the Council's financial position, considering known pressures, highlighting major issues affecting the Council's finances, including international, national, regional, and local factors.

It helps the Council to respond, in a considered manner, to pressures and changes caused by many internal and external influences. This is particularly important during a period when the Council still faces unprecedented challenges and uncertainty. The MTFS recognises the key role that financial resources play in the future delivery of services and in enabling the effective planning, management and delivery of priorities that contribute to the outcomes that have been included within the refreshed vision for the city.

The strategy concentrates on the key principles that will provide a strong and sustainable direction for the medium term. An overarching MTFS is not only good practice but is required to provide the strategic financial framework for the authority at a time of considerable pressure and change. It will be needed to help to navigate the route for the organisation and local area to come through the current economic turbulence and service demand challenges stronger, deliver key priorities and ongoing efficiency gains, provide closer budget scrutiny, effective management of financial pressures, national policy changes or political change.

The MTFS takes a holistic view of all prevalent issues and requirements so that it is realistic and reduces the risk of a significant budget gap occurring late in the budget setting process. It includes revenue and capital expenditure and income for the General Fund and the Housing Revenue Account, reserves, financing of capital, treasury management and partnerships. This is to ensure that the Council sets a comprehensive, affordable, and sustainable budget. The new CIPFA Financial Management Code has been compulsory since 2021/22 and having a viable and robust MTFS is a minimum requirement.

The key overriding aim of the MTFS is therefore: **To provide a financial framework within which financial stability can be achieved and sustained in the medium term to deliver the Council's key strategic outcomes, priorities, and sustainable services.**

The parameters set by the five-year planning period of the MTFS are used to inform the development of the budgets for the General Fund, Housing Revenue Account, and the capital investment programme for the first year of that planning period. This is to make sure that, in setting the budget, decisions are not taken that could create problems in future years and that the financial consequences of those decisions are sustainable and fully understood.

The MTFS is crucial to the setting of a robust budget by considering the likely effect of identified budget pressures and the associated risks materialising. It facilitates the modelling of the impact of different planning assumptions and scenarios on the budget gap to inform decision-making and provides greater confidence that the budget is both affordable and realistic.

Given these uncertain and challenging times the MTFS should be viewed as the Council's provisional assessment based on the best knowledge and intelligence currently available, rather than cast iron accurate medium-term forecasts.

1.7 Annual Revenue Budget Setting

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

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

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

1.8 Financial Resilience and CIPFA's Index

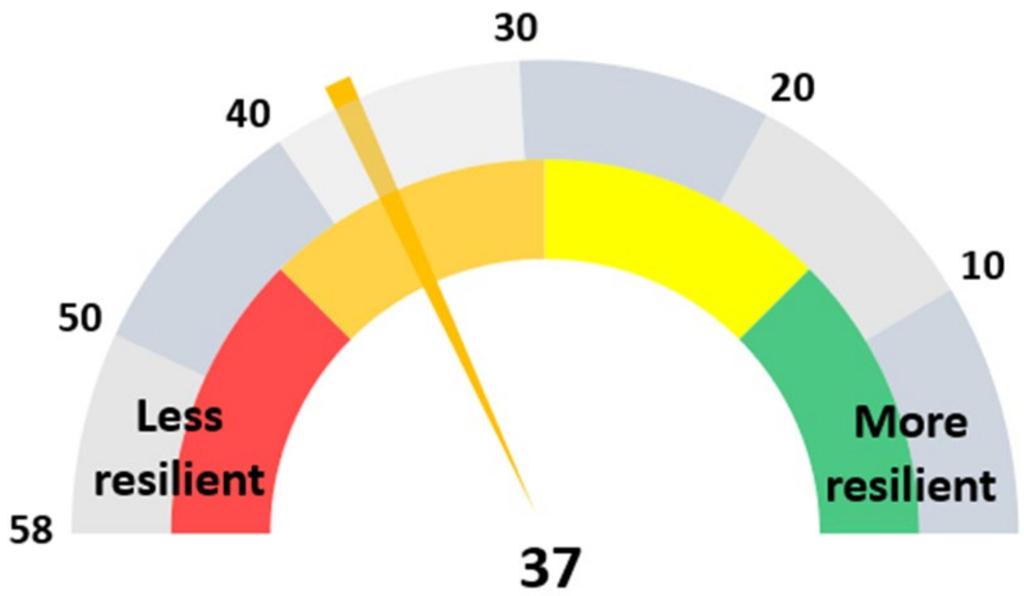
Financial resilience and future sustainability are important considerations. We are an ambitious Council and our local area secured City Status in 2022. We are committed to continually improving our performance and delivering better outcomes for residents through our Corporate Plan and contributions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

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

The CIPFA Financial Resilience Index[2] uses nine primary indicators of financial stress. We have taken the indicator values for the 58 unitary authorities in England and assessed Southend's comparable resilience based on equal weighting of each indicator. The result places Southend 37th out of 58 (Figure 2), although ranking on the individual indicators ranges from 14th to 42nd.

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

Figure 2 Southend's Performance in CIPFA's Financial Resilience Index for 2023

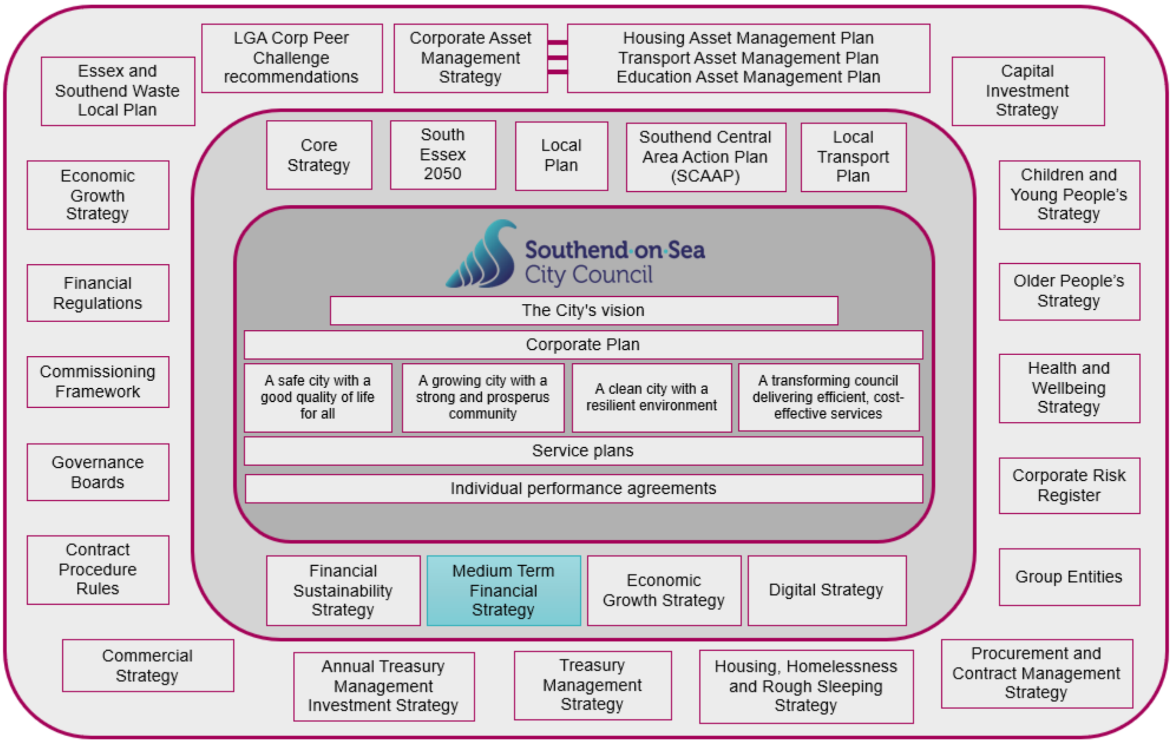


1.9 Strategic context

The MTFS is closely aligned to several other strategies and plans which impact on the direction of the Council and must reflect and be informed by the drivers and priorities within them. The following diagram (Figure 3) shows the links to these other key strategies and plans.

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

Figure 3 MTFS Links to Other Strategies



LGA Peer Review Findings 2022

In October 2022, the Local Government Association and peers visited the council to conduct a Corporate Peer Challenge. This provided an opportunity for an improvement lead review of the key challenges faced by the council, including five standard core components, including governance, priority setting, and financial planning. Peers spent four days at the Civic Centre, during which they gathered information from 51 meetings, spoke to more than 160 people, including councillors, council officers and external stakeholders, and observed four council meetings (two in person and two on-line).

The peers found that the council was very self-aware, has huge potential and that there are many positive attributes and assets both within the council and city, including the strong community ethos, ambitious regeneration projects and sound financial management. However, peers found that the approach to leadership, governance and decision making is impacting the council's capacity to progress. Nine recommendations were made. They are as follows:

- completing the review of the Council's Constitution,
- develop more effective councillor and officer working relationships,
- consider changing the election cycle,
- reengage partners,
- align priorities to resources and capacity,
- better communicate difficult decisions,

- modernise operating systems,
- develop a plan to tackle spatial inequalities and disparities across the city,
- continue to engage in regional activity, such as Association of South Essex Local Authorities.

Cabinet accepted the peer's findings and recommendations and in response worked with the Senior Leadership Group to develop an Action Plan. Progress against the Action Plan is being monitored by the Corporate Leadership Team and a cross party councillor working party. In line with their standard procedure, peers returned to the council on 7th December 2023 to review progress against the Action Plan and provide ongoing support for improvement.

The LGA's report acknowledges good progress across all the recommendations with particular emphasis on building a more engaging leadership style through strengthened communications and engagement alongside greater cross-party workings. The report outlines the financial environment and the work undertaken to address budget gaps. A strong and consistent message arising from the progress review is the need to maintain focus on the delivery of the required savings and medium-term financial resilience. The peers further highlighted the importance of transformation in achieving this.

1.10 Key Assumptions

Local authority budgeting is by its very nature difficult to forecast with absolute certainty since there are so many variables that need to be considered and assessed. Table 1 summarises a range of assumptions that have been used to drive all applicable aspects of the financial planning process.

Table 1 Summary of Key Assumptions

Item	2024/25	2025/26	2026/27	2027/28	2028/29
Council Tax Increase	2.99%	1.99%	1.99%	1.99%	1.99%
Social Care Precept Increase	2.00%	0.00%	0.00%	0.00%	0.00%
Council Tax Base (No. of 'Band D' Equivalents)	60,409.19	60,711.24	61,014.79	61,319.87	61,626.47
Revenue Support Grant	£7.590M	£7.590M	£7.590M	£7.590M	£7.590M
Business Rates Retention Scheme	£46.217M	£46.217M	£46.217M	£46.217M	£46.217M
Business Rates Multiplier	6.60%	3.00%	1.60%	0.00%	0.00%
Use of Collection Fund Surplus	£1.000M	-	-	-	-
Use of General Reserves	-	-	-	-	-
Public Health Grant	£10.538M	£10.538M	£10.538M	£10.538M	£10.538M
Consumer Price Index (CPI)	3.60%	1.80%	1.40%	1.70%	2.00%
Retail Price Index (RPI)	4.60%	2.80%	2.40%	2.70%	3.00%
Pay Award Provision	4.00%	2.00%	2.00%	2.00%	2.00%
Incremental Progression	1.00%	1.00%	1.00%	1.00%	1.00%
Superannuation Rate	20.60%	21.30%	21.30%	21.30%	21.30%
National Living Wage (Adult Social Care Providers - Cumulative)	£4.780M	£7.780M	£10.080M	£12.380M	£14.680M
Waste Collection Contract	£0.700M	£2.200M	-	-	-
Social Care Grant	£17.333M	£15.616M	£15.616M	£15.616M	£15.616M
Better Care Fund (SCC allocation)	£7.988M	£7.988M	£7.988M	£7.988M	£7.988M
Improved Better Care Fund	£7.797M	£7.797M	£7.797M	£7.797M	£7.797M
Fees & Charges increase yield	10.00%	4.00%	2.00%	2.00%	2.00%
HRA rent increases	7.70%	4.60%	2.80%	2.40%	2.70%
Dedicated Schools Grant	£66.012M	£66.012M	£66.012M	£66.012M	£66.012M
Investment Income (Ave)	4.08%	2.88%	2.27%	1.96%	1.96%
Average PWLB Borrowing Rate:					
General Fund	3.29%	3.25%	3.22%	3.16%	3.22%
Housing Revenue Account	4.09%	4.06%	4.03%	3.96%	4.00%
Combined GF and HRA	3.46%	3.42%	3.39%	3.35%	3.36%

Council Tax, Social Care Precept and Council Tax Base

The increase in Council Tax is assumed to be 2.99% for 2024/25 and 1.99% for the years 2025/26 to 2028/29. It is assumed that the adult social care precept will increase by 2% in 2024/25 with no further increases for the adult social care precept included for future years. This will require further review and consideration, following the next General Election and clarification from the new Government.

The Council Tax base for the Council for 2024/25 has increased by 1.11%, this is 0.61% more than was estimated in the previous MTFS. The Council Tax base for 2024/25 was approved by Cabinet on 11th January 2024 and set at **60,409.19** (equivalent Band D properties) including Leigh-on-Sea Town Council. It has been assumed that from 2025/26 the Council Tax base will increase by 0.5% per year.

Revenue Support Grant, Business Rates Retention, Business Rates Multiplier and Collection Fund

The local government finance settlement confirmed that the Revenue Support Grant (RSG) increased by 6.6% from the 2023/24 figure, a seemingly significant rise but this grant now only accounts for around 2% of the Council's overall income. No further increases in this local element are assumed from 2025/26 onwards.

The Business Rates figure for 2024/25 has been calculated by using a combination of the fixed top-up payment the Council receives from Government and a local assessment of the net amount likely to be raised locally that the Council will be able retain.

The planned use of collection fund surpluses has been programmed into the MTFS from 2024/25 – 2028/29. A prudent view has been taken based on Council Tax increases and forecasts of housing completions, changes in discounts awarded and exempt properties, whilst also considering the effect of the current economic climate on collection rates. The overall collection fund position will be reviewed as part of the final outturn and formal closure of the accounts for 2023/24.

From 2025/26 onwards there continues to be uncertainty over what the Government will do in terms of introducing a business rates reset, developing the business rates retention scheme and the potential to remove the ring fence on Public Health Grant potentially including it as part of the retention scheme. Other considerations and implications include the Health and Social Care White Paper and the delays to social care reform proposals. In the absence of any other information, it is assumed that the same level of funding will be embedded into whatever the new system will be in the future. The MTFS will be updated as soon as any more detailed information becomes available.

Public Health Grant

The Public Health Grant was introduced in 2013, when the responsibility for commissioning public health services moved from the NHS to Local Authorities. The aim is to protect and improve the nation's health and wellbeing whilst reducing health inequalities, at both a national and local level. The grant is ringfenced to eligible defined Public Health expenditure only.

Table 2 outlines some of the key areas that Public Health Grant has been invested in, as well as the grant levels received over the last five years. Whilst the grant amount increased by 3.26% for 2023/24, this was well below inflation rates of around 10% in 2023/24. The 2024/25 allocation released on the 5th February 2024 has also shown a revised total allocation of £10.538M, which is a £137,000 increase from 2023/24 or an equivalent of only a 1.32% increase and also remains significantly below current levels of inflation.

Table 2 Public Health Grant Investment

Area of Investment	**2020/21 £000s**	**2021/22 £000s**	**2022/23 £000s**	**2023/24 £000s**	**2024/25 £000s**
Children 0-19	3,199	3,586	3,874	4,049	4,171
Health Protection	459	467	487	495	498
NHS Health Checks	165	206	216	249	209
Obesity and Physical Activity	132	122	127	162	169
Other Public Health Services	1,641	1,429	1,352	1,417	1,447
Sexual Health Services	1,554	1,515	1,520	1,524	1,531
Smoking Cessation	115	88	90	93	96
Substance Misuse	2,434	2,376	2,407	2,412	2,417
Total	**9,699**	**9,789**	**10,073**	**10,401**	**10,538**
Grant Level Change	487	90	284	328	138
% (Reduction)/Increase		0.93%	2.90%	3.26%	1.32%

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

Estimates of future indices of inflation are shown in the key assumptions table (Table 1). From an MTFS perspective, inflation increases have only been provided for major contractual commitments, utilities, and business rates. The amounts earmarked for inflation in 2024/25 are lower than in the previous year as inflation slowly falls from the historic high levels experienced in 2022/23. Services are expected to absorb any other price inflation within their existing cash limited resources.

Pay Award, Incremental Progression and Superannuation Rate

The pay award for 2023/24 was confirmed in November 2023 and increased each spinal point within the National Joint Council (NJC) pay scales by 3.88%. The average pay increase received by Southend-on-Sea City Council employees was 5.9%. The 2023/24 budget included provision for a 5% pay award. The 2024/25 budget has been rebased to accommodate this and a revised estimated pay award of 4% for 2024/25 has been provided.

From 2025/26 to 2028/29 provision has been made for a pay award increase of 2.0% for each year. Provision has also been included in each year for the estimated cost of staff progressing through spinal column points of their respective grade.

Employers have opened negotiations with trade unions for 2024/25 pay award and concerns have been expressed over the recent trend of flat rate cash pay rises, due to the impact on differentials, progression, recruitment and retention of skilled staff.

The financial impact of the 2022 triennial actuarial valuation of pensions has been built into the MTFS. This has been achieved by recalculating and renegotiating the Employers Superannuation rate to reflect the right level of contributions required to be paid into the Essex Pension Fund with the ambition to ensure that all pension liabilities are fully funded.

The Council took proactive action in 2019 to increase contributions and together with strong investment performance from Essex Pension Fund, we are now in the position to reduce contributions for the 3 years from 2023/24 to 2025/26. Primary rate for 2023/24 to 2025/26 will be 21.3%, with a secondary rate for 2023/24 and 2024/25 of -1.3% and -0.7%, respectively.

The next triennial review is scheduled in 2025.

National Living Wage

An appropriate uplift will be paid to all our Social Care and other providers to ensure that they have the right level of resources to pay the estimated National Living Wage increase to Care Workers and other employees each year. The cumulative cost is shown in each year in the key assumptions' summary table (Table 1).

Waste Collection Contract

This major contract has been extended with the current contractor whilst a comprehensive procurement exercise is underway. This remains ongoing and initial detailed solutions have been proposed by the market. Several decisions have been made including the transition to an alternate weekly collection service in line with many other Local Authorities across the country.

It had already been recognised that the cost is expected to rise significantly from the original contract. An initial £1.5M per year from October 2023 had already been included in the MTFS. This has now been extended up to April 2025 and an estimate has been made of the revised cost of the new contract. This will be revised once the procurement exercise has been concluded and the final contract has been awarded.

Social Care Grant

The level of Social Care Grant at provisional settlement for 2024/25 was £15.616M, an increase of £2.419M from 2023/24. This grant includes 2023/24 Market Sustainability Improvement Fund – Workforce fund which has been rolled into the main grant.

The final settlement included an additional national allocation of £500M to the Social Care Grant to bolster social care budgets, a key concern raised by councils. Southend-on-Sea City Council share was an additional £1.717M, making the total Social Care Grant for 2024/25 £17.333M. Most of this additional funding has been allocated to a one-off reserve (£1.617M) to help relieve the expected pressures from Children's social care in 2024/25.

In the absence of any further information on future levels of funding the MTFF assumes that this will revert to the original 2024/25 level of £15.616M from 2025/26 – 2028/29.

Better Care Fund (BCF) and improved Better Care Fund (iBCF)

The Better Care Fund (BCF) commenced in 2015 and is a major national investment programme spanning NHS and local government which seeks to ensure closer integration between health and social care services. Our local arrangements are framed within a formal agreement with the Mid and South Essex Integrated Care Board (ICB) for a pooled budget under Section 75 of the National Health Service Act 2006. A new improved Better Care Fund (iBCF) was introduced in 2017/18 and this is paid direct to the Council with a condition that it is pooled into the local BCF plan. In 2018/19, the government introduced Winter Pressures funding, which is also paid direct to the council on the condition of it being pooled into the local BCF plan. In 2020/21 the Winter Pressures funding was rolled into the iBCF.

The notification of the 2023/24 BCF included an inflationary uplift and included the allocation for 2024/25 in order to give Council's and ICB the opportunity to plan over two years. The allocation for the iBCF has remained static, with no uplifts provided.

The following table (Table 3) summarises the Council's core BCF and iBCF allocations, the ICB's BCF allocation and the total BCF/ iBCF in the pool for 2021/22 – 2024/25.

Table 3: BCF/iBCF Allocations

Allocation	21/22 BCF £000s	21/22 iBCF £000s	22/23 BCF £000s	22/23 iBCF £000s	23/24 BCF £000s	23/24 iBCF £000s	24/25 BCF £000s	24/25 iBCF £000s
SCC	6,614	7,568	7,156	7,797	7,560	7,797	7,988	7,797
ICB	7,680	0	7,966	0	8,416	0	8,893	0
Totals	**14,294**	**7,568**	**15,122**	**7,797**	**15,977**	**7,797**	**16,881**	**7,797**

Fees & Charges increase yield

It is assumed that the overall level of income generated will increase by an average of 10% in 2024/25, with some exceptions such as 7% on car parking. Increases for the following years have been estimated at 4% for 2025/26 and 2% for 2026/27 to 2028/29 and will be linked to the CPI% in the preceding September/October.

Investment Income (Ave)

The Council earns income by investing its surplus cash in a mixture of short-, medium- and long-term investments, as set out in the Annual Treasury Management Investment Strategy. The amounts available for investment and the length of time they are available depend on many factors, not least the Council's level of revenue and capital budgets, use of reserves, methods of funding the budget requirement, interest rates, cash flow and the Council's view of risk.

PWLB Borrowing Rates (Long Term - GF) (Ave), (Long Term - HRA) (Ave) and (Long Term Consolidated) (Ave)

The ambitious capital investment programme, although partly funded by grants, other external contributions, capital receipts and revenue funding (such as Housing Revenue Account reserves), requires an increase in borrowing as set out in the Treasury Management and Capital Investment Strategies. The MTFS allows for the provision to repay this borrowing and the increased costs of interest payments required.

Sensitivity Analysis

The following table (Table 4) provides an illustration of the financial impact of changes in assumptions to some of the key income and cost drivers in the budget for 2024/25. The cumulative impact on the potential budget gap would be significant.

Table 4 Illustration of Sensitivity Analysis (Cost/Income)

Assumption in MTFF for 2024/25	Change in assumption	Effect on the budget gap for 2024/25
Council Tax increase of 4.99%	Council tax increase of 3.99%	Increase of £0.985M
4% pay award	Pay award of 5%	Increase of £0.705M
Fees and charges yield increased by 10%	Fees and charges yield increased by 9%	Increase of £0.185M

The following table (Table 5) provides an illustration of the financial impact of changes in demand forecasts for key services in 2024/25.

Table 5 Illustration of Sensitivity Analysis (Demand Changes)

Demand Factor	**Change in Forecast**	**Effect on the budget gap for 2024/25**
Growth in Older People (65+) population	+1%	Increase of £0.200M
LAC Residential Placements	+ 1 place	Increase of £0.250M
LAC External Foster Care Placements	+ 1 place	Increase of £0.052M

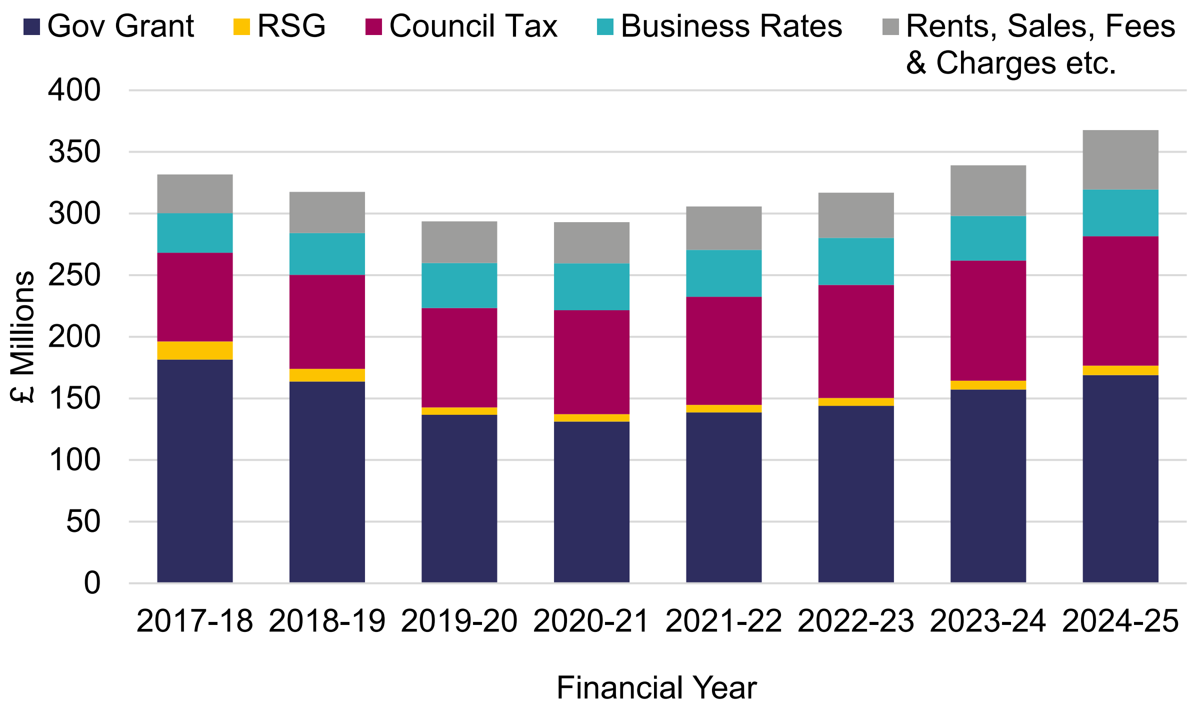
Planned mitigations to offset some, or all, of the impact of growth in demand above the forecast include:

- Older People 65+
    - Promotions of independence.
    - Minimise incidence of low-level home care.
    - Promotion of the Strength Based Approach.
- Transitions
    - Review level of care once transition cases have turned 18.
    - Promotion Learning Disability pathways to independence.

Historical Funding Analysis of the General Fund Revenue Budget

To highlight the current direction of travel, Figure 4 illustrates how the budget has been funded over the last eight years (since 2017/18). This shows an overall funding reduction year on year (to 2020/21) and a significant real terms overall reduction in central government funding streams over this period.

Figure 4 Sources of Funding



Housing Revenue Account (HRA) Rent Increases

From 2012/13 the HRA became self-financing and is no longer subject to the HRA subsidy regime. Under self-financing, the HRA funds its expenditure, including its capital expenditure, from its income streams (primarily tenant's rents). Some grant funding may be available to support capital expenditure within the HRA going forward, but there is no assumption of external financing built into forward projections.

In October 2017, the government announced its intention to set a new long-term rent deal for both local authority landlords and housing associations. This would allow annual rent increases on both social rent and affordable rent properties of up to CPI as measured in September each year plus 1 percentage point from the financial year 2020, for a period of at least five years.

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

This was a one-year deviation from the previous rent increase arrangements however the gap between actual inflation that year and the 7% ceiling is not being recovered. In 2024/25 the previous formula of CPI in September +1% has been approved and therefore for financial planning purposes the MTFS assumes tracking of CPI +1% through to 2028/29.

Dedicated Schools Grant (DSG) – Early Years

As announced by the Government in their Spring 2023 budget, for 2024/25 the DSG has been further expanded to support the new early year funding entitlement offers for eligible working parents of 9 month to 2 years old and 2 year olds, and whereby from September 2025 – eligible working parents will be able to claim 30 hours of weekly child care (over 38 weeks of the year) from the term after their child turns 9 months up to school age.

This is obviously a significant expansion with the Government main aim of supporting parents back to work and to help grow the economy.

2024/25 allocations have been set by the Department for Educations (DfE) based on current expectations of take up, it will obviously take a few years for the childcare market to adapt, expand and support this growth. The childcare market is also struggling on recruitment for workers and is often vocal to raise their concerns on overall funding levels.

Upper tier and Unitary Local Authorities have a duty to ensure sufficient and good childcare provision is available in their local area. The introduction of these new offers does therefore place more requirements on Local Authorities. Our Local Authority's planning response to this new major initiative is as shared in the January 2024 Education Board. **Early Years 2024/25 DSG paper,** published paper**.**

Dedicated Schools Grant (DSG) – Schools

For 2024/25, the Department for Education (DfE) have set minimum basic funding rates per pupil for both mainstream primary and secondary to be uplifted by 1.4%. Any School due to receive funding directly through their core underlying school formulae so for Schools above the minimum amounts per pupil are to receive gains of 1.4% per pupil on their basic entitlement rate and all other factors, with a 1.6% uplift specifically allocated to the free school meals factor. And all remaining schools, who's previous year funding levels are therefore both above the 2024/25 minimum rates per pupil and above their 2024/25 core underlying school formulae, will receive protected per pupil uplift gains of 0.5% as a total.

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

The DfE continues its trajectory to implement a hard national funding formulae (NFF) to determine all School budgets nationally by 2027-28. The DfE, first introduced the NFF in 2018-19 and since that time Local Authorities and School Forums have been transitioning their previous local formulas to these national formulae. Over two thirds of Local Authorities now follow the national funding formulae of which Southend is one.

The Government have also confirmed the Teacher pay award grant that was implemented in September 2023 and announced in July 2023 to assist the resolving of teacher pay award disputes for 2023/24 will continue in 2024/25 by way of a separate grant outside of the DSG.

There is obviously much anticipation as to any pay award announcements for 2024/25 and how the Government may choose to respond. Schools are struggling financially, and Southend's local schools (as a consensus) are very concerned around their overall funding levels.

Dedicated Schools Grant (DSG) – High Needs

High Needs funding nationally continues to be very challenging financially where many local authorities cannot contain spending plans within their annual funding allocations. The growth in demand and requirement for Children and Young Adults with Education Health and Care Plans (EHCPs) has continued to outpace funding at a National Level. The DfE, have instigated safety valve agreements for Local Authorities with the highest dedicated school grant deficits.

For 2024/25, Southend's High Needs funding has benefited from a further £1.749M under national funding formulae, equivalent total funding growth of 4.8%. But it must also remain minded locally this is against the context of a further 11% growth in the numbers of Children and Young Adults with EHCPs similar to growth levels nationally as well. High Needs funding also supports Children without EHCPs who require an alternative provision of education outside of Mainstream Schools, growth also further continues in this requirement.

Dedicated Schools Grant (DSG) – Central Block

Unfortunately, but not unexpected in 2024/25 there has been a further 20% reduction in funding on Southend's DSG central block funding covering historic commitments (which are combined budgets between the Local Authority and the DSG). Plans have been considered and agreed since 2020/21 when this DSG DfE Central funding began to unwind, and it is anticipated the current plan will suffice until 2025/26 drawing on any remaining DSG Central Block reserve balance until those reserves have gone.

1.11 Corporate Assurance, Strategy Alignment and Risk Management

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

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

- Effective, but as simple as possible and easy to understand.
- Joined up and complementary, not conflicting with each other.
- Designed around customers.
- Making best use of technology and digitally enabled where this makes sense.
- Compliant with legislative requirements and ensuring that resources are used efficiently and effectively.
- Driving the desired outcomes.

The Council has identified core principles at the heart of its Risk Management Framework, these include that:

- Risk management is a positive value-added activity, focused on achievement and successes, not a negative bureaucracy – by changing the perception and raising awareness officers will have increased confidence when managing operational risks.
- All staff are responsible for risk management and resources that support the framework are there to 'support and challenge' not 'own and do'.
- Wider councillor involvement in identifying and monitoring the most strategic risks the organisation faces would add value, whilst the roles of the Audit Committee, Scrutiny and Cabinet are critical to the robustness of the overall framework.
- The corporate plan priorities need to drive the Council's budget and financial management arrangements, performance management of the service plans and risk management framework.
- By getting the conversations happening with the right people, at the right time and in the right place, the required thinking can be applied and the processes to capture, document and report risk will be simple and become business as usual.
- The framework ensures joined up Strategic, Operational, Programme and Project Risk Management whilst recognising the differences between them.

The Council's Corporate Risk Register identifies the key risks/opportunities, these are listed below.

- Financial sustainability – risk that the Council's expenditure continues to exceed the available resources.
- Risk of loss of information assets and/or loss of data systems.
- Risk of collapse of the adult social care market.
- Risk of lack of suitable placements for children in care.
- Risk of failure of statutory safeguarding duty – adults.
- Risk of failure of statutory safeguarding duty – children.
- Risk of increasing levels of homelessness.
- Risk of lack of preparedness for an emergency event.
- Risk of failure to achieve the commitment to net zero by 2030.
- Risk that the transformation programme fails to deliver the required outcomes.
- Governance failures.

Aligning to our corporate strategy

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

This approach will form the foundation of assessments and statements in response to corporate inspection reports including the government's new initiative around the development and submission of local productivity plans.

2 Horizon Scanning

2.1 Key Statistical Headlines

For Southend City residents/service users:

- In 2023 (Oct 2022 – Sep 2023), 22.2% of Southend-on-Sea's residents were economically inactive.
- Average full-time weekly earnings in 2023 were £746.50 for men and £643.50 for women.
- 39% of Southend's residents live in areas considered to be in the most deprived 30% in the country, with 13% of people living in areas considered to be in the most deprived 10% of the country.
- Eight neighbourhoods in Southend-on-Sea fall into the 10% most deprived in the country, with our most deprived neighbourhood ranking 136th most deprived neighbourhood nationally, according to the 2019 index of Multiple Deprivation (covering 32,844 areas).
- In our most deprived ward, Kursaal, 37% of people live in the most 10% deprived neighbourhoods nationally.
- 14.7% of Southend-on-Sea's children live in low-income households (FYE 2022), with 14 neighbourhoods in Southend-on-Sea in the most deprived 10% of the country for income deprivation affecting children.
- Across Southend-on-Sea's wards, there is a life expectancy gap of 10.4 years for males and 9.8 years for females (2020).
- In 2023, Victoria ward has a city election turnout of 19.8%, compared to 41.1% in Thorpe (average overall turnout 30.5%).
- Residents living in Kursaal, St Luke's and Victoria wards are significantly less satisfied with their local area (58%) (compared to 72% for the city) and are less likely than other residents to feel safe during the day and at night.
- 15% of residents felt their lack of digital skills or access to the internet affected their ability to get help and support from Council services.
- Over half (51%) of residents have a heightened interest in doing something that makes a difference to their local community, according to the 2021 Residents' Perception Survey.

2.2 World, National, Regional and Local Policy Drivers

Key drivers which are likely, or have the potential, to impact on the Council's financial position include:

World/National drivers

- The ongoing pressures on national and local government finances, as outlined previously in section 1.

- The levels of global economic growth and impact on the national economy. According to the IMF's World Economic Outlook Update, January 2024[3], the world economic growth of 3.1% in 2023 is projected to stay at 3.1% in 2024, and then rise to 3.2% in 2025. Elevated central bank rates to fight inflation and a withdrawal of fiscal support amid high debt weigh on economic activity. Inflation is falling faster than expected in most regions, amid unwinding supply-side issues and restrictive monetary policy. Global headline inflation is expected to fall to 5.8% in 2024 and 4.4% in 2025, with the 2025 forecast having been revised downwards.

- Levels of UK economic growth. The OECD's UK Economic Outlook for November 2023[4] stated the following "GDP growth is projected to pick up from 0.5% in 2023 to 0.7% in 2024 and 1.2% in 2025, despite restrictive policy stance. Private consumption will pick up as real wages finally grow due to fast nominal pay growth and lower consumer price inflation. The labour market is set to loosen, thereby moderating real wage growth beyond a period of catch up to inflation and unemployment will increase steadily to about 4.9%. The government deficit will improve from 5.5% of GDP in 2023, to 4.5% of GDP in 2024, and 3.7% of GDP in 2025 owing mostly to fiscal consolidation.

- "Significant risks surround the outlook. The relatively large proportion of inflation-linked public debt and the recent decrease in average debt maturity, combined with rising borrowing costs, leave little fiscal space to confront possible shocks. Including potential further surges in wholesale gas prices due to Russia's war of aggression against Ukraine and rising tensions in the Middle East. Renewed political uncertainty would affect households, firms, and markets negatively. A rundown of excess household savings, and faster-than-expected negotiations of new trade constitute upside risks." [5]

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[3] https://www.imf.org/en/Publications/WEO

[4] https://www.oecd.org/economy/united-kingdom-economic-snapshot/

[5] https://www.oecd.org/economy/united-kingdom-economic-snapshot/

- The Levelling Up White Paper sets out twelve clear intentions that are relevant to local councils as follows:
    1. new devolution framework for England, extending devolution beyond metropolitan areas for the first time and setting out pathways to a devolution deal for every area of England that wants one.
    2. local government reorganisation, which will remain locally led where there is broad local support but will not be a requirement for a devolution deal.
    3. streamlining the local growth funding landscape which has several aims, including reducing the number of funding pots and associated bids.
    4. improving public sector leadership through a new Leadership College for Government
    5. Local Enterprise Partnerships are mandated to integrate where devolution deals exist.
    6. UK Shared Prosperity Fund which will allocate £2.6 billion by March 2025 to places rather than undertaking competition. This is broadly a substitute for the European Regional Development Fund (ERDF) since Britain’s exit from the European Union.
    7. 12 National Missions to be achieved by 2030.
    8. new independent data body - Office for Local Government (Oflog) was established in July 2023 for England designed to empower citizens with robust and transparent information about their local area. This Organisation is currently consulting on its new Corporate Plan.
    9. introduction of a Levelling Up Cabinet Committee to embed levelling up across central government policy and work with local leaders.
    10. new Levelling Up Directors to join up policy at a local level.
    11. to ensure that levelling up missions are reflected across Government departments, a requirement for public bodies to have an objective of reducing geographic variations in the outcomes relevant to their business area is being established. There will also be reforms to the way the public sector procures goods and services, to cut red tape and refocus attention on outcomes, values and transparency. The UK Government will introduce a statutory obligation to report annually on progress towards meeting the Levelling Up missions.
    12. creation of a Levelling Up Advisory Council which will be charged with providing independent expert advice on the design and delivery of levelling up.

The UK Government will bring forward legislation to put in statute some of the key pillars of levelling up, possibly including strengthening devolution legislation in England to support the establishment of a new form of combined authority model to be made up of upper-tier local authorities only, expand devolution to more places and enable the devolution process to be simpler and more transparent.

- Ongoing and increasing service pressures from increased demand for services, notably in relation to children's and adult services. In the context of COVID-19, this relates, to on-going management of the disease, mental health services, and related structural inequalities.
- A UK General Election will be held before 25 January 2025. A change in government could see reform to Council Tax, Business Rates and funding for adult social care.
- The potential post general election change in agenda for national government in relation to local government devolution and reorganisation, Oflog and productivity plan reporting and how these are linked to funding.

Regional drivers

Basildon, Brentwood, Castle Point, Rochford, Southend-on-Sea, Thurrock, and Essex County Council – have developed a long-term growth ambition (SE2050), that underpins strategic spatial, infrastructure and economic priorities across the sub-region. The authorities formed the Association of South Essex Councils (ASELA) in 2018, later rebranding to South Essex Councils (SEC) in 2023 and have taken SE2050 forward through a Joint Strategic Plan (JSP), the South Essex Plan and a Growth and Recovery Prospectus, setting out their ambition for the area and ask of Government.

SEC is working towards a South Essex with:

- Excellent and contemporary **digital infrastructure** including 5G and connectivity making businesses want to invest in the area and start successful and productive enterprises.
- Improved **connectivity and public transport**, underpinned by investment in active travel projects which benefit people's health and wellbeing and could see major environmental benefits.
- Investment in **green and blue infrastructure** that supports parks and river walks, active use of environmental assets, biodiversity, health and wellbeing outcomes, promoting active and thriving communities.
- A current and future workforce with the **skills** to access productive and highly skilled jobs.
- A strategy to secure more **commercial development** from employers who can provide productive and well-paid employment, locally.
- Accelerated development of **housing** sites that deliver new **quality homes**, neighbourhoods and communities and enhanced amenity and place for all residents.

- Supported **young people** who are able to achieve their best and build their futures in South Essex.[6]

SEC aims to put the sub-region in a strong position to shape and influence wider Government plans and strategies, such as, the devolution of powers to regions and the levelling up agenda, and other investment priorities.

Greater Essex devolution plans were advancing throughout 2023 with a formal expression of interest submitted to government and with strong working relationships formed across local authorities across Essex including the Police, Fire and Crime Commissioner. Plans were halted by national government due to universal agreement from regional Members of Parliament.

The proposed governance arrangements developed through the Greater Essex devolution plans will form the basis for the Local Enterprise Partnership (LEP) transitional arrangements. This will see the closure of the South East Local Enterprise Partnership (SELEP) from March 2024 and the transfer of responsibilities for functions delivered by the LEPs to upper tier local authorities (UTLAs). The expectation is that functions will be delivered over current or potential future devolution deal geographies including Southend-on-Sea City Council, Essex County Council and Thurrock Council who have collaborated in preparing arrangements for a Greater Essex approach.

An integration plan has been set out by Greater Essex to work through the transition process and put in place new arrangements from 1 April 2024. The transition has been divided into five workstreams:

- Functions
- Governance & Capital Programmes
- Partnerships & Networks
- Data & Intelligence
- Resourcing

This plan will be adopted by Essex County Council, Southend City Council and Thurrock Council. Each Council will be responsible for developing an internal integration plan to support the practical implementation of the wider plan with details of decision making, timescales and support required for internal teams to ensure the smooth transition of functions from the SELEP.

[6] https://www.southessex.org.uk/vision

Local Drivers:

- Increasing demand for services with a population projected to increase from 182,800 to 195,000 by 2030, an increasingly aging population due to grow from 20% to 22% by 2030 and a higher birth rate than the England average.

- Changing priorities of future Council administrations, with local elections taking place in 2024.

- On-going impact of climate change and need to meet the Council's declaration of a climate emergency and its commitment to Southend being net-zero on carbon emissions by 2030.

- The impact of any failure to meet anticipated efficiencies from new ways of working, service re-organisations and transformation intentions.

- The need to generate more income from fees and charges to become more self-sustainable does bring additional risks, with anticipated levels of income generated subject to a range of factors that vary between services.

- Recommendations from Southend City Council's Local Government Association Corporate Peer Challenge

- Ward Boundary Review commencing in January 2024 with final outcome published in July 2025 and a whole council election in May 2026

3 The Financial Challenge

3.1 Impact on Planning and Resources

Given the constantly changing events in 2023/24, the development of the Medium Term Financial Strategy has been challenging. This is particularly the case with the decision by the UK Government to announce a single year financial settlement again effectively only for 2024/25 and not a Comprehensive Spending Review.

The financial landscape and operating environment for all public services and particularly for local government remains challenging and uncertain. Our 10-year Financial Sustainability Strategy was updated for the period 2022 – 2032 and this was approved in February 2022. This enabled us to reassess, at a high level, our ambition, approach, desire, and commitment to ensure that Southend-on-Sea City Council remains financially stable and resilient for the future.

Given the exceptional operating environment caused by the significant inflationary increases and service demand pressures in 2022/23 and 2023/24 and that some of these issues will continue into 2024/25, the Council did not review this strategy as part of the budget development process for 2024/25.

Despite the scale of the challenges the Council remains committed to continue to develop a longer-term view of the use of its resources and financial planning arrangements.

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

3.2 Forecast Financial Position 2024/25 to 2028/29

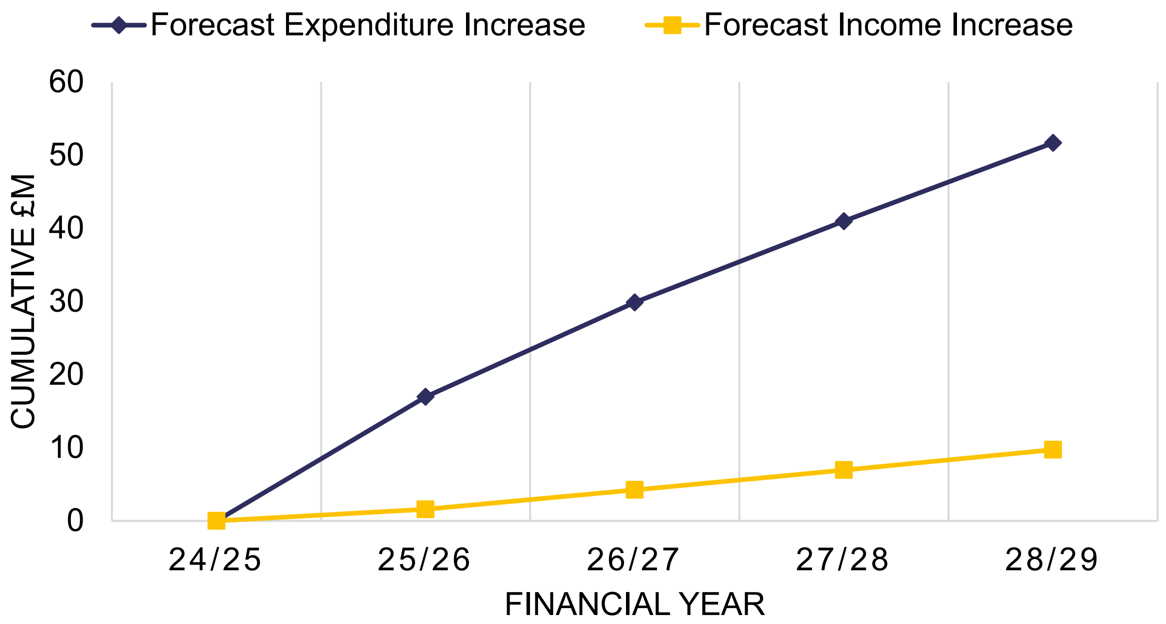
Southend-on-Sea City Council continues to deal with many of the same financial challenges as most other upper tier Authorities across the country. Most local authorities are experiencing increasing demand for key priority social care services which is placing a strain on available resources. A survey carried out prior to the COVID-19 outbreak identified that around 90% of Councils were highlighting increasing demand and were also overspending in meeting the needs of children and families. The situation post pandemic has worsened this position significantly in most local authority areas.

The costs associated with maintaining reasonable quality in the delivery of our services and local environment for residents, businesses and visitors continues to be very challenging. Over two thirds of the Council’s net budget is spent on providing support for ‘people-based services’, such as social care, but the housing growth in the area also brings additional challenges for other key services such as increased waste collection, disposal and highway maintenance. We are proud to be a tourist destination of choice and were welcoming approximately 7.5 million visitors each year, but this clearly has an impact on our infrastructure and local environment, which needs to be carefully managed and resourced.

Taking a pragmatic and realistic assessment of the impact and implications of the huge increases in service demand post the pandemic combined with unavoidable inflationary increases, the Council's current forecast financial position is detailed in the following chart for each of the next five years. It has been calculated based on the best information currently available and the series of assumptions that were outlined in Section 1.9. An updated assessment will be made each year during annual budget setting to reflect any significant changes to our operating environment, identification of new pressures, updated forecasts, policies, or Council strategy changes. All known factors have been built into the financial modelling to ascertain the forecast financial position.

Figure 5 illustrates the funding gap to 2028/29 as reported to Council in February 2024.

Figure 5 Forecast Funding Gap



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

3.3 CIPFA's Financial Management Code – Self Assessment

Good financial management is an essential element of good governance and longer-term service planning, which are critical in ensuring that local service provision is sustainable. In October 2019 CIPFA published its Financial Management Code (FM Code) which is designed to support good practice in financial management and to assist local authorities in demonstrating their financial sustainability. It essentially sets the expected standards of financial management for local authorities.

It is based on a series of principles which are supported by specific standards which are considered necessary to provide the strong foundation to:

- Financially manage the short, medium, and long-term finances of a local authority.
- Manage financial resilience to meet unforeseen demands on services.
- Manage unexpected shocks in their financial circumstances.

Figure 6 shows a summary of the headline six core principles of the FM Code and the subsequent 17 minimum standards (A-N) that came into effect from 1 April 2020 with the first full year of compliance being the 2021/22 financial year.

Each financial year the Council plans to undertake a self-assessment against each of the 17 standards contained within the FM Code. An evidenced based officer self-assessment was undertaken in March 2023 by staff in finance and internal audit. Our RAG rated approach of the **17** standards resulted in **14** components (Rated Green) assessed as fully compliant, **3** components (Rated Amber) assessed as complying with minimum standards but requiring some improvement to demonstrate full compliance and **0** components (Rated Red) assessed as not compliant. A summary report on this self-assessment and accompanying action plan was taken for consideration and approval to our Audit Committee on 26 April 2023. The committee agreed to keep the Council's compliance status under review, with an update on progress after six months.

As a result of the actions taken throughout the year the progress update anticipated that, at the next self-assessment, **1** of the **3** components (Rated Amber) assessed as complying with minimum standards but requiring some improvement to demonstrate full compliance would be re-assessed as fully compliant (Rated Green). This anticipated updated RAG rating for the March 2024 self-assessment is represented by the colour coding diagram illustrated at Figure 6.

The next self-assessment is planned to be undertaken in April 2024, where all 17 standards will be re-assessed. The outcome of this will be taken for consideration and approval to our Audit Committee on 24 April 2024. It will also feature within the Council's Annual Governance Statement for 2023/24.

Figure 6 CIPFA Financial Management Code – Self Assessment

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

3.4 Latest national position on the delays in Local Government Audits

There remains an audit backlog for Local Government Statement of Accounts dating back to 2018/19. Table 6 shows the position as at 31 December 2023.

Table 6 Local Government Audit Progress

Audit year	Statutory publication date for audited accounts	Percentage of audits complete by publishing date	Percentage of audits outstanding as at 30 September 2023	Date of publication of Southend's audited accounts
2022/23	30/09/2023	1%	90%	Pending
2021/22	30/11/2022	12%	52%	19/12/2023
2020/21	30/09/2021	9%	18%	19/04/2023
2019/20	30/11/2020	45%	6%	20/10/2020
2018/19	31/07/2019	57%	2%	30/07/2019

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

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

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

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

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

The audit of the 2022/23 accounts has been underway whilst the 2021/22 audit was concluding. The audit is progressing well, and our expectation is that the accounts will be published in May 2024 and that this Council will have caught up with the backlog of unaudited accounts in time for the closedown and publication of the 2023/24 Statement of Accounts and their subsequent audit with our newly appointed external auditors KPMG.

The Department for Levelling Up, Housing and Communities has recently consulted on proposed changes to the Regulations to set a backstop date of 30 September 2024 for publication of audited accounts for the financial years 2015/16 to 2022/23. The outcome of that consultation has not yet been released.

3.5 Financial Sustainability Strategy 2022 - 2032

The statutory local authority budget setting process continues to be on an annual basis, but a longer-term perspective is essential to demonstrate financial sustainability. Short termism runs counter to both sound financial management and sound governance. To highlight the importance of this issue and to provide a clear high level strategic framework, the Council updated its Financial Sustainability Strategy for 2022 – 2032 as part of the budget package and setting of the Council Tax for 2022/23 in February 2022.

The Council did **not** review and update this strategy as part of the budget process for 2024/25 due to the following factors:

- the exceptionally challenging operating environment caused by the significant inflationary increases and service demand pressures in 2023/24.

- that some of these issues will continue into 2024/25.

- the funding settlement was for one year only, with no Comprehensive Spending Review announced.

- the likelihood of Government departmental spending plans being affected by the impending general election.

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

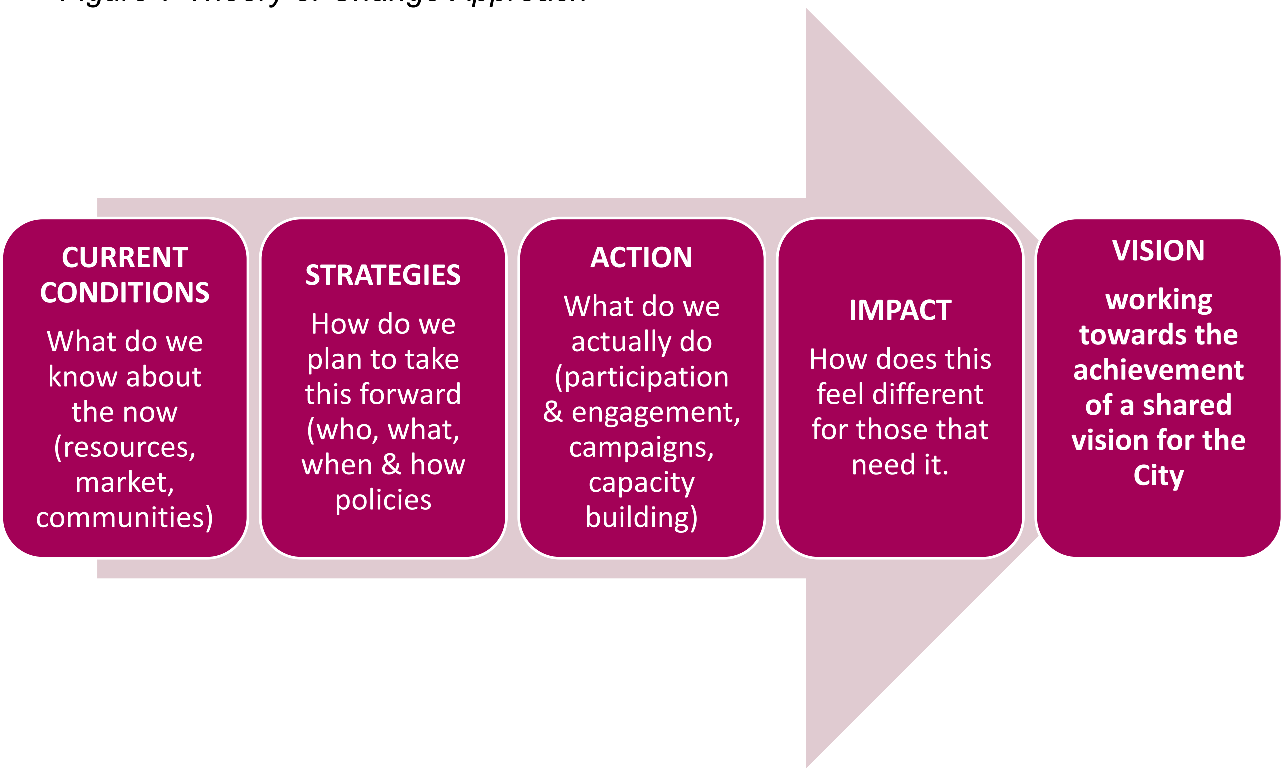
3.6 Commissioning Framework for Delivering Better Outcomes

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

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

Supported by a **theory of change approach** (see Figure 7), our commissioning practice will define long, medium, and short-term goals and then map backwards to identify the necessary preconditions for success.

Figure 7 Theory of Change Approach



Continuously driving the delivery of the refreshed vision for the city and the Corporate Plan, our approach will be steeped in evidence of the current conditions whilst our strategies, engagement and action planning will remain focused on the achievement of a positive impact for the communities of Southend.

These principles and what they mean in practice are outlined in our Commissioning Framework, the purpose of which is to ensure that:

- We are consistently commissioning to high standards, making the best use of the tools and resources available.
- We utilise best practice, Statutory Guidance, and legislation (e.g., The Social Value Act) to best effect to achieve our ambition.
- We are accountable for ensuring that these principles are embedded in the organisation.
- We each recognise and respect the important roles we play in ensuring that these principles are reflected through our commissioning activities.
- Our assurance processes for commissioning are robust and agile to best support achievement of our ambitions and outcomes.

3.7 Getting to Know Your Business Programme

The Council's 'Getting to Know Your Business' programme has helped to establish a baseline for all services in terms of their costs, income generation potential, value for money and performance. This data continues to highlight key lines of enquiry where benchmarking suggested that either our costs or income levels are above or below average. This assessment, together with a comprehensive 'strategic-fit' review against our corporate plan, administration priorities, economic recovery aspirations and delivering better outcomes and value for money for our residents has influenced the development of the investments, savings and income generation proposals contained within the Council's approved budget.

3.8 Value for Money Commitment

The Council is continually striving to improve all aspects of the organisation in terms of its efficiency, economy, and effectiveness. Our goal is also to improve the wellbeing and productivity of all our staff by investing in technology, encouraging innovation, creativity, and future modern ways of working via our WorkLife initiative. The legacy impact of COVID-19 and current economic challenges has strengthened our determination to pursue this commitment with even greater vigour.

It is important to demonstrate to the local taxpayer that the Council provides value for money and to evidence that it is an important consideration in everything that we do. A key dimension of the new 'Getting to Know Your Business' programme is for our business leaders to acknowledge and understand that they are all custodians of public money, and they need to run their services and operations as effectively and efficiently as possible, always striving to improve. Ownership and accountability have been enhanced by ensuring that every initiative approved within the 2024/25 budget package has a named lead officer responsible for implementation. This is further strengthened by ensuring that every change is highlighted within the appropriate Service Plan for 2024/25 and the Corporate Leadership Team via the Transformation Board, will receive regular updates on the delivery of individual initiatives and the overall financial performance against the approved budget. This applies to all the following approved budget elements:

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

We consider and analyse all relevant available benchmarking information, including demand data, cost drivers, outputs, outcomes, and income generation perspectives. This will continue to inform our 'Getting to Know Your Business' programme and provides support for all Directors and Service Managers to help them understand where their service is relatively positioned from both a performance and finance perspective.

Clearly procurement and contract management are a key driver in the delivery of value for money. We currently spend around £190million per annum with suppliers (via our revenue budget and capital programme). During 2023 we reviewed our Procurement and Contract Management Strategy, taking account of:

- the future financial challenges and need for sustainability.
- the need to prepare for the Procurement Act 2023 (due to come into being in October 24), The Provider Selection Regime (Jan 2023), and the opportunities they offer.
- international research which highlights that effective contract management can reduce supplier spend by 9%.
- how we can maximise social value and deliver the 'Very best for the Southend £'

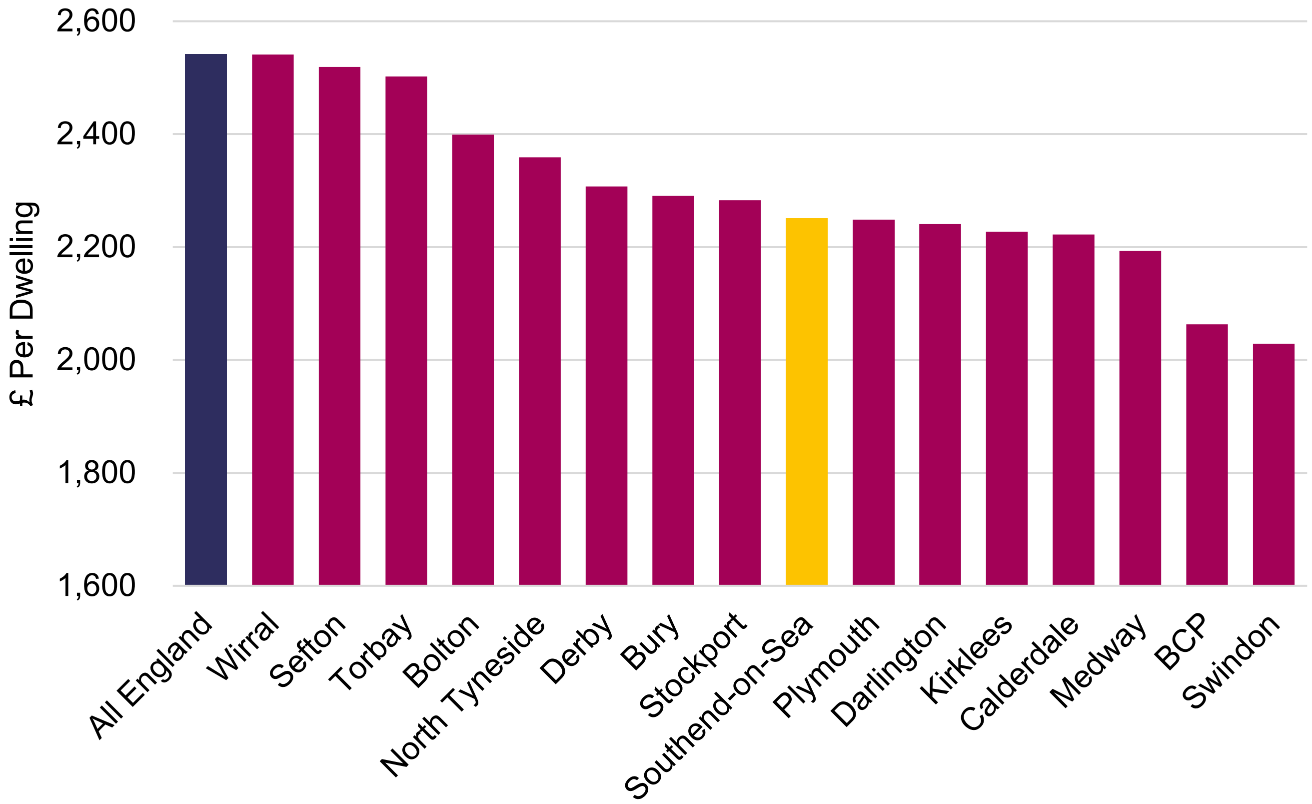
Figure 8 Maximising Social Value

We will build and develop our Transformation and major service redesign programme to help us meet the evolving needs of our residents, improve their customer experience, whilst also enabling them to be more independent and our communities more self-sufficient and sustainable. Our overall arrangements will continue to be enhanced in 2024/25 to encourage a more commercial and business focussed approach. Our ambition is to strive for the best blended approach of commercial acumen with a strong public sector ethos.

To inform and highlight our relative success in delivering the full range of unitary authority services locally with less resources – Figure 9 shows the core spending power per dwelling for all England and illustrates our position based on the spending power per dwelling against our nearest statistical neighbour comparator group.

For ‘spending power per dwelling’ the Council ranks 9th out of 16 authorities within our group – which means that we have less comparable resources available to meet the relative needs of our residents, when compared with similar local authorities. Taken in isolation this does not mean that Southend-on-Sea provides better value for money services, but it remains an important consideration.

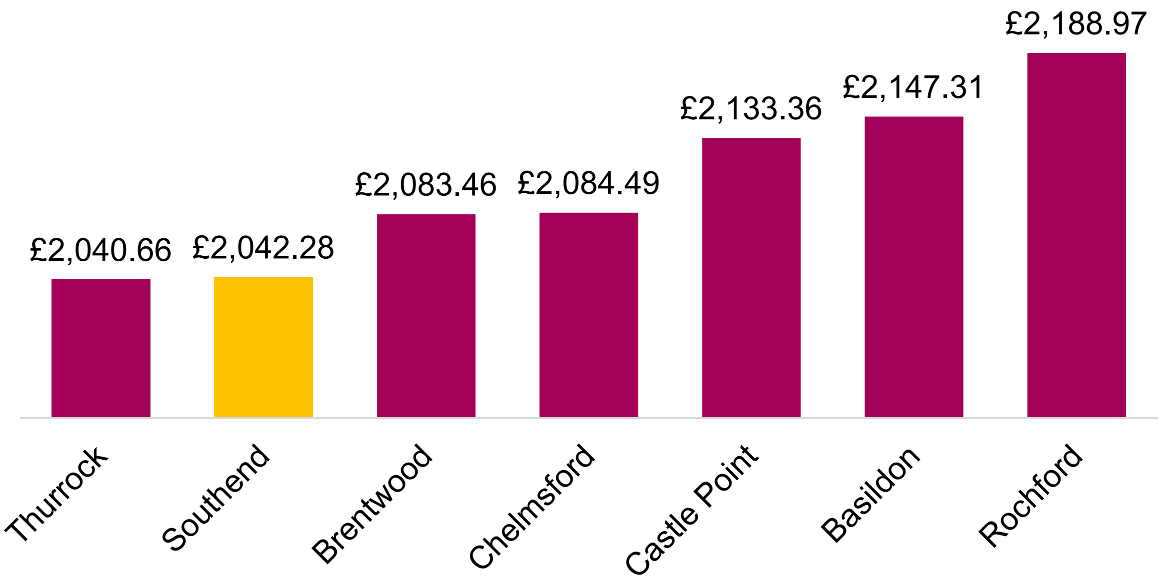
Figure 9 Core Spending Power per Dwelling 2024/25[7]



[7] https://www.gov.uk/government/publications/core-spending-power-table-final-local-government-finance-settlement-2024-to-2025

Equally from a local perspective we are also determined to minimise the financial burden on the local council taxpayer for Southend-on-Sea where we can. Figure 10 illustrates the level of council tax (Band D equivalent) to be charged by Local Authorities from our nearest geographical neighbours in Essex for 2024/25. This is an important factor when considering Southend-on-Sea's commitment to providing value for money services that meet the needs of our residents. It is also worth noting that over 70% of properties in the City are in Council Tax bands A to C.

Figure 10 Council Tax Comparison - Band D 2024/25

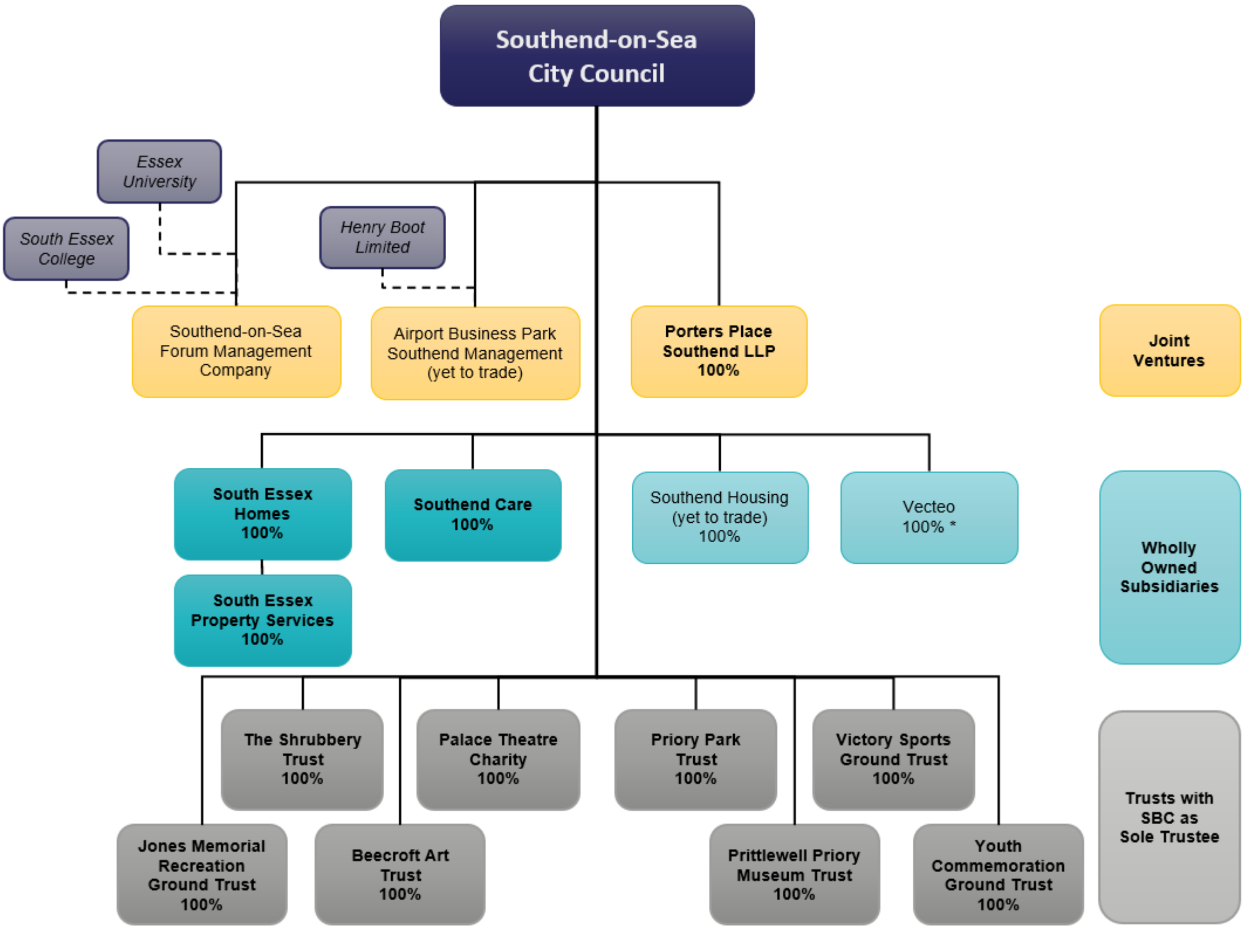


3.9 Alternative Delivery Vehicles and Governance Arrangements

By establishing ourselves as a commissioning council to deliver better outcomes it has also changed the way we work and invest. This new approach is evident by our adoption of a broader 'best fit' model of both service and delivery vehicles. We explore and then select the best set of arrangements to deliver our priorities in the most effective and efficient way. Getting the right outcome for the right people at the right price.

We have created several companies, joint ventures, and trusts that we believe are the right vehicles to deliver our priorities in their areas. This organic growth into a group structure (see Figure 11) has taken place over recent years. The Council currently directly owns four companies, participates in three joint ventures established as legal entities and is sole trustee to eight charitable trusts. We are also engaged in several partnerships and associations with other organisations. To ensure our arrangements continue to remain fit for purpose, the Council commissioned an independent review of two of our companies (Southend Care and Vecteo) in 2023/24. This exercise was undertaken by a company called 31Ten. Their findings were reported to Cabinet in March 2024 and appropriate action plans have been developed and will be implemented appropriately throughout 2024/25.

Figure 11 Group Structure as at 31st January 2024



** Southend became 100% shareholder of Vecteo in May 2023 (previously a Joint Venture)*

To provide a common unified formal governance structure between the Council and its group of companies and its joint ventures, and to ensure proper exercise of its role as trustee, the Council established a Shareholder Board in November 2017 and the arrangements have been kept under review. This has ensured that not only good proportionate governance is discharged but also that the Corporate Plan priorities are embedded and aligned within these delivery vehicles.

Each entity has its own internal governance arrangements. The wholly owned companies have governance arrangements compliant with the Companies Act. The joint ventures essentially follow these same arrangements and the Trusts, although subject to the Charities Acts, are not managed as separate entities but managed as part of the Culture service area and work in compliance with the Council’s own good governance arrangements.

3.10 Financial Pressures and Key Service Demand Trajectories

There are several financial pressures faced by the Council. These challenges are reported to the Corporate Leadership Team, Councillors, and other stakeholders as part of the budget monitoring and financial performance reports on a regular basis. A number of these are demand led pressures which are generally replicating the challenges faced by most upper tier local authorities right across the country. It is important that these pressures are identified, key drivers behind demand trends are understood and wherever possible mitigated to ensure that sound financial and service resilience is maintained during these difficult times.

Social Care – Children

Figure 12 shows our Number of Children in Care since 2010. 2019/20 saw our highest peak over the last 5 years, and numbers did start to decline during 2020/21 but during 2022/23 a steady rise was experienced once again and numbers have held around that increased level since. At the 31 March 2023, according to benchmark analysis taken from the Department for Education (DfE) statistical neighbours for the numbers of Children In Care, Southend was around 7% higher than the average as shown in Table 7. Southend's strategy remains to reduce the required numbers of Children in Care by supporting and championing early intervention, prevention and support for families.

Figure 12 Average Number of Children in Care in External Care Placements

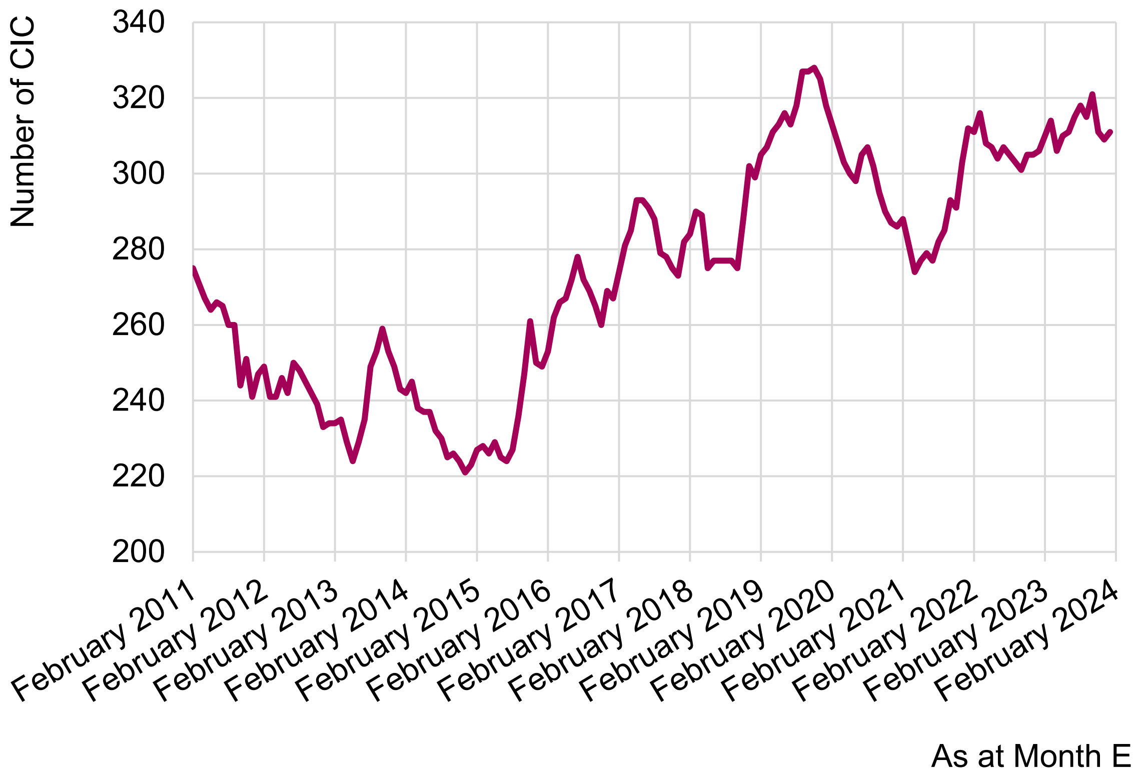


Table 7 Rate per 10,000 of Children Population of Local Area

DfE Southend on Sea Statistical Neighbours		**31st March 2019**	**31st March 2020**	**31st March 2021**	**31st March 2022**	**31st March 2023**
1	Isle of Wight	99	107	112	116	122
2	Telford and Wrekin	96	99	104	102	107
3	Plymouth	80	84	93	95	96
4	**Southend-on-Sea**	**79**	**80**	**73**	**83**	**81**
5	Medway	67	67	69	70	71
6	Swindon	69	59	59	65	65
7	Suffolk	58	63	64	62	66
8	East Sussex	57	56	60	61	64
9	Bournemouth, Christchurch and Poole	0	69	59	67	70
10	Kent	48	54	50	53	57
11	Essex	34	35	35	36	37
	Average (of above)	**62**	**70**	**71**	**74**	**76**
	Southend-on-Sea % above avg.	**26%**	**14%**	**3%**	**13%**	**7%**

Whilst our numbers of Children in Care remain above the statistical average, the key dimension and one of the most significant financial pressures to our Local Authority (which is also a recognised national issue) is the increased demand on Children in Care external care placement budgets. This has been caused by a combination of much higher average costs of external individual Residential care placements which rose considerably in 2022/23 and our increased reliance on external fostering placements. These trends have continued into 2023/24.

This is illustrated in Figure 13 which highlights this trend of increased reliance on external foster care placements compared to our own provision including local inhouse foster carers. The strategy remains to reduce reliance on external care placements and increase and strengthen our inhouse foster care provision. It is pleasing that this alarming rapid trend has now began to slow down and stabilised during 2023/24. The next ambition with the support of the new inhouse foster care remuneration offer from the 1 April 2023 that this trend can now be reversed, which would provide better outcomes for children and improved VFM for the local taxpayer.

Figure 13 Average Number of Children in Care Placements for Residential and Fostering

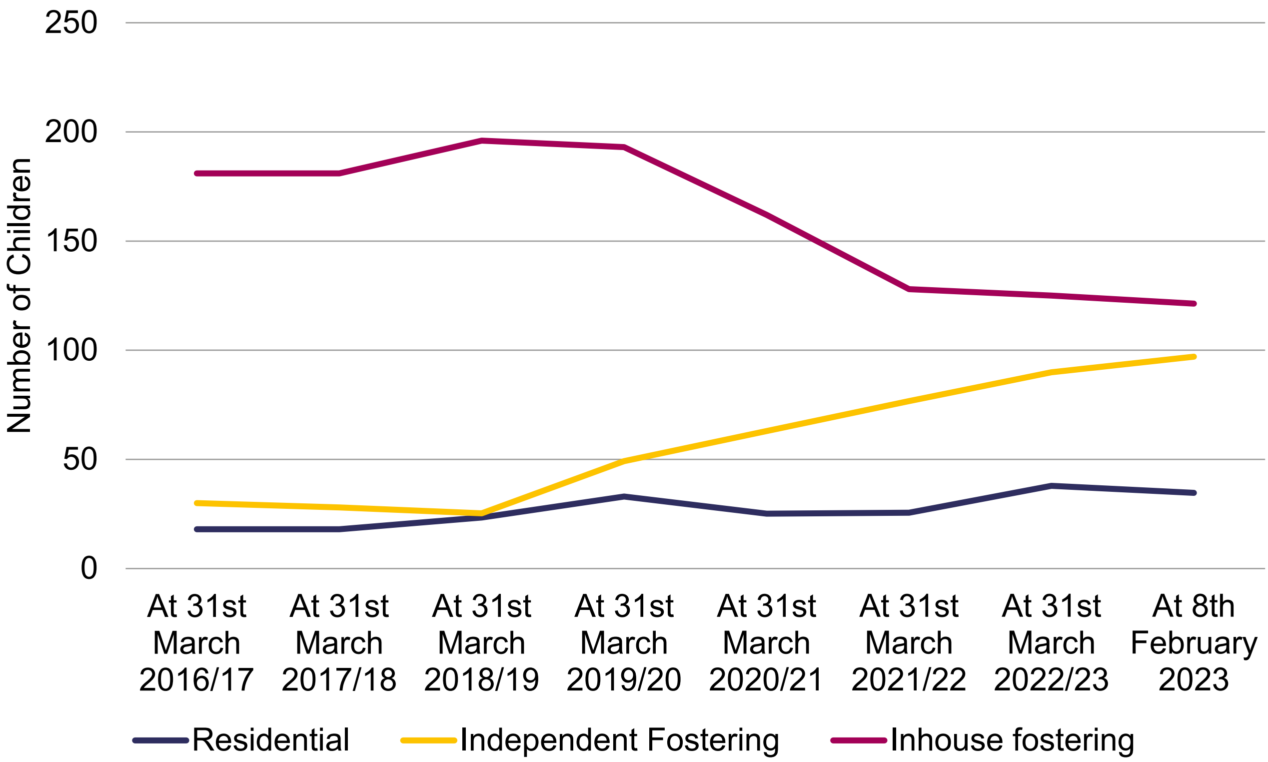


Figure 14 highlights the average cost of residential, external and inhouse fostering arrangements since 2016/17. The significant financial risk which is both a local and national issue is the cost of residential placements which started to increase considerably in 2022/23 continuing into 2023/24. In broad terms, residential placements are only used where the child's care needs cannot be met by a current inhouse fostering or independent fostering placement. There are also a few children that have significant and complex needs where supply of appropriate placements is in short demand, and it is the price of those placements that has considerably increased over time and has been exacerbated further in 2022/23 and into 2023/24.

Figure 14 Average Weekly Social Care Cost of Children in Care in Residential and Fostering

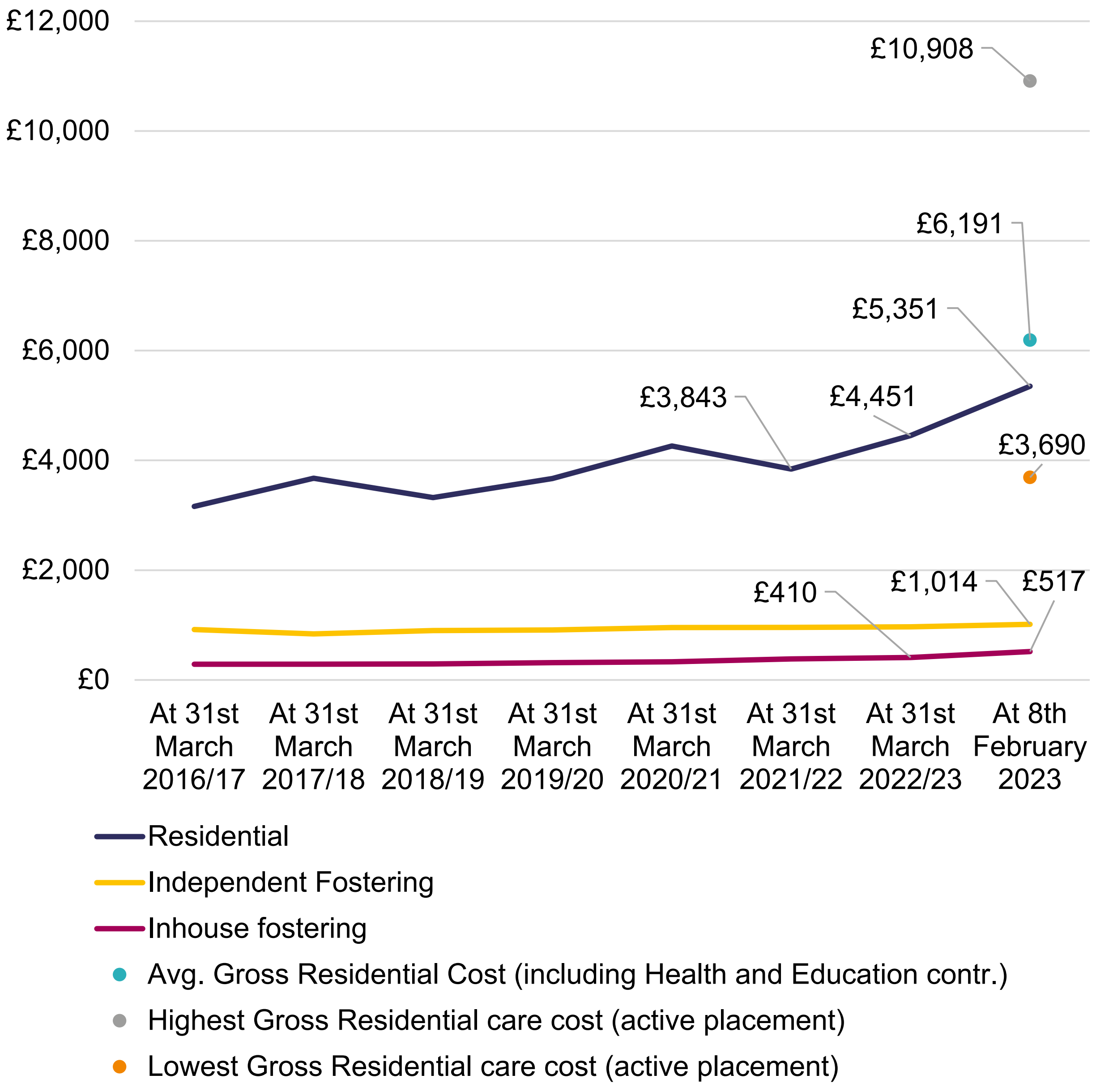
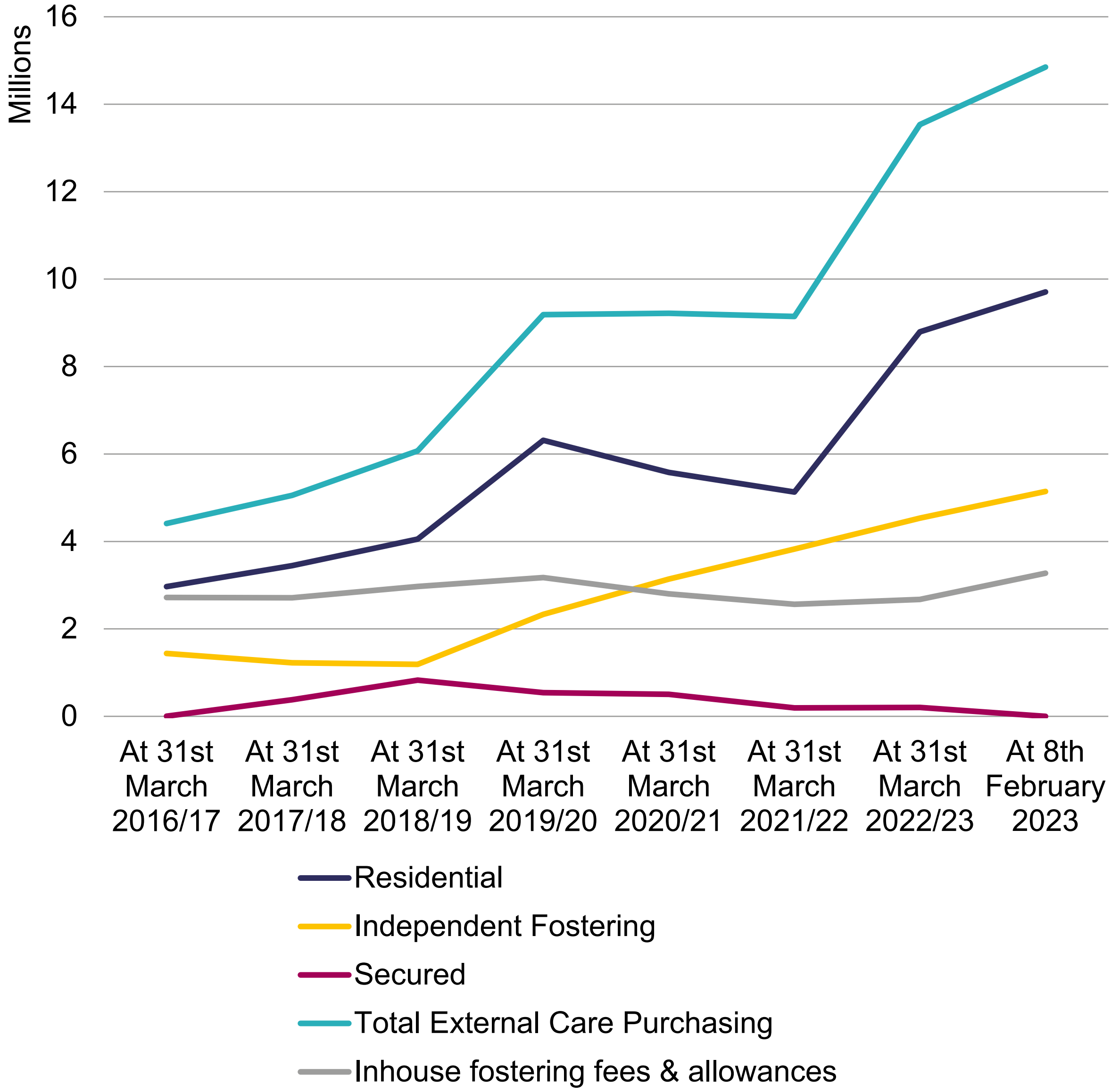


Figure 15 summarises the total cost of children external care placements for residential, secured and external fostering since 2016/17 and clearly illustrates the increased cost for residential as highlighted in Figure 14 which is mainly driven by increased price, and external fostering as highlighted in Figure 12 which is driven by volume. Inhouse fostering fees & allowances are also displayed. This clearly demonstrates why children external care placements have placed significant and further financial pressures on our local authority.

Figure 15 Placement Cost for Children in Care – Residential & Fostering



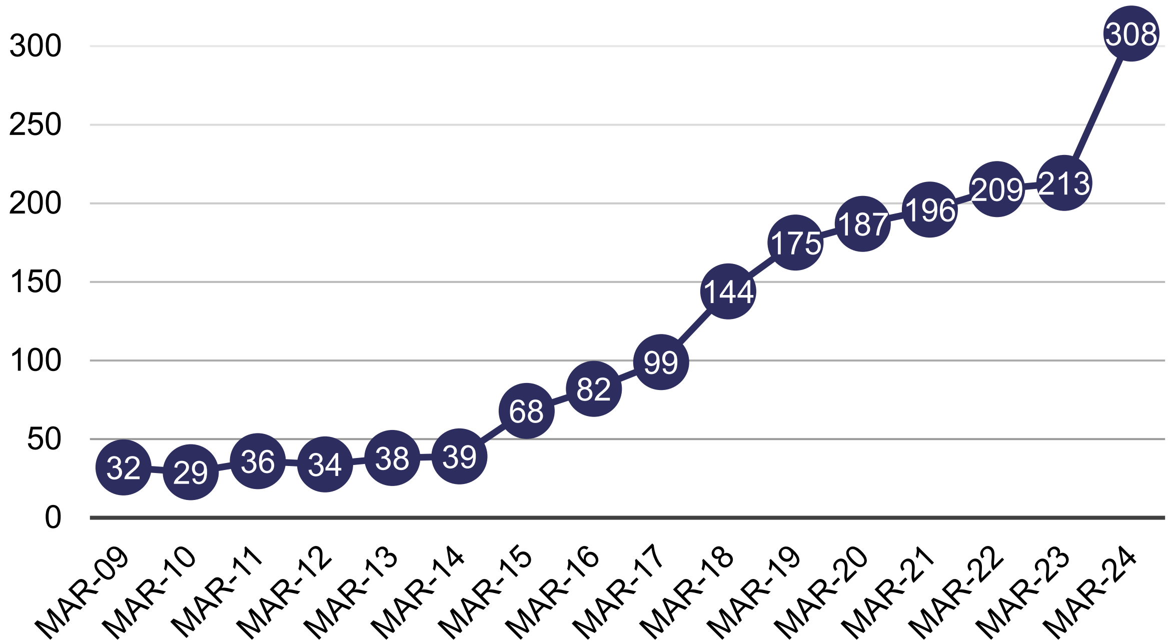
Housing and Homelessness

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

At the Autumn Budget, the chancellor confirmed that LHA rates will be restored to the 30th percentile from April 2024, which will increase affordability for some. This potentially means more households may be able to resolve their own housing needs without approaching the council, and the council may be able to move more 'homeless households' into the private rented sector. However, it should be noted that the benefit cap (£22,020 for a family in Southend) has not been increased. With LHA rates rising, more households are likely to be pushed over the benefit cap threshold and thus have the LHA increase negated by the cap, cancelling out the full effect of any increases in benefits. This will mean that large, non-working households will remain extremely difficult to find alternative accommodation for. At present there is no commitment to uplift LHA rates again in April 2025, so it is expected that any relief from the uplift will be short lived and that demand for temporary accommodation will remain strong – which is expensive to service.

Figure 16 highlights the scale of the challenge and shows the number of households placed in temporary accommodation from 2009 to 2024.

Figure 16 Number of Households in Temporary Accommodation



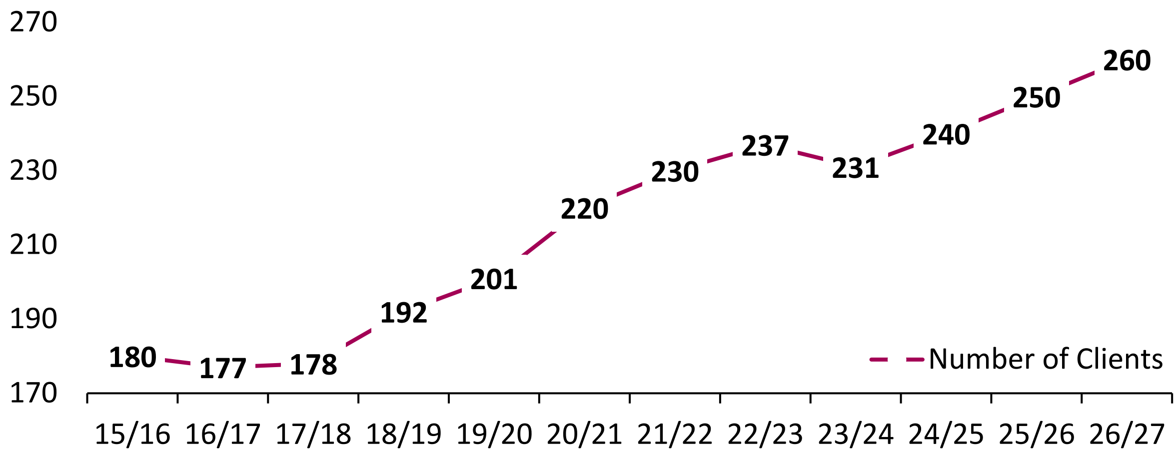
To help with this challenging issue we have been successful in bidding for extra resources from the enhanced homelessness/rough sleepers initiative that was launched by the government in January 2020. We have secured £748k in 2024/25 for the Homelessness Prevention Grant and £852k for the Rough Sleeper Initiative.

Social Care – Adults with Learning Disabilities

One of the main demand pressures in adult social care is the increasing number of adults with learning disabilities. The two main sources for the increases are through transitions from Children's services or because of a breakdown in historical family arrangements where parents or relatives are seeking more help and support, in some cases they are no longer able to look after them. This has resulted in an increase in the number of permanent supported living and residential placements. Whilst there has been a reduction in the number of clients, they are now requiring greater support packages which are more expensive, and the forecast is that the number of placements will continue to rise in the medium term.

Figure 17 illustrates the potential forecast increase in the number of clients with learning disabilities that may require permanent supported living and residential placements.

Figure 17 Learning Disability Supported Living and Residential Placements.



Social Care – Older People

Southend has an above average number of older people aged over 65, whilst the number of older people requiring support from the council has not increased significantly, an increase in both the complexity and cost of support packages has been experienced. The impact of the rising cost of living has had a direct impact on the cost of supporting these service users, with the majority of the cost of care being related to staffing, the rise in the national living wage therefore has a significant impact on the overall cost of care.

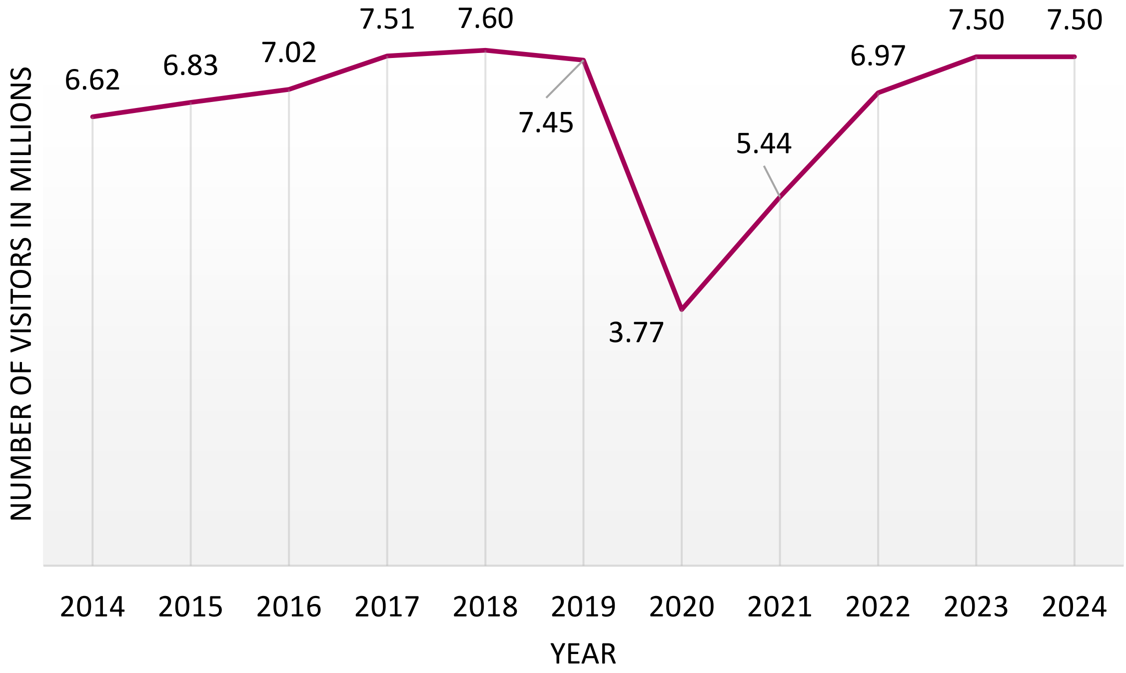
Social Care – Market Sustainability

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

Infrastructure and Environment – Visitors

Southend-on-Sea continues to be an attractive tourist destination for both day-trippers and overnight stays, with a steady increase in visitor numbers prior to the COVID-19 pandemic (Figure 18). Visitors bring with them a great economic benefit to the City, but this also has an impact on our infrastructure and environment, which needs to be carefully managed and resourced. Work is underway to improve visitor interactions, including introducing a more streamlined payment methodology and maximising the potential sources of income from visitors to the pier. Several events are also planned to be staged throughout 2024/25 to generate interest and increase visitor numbers to the City.

Figure 18 Number of Visitors to Southend per year.



Technology – Transition to the Cloud

Our transition from a primarily on-premise technology estate to one which is primarily cloud-based is progressing very well.

Moving to the cloud means that we have been able to modernise our infrastructure without incurring a large capital investment. It has also created the ability for the Council to scale up or down activities to meet the changing needs of the council, without additional significant upfront investment. The transition has reduced costs of maintaining on-premise hardware as it allows the Council to adopt 'pay as you go' pricing models, which have reduced overall ICT costs. Additional benefits include the enhancement of security of our data and applications. Cloud vendors we have selected have robust security and compliance measures which helps strengthen all our data protection activities.

Moving to a cloud based arrangement has also delivered the added benefit and flexibility to access data and applications securely from anywhere with an internet connection, fostering and enhancing collaboration and productivity. Once fully migrated to the cloud, the continued optimisation of the Council's physical estate will bring further improvements and benefits. We believe that leveraging the cloud and secure accessible data into the future will bring us cost effective digital transformation and the ability to maintain our direction in a rapidly evolving digital landscape.

3.11 Unavoidable Cost Pressures

The level of resources available for revenue and capital investment are subject to extensive challenge and prioritisation to ensure that investment is designed to have a positive impact and is aligned to deliver the Corporate Plan priorities.

For revenue prioritisation of identified unavoidable cost pressures, careful assessment was given to the current demands and pressures for existing local priority services, the future requirements needed to continue to respond positively to increased demand pressures and to a range of initiatives that are not only aligned to our Corporate Plan priorities but would also have a value for money impact in providing better outcomes for Southend residents. Analysis of the feedback from the range of extensive consultation and engagement exercises undertaken throughout 2023/24 has also directly influenced the overall proposed budget package for 2024/25.

For capital prioritisation of proposed investment, this is achieved through application of the Capital Investment Strategy 2024/25 – 2028/29. This is a key document which forms part of the authority's integrated revenue, capital, and balance sheet planning. It provides a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the delivery of desired outcomes and corporate plan priorities. It includes an overview of the governance processes for consideration, prioritisation, and approval of capital investment (where appropriate).

Table 8 is a summary of the revenue unavoidable cost pressure and the capital investment included within the 2024/25 budget grouped by Corporate Plan theme (where appropriate).

Table 8 Unavoidable Cost Pressures/Capital Investments by Corporate Plan Theme

Corporate Plan Theme	Revenue (one year) £000s	Capital (5 year) £000s	One-off £000s	TOTAL £000s
A safe city with a good quality of life for all	9,450	-	125	**9,575**
A growing city with a strong and prosperous community	515	-	43	**558**
A clean city with a resilient environment	1,300	-	-	**1,300**
A transforming council delivering efficient, cost efficient, cost-effective services	695	6,585	1,648	**8,928**
Unavoidable corporate cost pressures*	6,850	-	47	**6,897**
Total	**18,810**	**6,585**	**1,863**	**27,258**

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

3.12 Income Generation and Commercial Opportunities

Complementing the new ‘Getting to know Your Business’ programme is a requirement to undertake a comprehensive review of all potential income streams and commercial opportunities where appropriate. Development of a new Commercialisation Strategy remains under consideration and training and awareness sessions which share best practice and highlight commercial success from both within and outside the organisation are continuing.

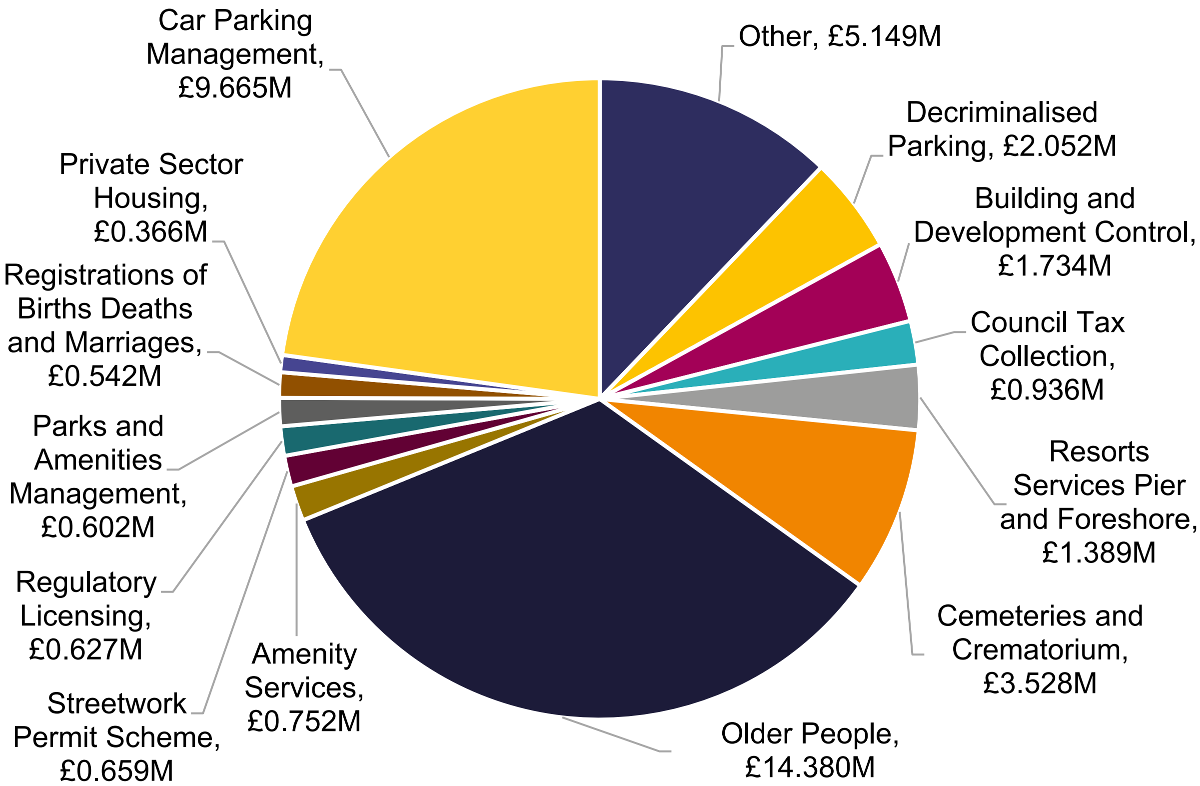
All service leads and managers will be supported to gain a better understanding of the financial performance of their business areas. This will include highlighting what scope there is for reducing subsidy, managing demand, exploring new income and commercial opportunities to ensure the best value for money is delivered for the residents of Southend-on-Sea. The wider Senior Leadership Network are striving to improve efficiency, productivity, and performance to get the most impact and better outcomes from each £1 that is invested locally.

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

Service leads will take full ownership and accountability for the fees and charges generated, support and benchmarking intelligence will be provided to give assurance that the charges are appropriate, proportionate and are applied correctly within their individual Service Plans.

Fees and charges are received from a wide range of services and the following pie chart illustrates (Figure 19) the varied scale of where this income is generated from in relation to the 2024/25 budget.

Figure 19 Breakdown of Fees and Charges 2024/25



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

3.13 Council Tax

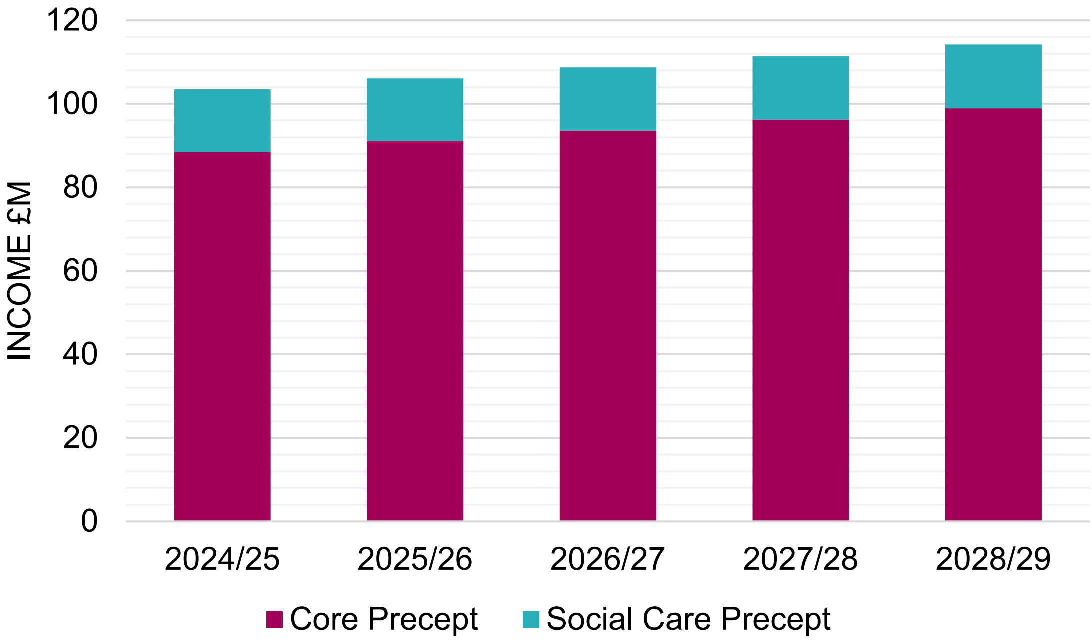
There is a proposed **4.99%** increase in Council Tax for 2024/25. This includes a 2% increase for adult social care. For planning purposes from 2025/26 onwards an increase of **1.99%** has been assumed, with no increase for adult social care precept.

Changes in the number of households affect the tax base for Council Tax purposes, as does the number of Council Tax Support claimants. The Council Tax base for 2024/25 is **60,409.19** (equivalent Band D properties).

The MTFF assumes an increase in the Council Tax base of 0.5% per year from 2025/26 to 2028/29. The Council also plans to release accumulated collection fund surpluses in 2024/25. The scale and profile of the release of these surpluses over the medium term will be reviewed following the finalisation of the outturn for 2023/24.

Figure 20 illustrates the current forecasted level of Council Tax and Social Care Precept until 2028/29.

Figure 20 Income from Council Tax and Social Care Precept



3.14 Housing Revenue Account

The Housing Revenue Account is a ring-fenced account which stands apart from the General Fund, although there are charges between the two funds to reflect Service Level Agreements and appropriate costs of eligible corporate support services.

The HRA is the statutory "landlord" account for the authority. The Council is obliged by law to set rents and other charges at a level to avoid a deficit on the HRA balance. The HRA estimates have been prepared alongside South Essex Homes and incorporate their management fee bid.

There is major investment via the HRA Capital Programme of £57.098M planned over the next five years. This will ensure that we maintain decent homes and improve those homes that need it. These types of works will include electrical wiring, bathroom installations, new roofs, new kitchens, new windows and door replacements and installation of new more economical and energy efficient boilers.

In October 2017, the government announced its intention to set a long-term rent deal for both local authorities and housing associations. This allows rent increases to be set up to the level of CPI measured in September each year plus 1 percentage point from 2020/21. Except for a Central Government imposed 'one-off rent cap' in 2023/24 due to mitigate for tenants the high levels of inflation that was being experienced at that time, this rent formula is forecast to continue throughout the term of the MTFS.

Table 9 provides a summarised extract of the approved 2024/25 HRA budget and illustration for the next 5 years. The estimated operating surplus will be utilised to fund capital expenditure and / or appropriated to earmarked reserves to continue to demonstrate the sustainability of the Housing Revenue Account over the medium term.

Table 9 Summary of Approved 2024/25 HRA Budget Forecast

	2024/25 Budget £000s	2025/26 Forecast £000s	2026/27 Forecast £000s	2027/28 Forecast £000s	2028/29 Forecast £000s
Revenue Contribution to Capital Outlay*	8,015	3,027	3,027	3,027	3,027
Potential Impact of Queensway	0	200	200	200	200
Appropriation to/(from) Earmarked Reserves	(3,194)	1,398	1,854	2,085	2,293
Net Operating Expenditure/ (Surplus)	**(4,821)**	**(4,625)**	**(5,081)**	**(5,312)**	**(5,520)**

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

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

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

The Council is reviewing the current scheme and original assumptions and if an alternative scheme is put forward for consideration, then this would continue to place local residents at the heart of the regeneration programme and transformation ambition. Detailed options appraisal work is underway to understand and evaluate all potential opportunities and implications. This assessment will be completed as quickly as possible with the intention to report to Cabinet on these findings and recommend a way forward during 204/25.

3.15 Asset Management Plan

The Corporate Asset Management Strategy (CAMS) sets out the way in which the Council makes decisions on asset related matters and identifies procedures and governance arrangements to monitor and improve the use of its assets to increase efficiency and maximise returns. The plan is reviewed annually alongside the MTFS and updated as appropriate.

The CAMS divides all the Council's assets into five blocks. These are:

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

Some assets sit within specific policy and legislative frameworks or are important by virtue of specific features of Southend. These are housing, highways and transport assets, schools and children centres, car parks, listed buildings and designated areas, and the sea defences and cliffs.

The CAMS brings asset-related decision making (on acquisition and disposal) together with the procedures guiding investment through the Capital Investment Programme.

The CAMS was comprehensively reviewed and updated for the period 2015 – 2025 and was approved at the Cabinet meeting in September 2015 to provide high-level strategic focus to enable flexibility over the plan period and to reinforce the current Vision and Strategic Aims of the CAMS that all the Council’s assets are corporately held and managed strategically to:

- Support the Corporate Plan priorities and effective service delivery.
- Support regeneration and development and enable the Council to achieve its agreed Outcomes.
- Rationalise, develop, and improve the portfolio to underpin the capital investment programme and revenue budget through development, commercialisation, property acquisition and disposals.
- To enable co-location and integration with partners.

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

Some updates made to the CAMS during 2023/24 are as follows:

- A review of the KPIs for the portfolio to ensure that they remain current and relevant.
- Alterations to reflect Southend’s new City Status.
- Completion of a plan to address the requirements of the Minimum Energy Efficiency Standards and further support the Council to use fewer, better buildings, help to progress towards the net zero by 2030 commitment and to invest in the sustainability of those which are to be retained.

The completion of some of these updates will continue into 2024/25. The plan will be amended further to include the work required around the new Estates Optimisation transformation workstream, including for example the creation of Locality Hubs. The revised plan will be published on the Council’s website.

3.16 Capital Investment Programme

Capital expenditure is incurred on the acquisition or creation of assets, or expenditure that enhances or adds to the economic life or value of an existing fixed asset which is needed to provide services such as housing, schools, and highways. Fixed assets are tangible or intangible assets that yield benefits to the Council generally for a period of more than one year, e.g., land, buildings, roads, vehicles. This contrasts with revenue expenditure which is spending on the day to day running costs of services such as employee costs and supplies and services. Under normal circumstances, capital grants, borrowing and capital receipts can only be spent on capital items and cannot be used to support the revenue budget. However, it should be noted that revenue funding can be used to support capital expenditure.

The Capital Investment Strategy covers all capital expenditure and capital investment decisions, not only as an individual local authority but also those entered under group arrangements. It sets out the long-term context in which decisions are made with reference to the life of the projects/assets.

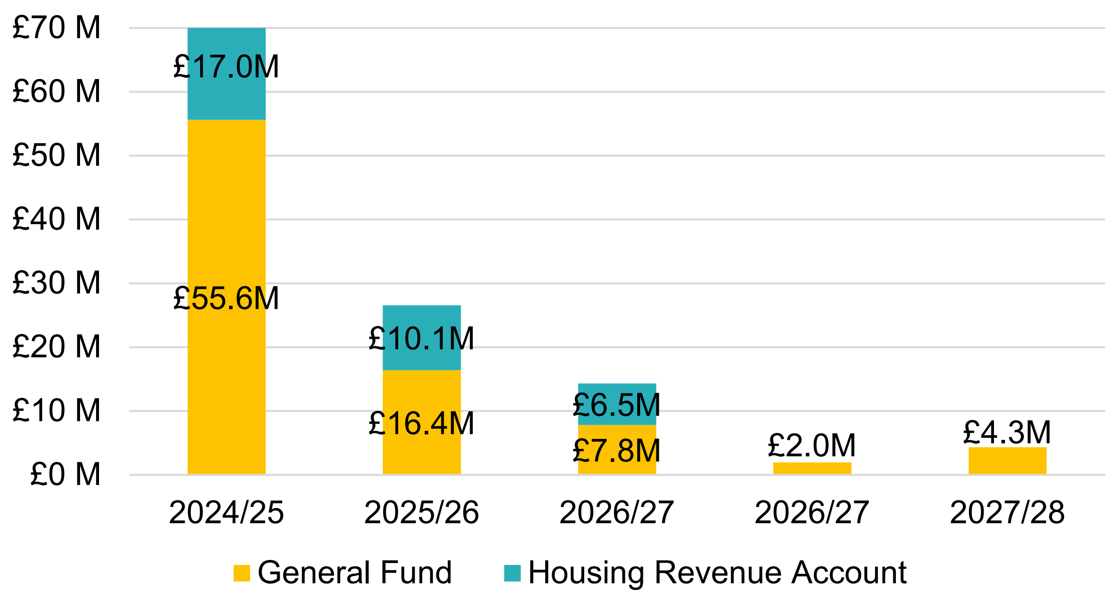
It is a key document and forms part of the authority’s integrated revenue, capital, and balance sheet planning. It provides a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the delivery of desired outcomes. It includes an overview of the governance processes for approval and monitoring of capital expenditure and how investment decisions take account of stewardship, value for money, proportionality, prudence, sustainability, and affordability. It also provides an overview of how associated risk is managed and the implications for future financial sustainability.

The capital investment programme is prepared and developed in accordance with the Capital Investment Strategy. In turn, the Capital Investment Strategy has been written in the context of the Corporate Plan and all capital investment is therefore driven by the aim of contributing to the delivery of the ambition, the desired outcomes and the agreed priorities.

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

The proposed total capital investment programme over the next five years is illustrated in Figure 21.

Figure 21 Proposed Capital Investment Programme



3.17 Treasury Management Strategy

The Treasury Management Strategy is an area of activity which covers the management of the council's cash flows, its borrowings and its investments, the management of the associated risks, and the pursuit of the optimum performance or return consistent with those risks.

In compliance with the CIPFA Treasury Management Code of Practice the Council's treasury management strategy comprises:

- the Treasury Management Policy Statement.
- the Treasury Management Strategy.
- the Annual Treasury Management Investment Strategy.

The purpose of the Treasury Management Policy Statement is to set out the scope of the Treasury Management function, the policy on borrowing, debt restructure, investments, delegation, and management of risk.

The budget includes provision for the financing costs of the Council's Capital Investment Programme, including interest on external borrowings. Offsetting this, the Council will earn interest by temporarily investing its surplus cash, which includes unapplied and set-aside capital receipts. These budgets depend on many factors, not least the Council's level of revenue and capital budgets, use of reserves, methods of funding the budget requirement, interest rates, cash flow and the Council's view of risk.

The purpose of the Treasury Management Strategy is to set out how the budgeted financing costs can be achieved. It covers the prospects for interest rates and the strategy on borrowing and debt restructuring.

The purpose of the Annual Treasury Management Investment Strategy is to set out the investment objectives and the policies on the use of external fund managers, on the investment of in-house managed funds and on the use of approved counterparties.

The Audit Committee have responsibility for the scrutiny of the Treasury Management Strategy. The policy is approved by Council in advance of the year to which it relates. It is then monitored regularly and updated, as appropriate, to reflect changing circumstances and guidance with updates approved by Council as and when required.

It is projected that surplus cash balances will average £124m (of which £49m is the estimated sum of medium term and long-term funds managed by external fund managers) during 2024/25 based on information currently available and historical spending patterns.

3.18 Minimum Revenue Provision Policy

The Minimum Revenue Provision (MRP) is an amount to be set aside for the repayment of debt. Each Local Authority has a general duty to charge an amount of MRP to revenue which it considers to be prudent, with responsibility being placed upon the full Council to approve an annual MRP policy statement.

The MRP Guidance sets out that such policies may be amended at any time, so long as the Council maintains a prudent and transparent approach whilst ensuring any changes are sustainable from a revenue budget perspective. The Guidance and legislation do not define what is prudent. It is for each Authority to determine a prudent repayment based on its own individual circumstances, considering it's medium and long-term financial plans, current budgetary pressures, future capital expenditure intentions and funding needs. The Chief Finance Officer is content that the policy to be taken forward for 2024/25 will make an MRP charge that is both prudent and proportionate, given the severity and urgency of the Council's current financial situation.

3.19 Prudential Indicators

The Prudential Code is the key element in the system of capital finance that was introduced from 1st April 2004 as set out in the Local Government Act 2003. CIPFA published their updated 2021 edition of the Prudential Code on 20th December 2021.

Individual authorities are responsible for deciding the level of their affordable borrowing, having regard to the CIPFA code, (which has legislative backing). Prudential limits apply to all borrowing, qualifying credit arrangements (e.g. some forms of lease) and other long-term liabilities. The system is designed to encourage authorities that need, and can afford to borrow for capital investment, to do so.

Under the Local Government Act 2003 each authority can determine how much it can borrow within prudential limits (unsupported borrowing). The Government does have powers to limit the aggregate for authorities for national economic reasons, or for an individual authority. Most of the capital expenditure will continue to be directly supported by Government through capital grant or by Council unsupported borrowing.

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

Another objective of the Code is that treasury management decisions are taken in accordance with good professional practice and in full understanding of the risks involved and how these risks will be managed to levels that are acceptable to the organisation.

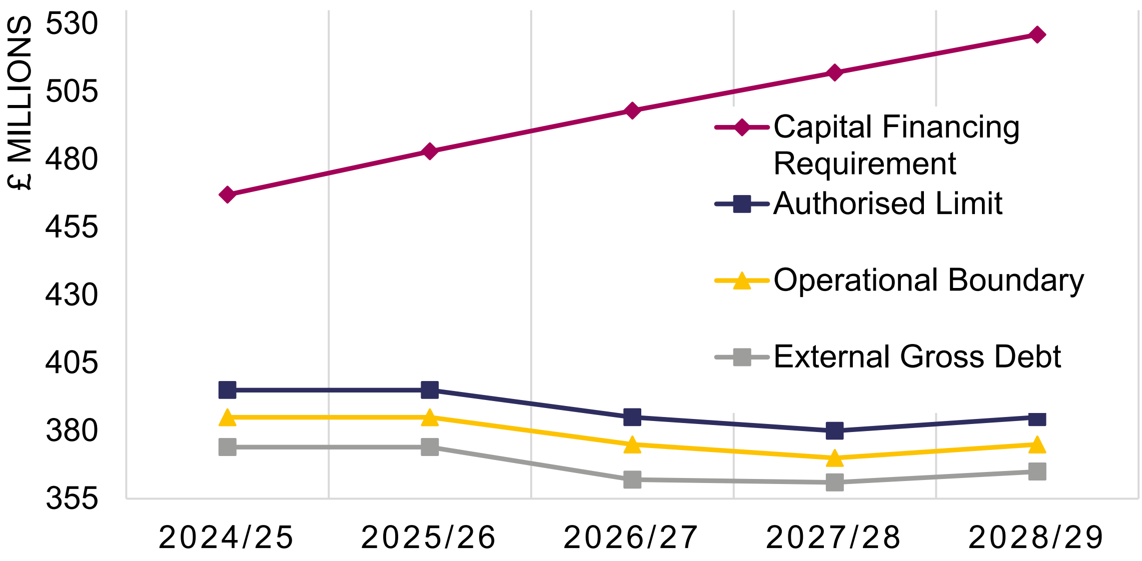
To demonstrate compliance with these objectives each authority is required to produce a set of prudential indicators. These indicators are designed to support and record local decision making and are not for comparison with other authorities. The setting and revising of these indicators must be approved by Cabinet and Council.

In setting or revising its prudential indicators, the local authority is required to have regard to the following matters:

- service objectives (e.g. strategic planning).
- stewardship of assets (e.g. asset management planning).
- value for money (e.g. options appraisal).
- prudence and sustainability (e.g. risks, whole life costing and implications for external debt).
- affordability (e.g. implications for long-term resources including the council tax).
- practicality (e.g., achievability of the forward plan).

Figure 22 shows the Council’s level of external gross debt compared to its agreed borrowing limits and the estimated Capital Financing Requirement (the Council’s theoretical need to borrow).

Figure 22 Borrowing Levels and Limits



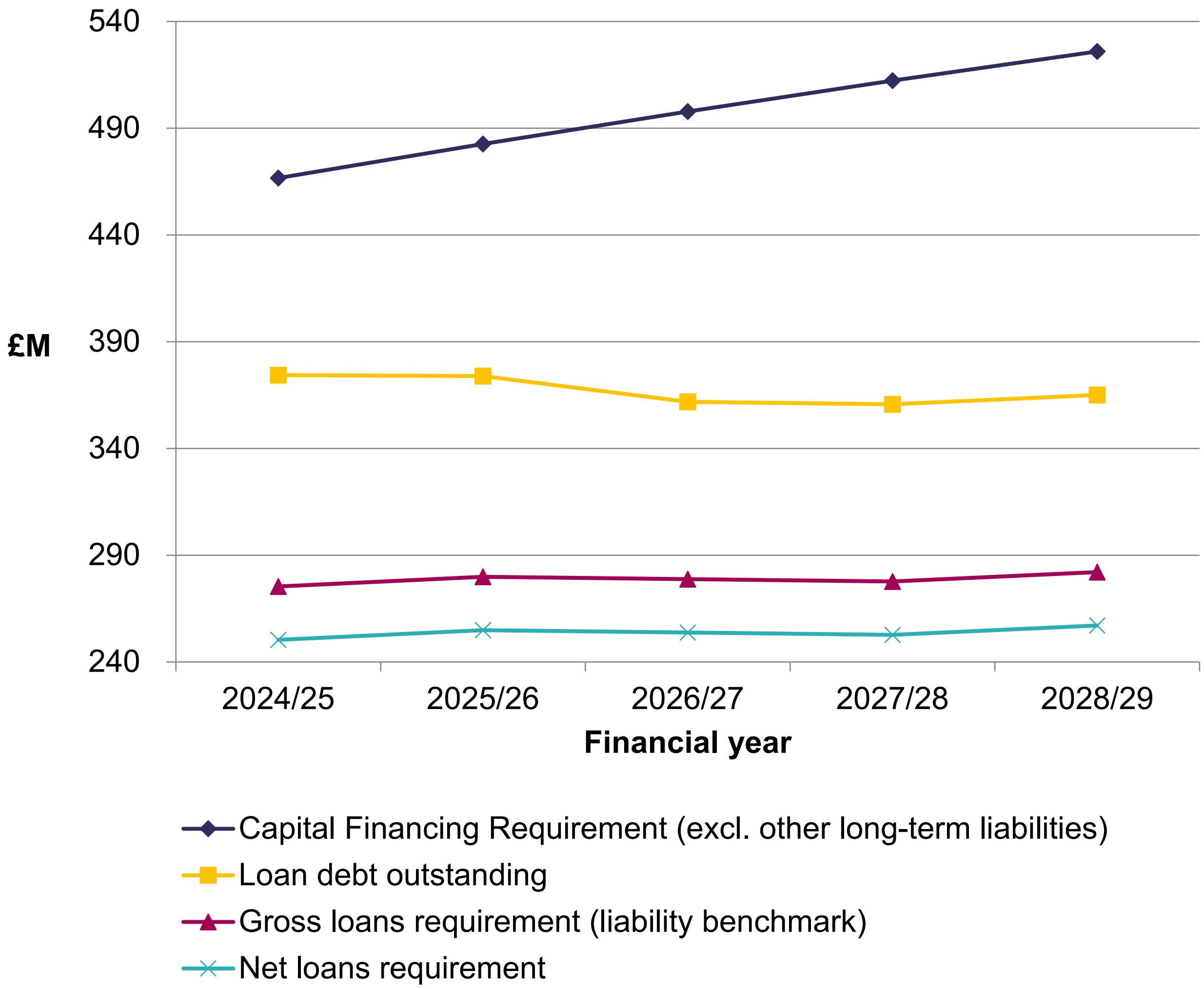
The operational boundary is how much gross external debt the Council plans to take up and reflects the decision on the amount of debt needed for the Capital Investment Programme for the relevant year. The authorised limit is higher than the operational boundary as it allows sufficient headroom to take account of unusual cash movements.

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

Figure 23 shows the Council's liability benchmark which is a measure of how well the existing loans portfolio matches the authority's planned borrowing needs. It is not a single measure but consist of four balances:

- Existing loan debt outstanding: the authority's existing loans that are still outstanding in future years.
- Loans Capital Financing Requirement: calculated in accordance with the definition in the Prudential Code and projected into the future based on approved prudential borrowing and planned MRP. This excludes any part of the Capital Financing Requirement related to other long-term liabilities rather than borrowing.
- Net loans requirement: the authority's gross loan debt less treasury management investments at the last financial year-end, projected into the future.
- Liability benchmark (or gross loans requirement) equals net loans requirement plus a short-term liquidity allowance. A short-term liquidity allowance means an adequate (but not excessive) allowance for a level of excess cash to be invested short term to provide access to liquidity if needed.

Figure 23 Liability Benchmark



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

3.20 General Fund Balance

In accordance with best practice guidance issued by CIPFA, the minimum level of General Fund balances is reviewed, and assessed on an annual basis. The Executive Director (Finance & Resources) recommends:

- An absolute minimum level of unallocated General Fund reserves of £8M to be maintained throughout the period between 2024/25 to 2028/29.

- An optimal level of unallocated General Fund reserves of between £10M and £11M over the period 2024/25 to 2028/29 to cover the absolute minimum level of reserves, in-year risks, cash flow needs and unforeseen circumstances.

- A maximum recommended level of unallocated General Fund reserves to £12M for the period 2024/25 to 2028/29 to provide additional resilience to implement the MTFS.

  This assessment has been derived by taking a risk-based approach to the overall General Fund Revenue Account. Clearly given the uncertainty and challenges caused by the prevailing economic and fiscal conditions, then it is even more important to give some confidence and assurance over the level of the General Fund Balance. This assessment includes as far as possible a review of income volatility and realism of income targets, interest rate exposure, third party provider risks, potential overspends in demand led areas such as social care and safeguarding for both adults and children and any other potential issues which may need to be taken into consideration.

3.21 Reserves Strategy

As well as maintaining a risk based General Fund Balance the Council also sets aside Earmarked Reserves (for these purposes earmarked reserves excludes school balances) for specific items.

Considering the increasing level of risk and uncertainty identified within the MTFS and the probability of resources being required to support service transformation and delivery, a full review of useable reserves and provisions will be undertaken as part of the year end final position for 2023/24, once the outturn has been determined.

Each year as part of closing the accounts a view is taken on maintaining and strengthening, where necessary, those reserves specifically earmarked to support the highest areas of risk. This results in the rationalisation of reserves and provisions where possible and in some cases additional funding being set aside.

In relation to the adequacy of reserves (excluding the General Fund Balance summarised in Section 3.21), the Council's Section 151 Officer (Executive Director of Finance and Resources) recommends the following Reserves Strategy. The Strategy will be reviewed annually and adjusted in the light of the prevailing circumstances.

Housing Revenue Account Reserves

In relation to the Housing Revenue Account (HRA) in 2024/25 and the medium to long-term:

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

This recommendation is based on and conditional upon:

- A 2024/25 budget agreed with South Essex Homes Ltd. to maintain a balanced HRA, together with the HRA's own MTFS for the period 2024/24 to 2028/29.
- Forward projections for the HRA beyond 2024/25 being remodelled upon any significant updates to the planned utilisation of HRA resources.

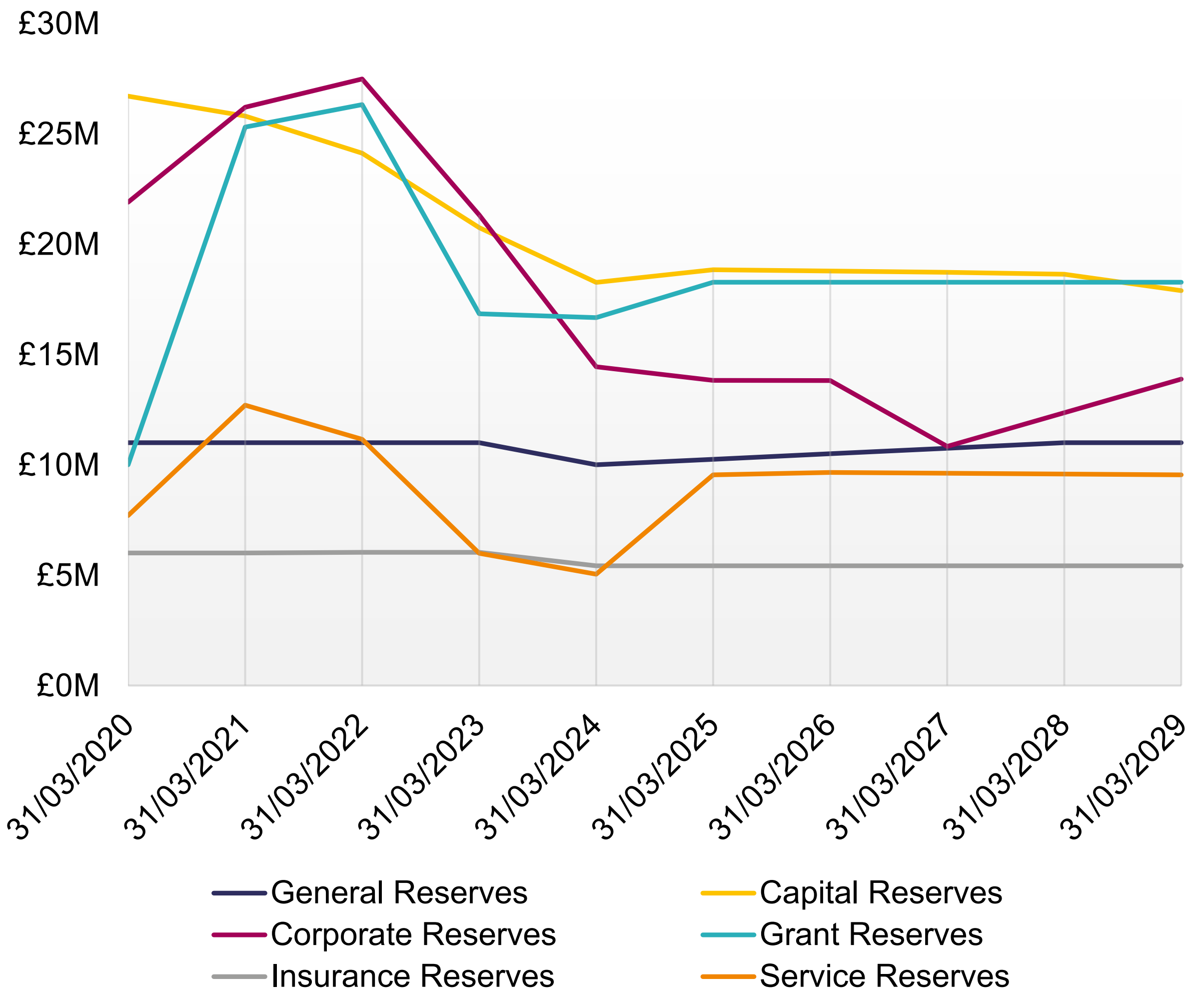
Earmarked Reserves

A table of the earmarked reserves and their balances at 31st March 2024 to 31st March 2029 is shown in Annex 2. The balances at 31st March 2024 to 2029 are indicative, based on the assumptions in this report, and do not represent the probable figures that will be disclosed in future years Statement of Accounts. A summary of the forecast reserve balances to 31st March 2029 is shown below (Table 10) and illustrated in the following graph (Figure 24). We are forecasting that our total reserves will stay within a range of £67M to £77M over this timeframe.

Table 10 Forecast of Earmarked Reserves

Reserves	**31/03/2024 £M**	**31/03/2025 £M**	**31/03/2026 £M**	**31/03/2027 £M**	**31/03/2028 £M**	**31/03/2029 £M**
General	10.000	10.250	10.500	10.750	11.000	11.000
Capital	18.260	18.838	18.779	18.719	18.629	17.889
Corporate	14.442	13.823	13.816	10.832	12.358	13.884
Grant	16.665	18.271	18.271	18.271	18.271	18.271
Insurance	5.422	5.422	5.422	5.422	5.422	5.422
Service	5.042	9.542	9.650	9.614	9.578	9.542
TOTAL	**69.831**	**76.146**	**76.438**	**73.608**	**75.258**	**76.008**

Figure 24 Forecast Earmarked Reserves



3.22 Addressing the Budget Gap

The Council is currently predicting a cumulative budget gap of **£32.9M up to the end of 2028/29**. To address and close the budget gap over this period we must continue our drive towards financial sustainability for the future. As we work collaboratively with our partners, we may need to increase our focus on the delivery or joint commissioning of services in a targeted way to ensure that those in most need and who will receive the greatest benefit are the recipients of our services.

The approach to beginning to address this budget gap is demonstrated with several of the initiatives that have been approved as part of the overall budget package for 2024/25. Most of these intentions will continue to make an important contribution to reducing costs in the future. Annex 3 provides a summary of the individual elements that make up this budget package and appropriate governance arrangements are already in place to oversee and ensure delivery of these intentions. As with most upper tier authorities the biggest major challenges to their future financial resilience and sustainability are directly linked to how successful they will be in proactively managing future growing service demand (particularly in social care) and how they can design and transform new operational delivery mechanisms to drive efficiencies, productivity, VFM and meet local residents' priority needs in the most cost-effective way.

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

Table 11 Forecast Budget Gap

Year	2024/25	2025/26	2026/27	2027/28	2028/29	Total
Budget gap	£0.0M	£6.6M	£9.8M	£8.1M	£8.4M	£32.9M

3.23 Budget Monitoring and Reporting

The corporate budget performance report is a key tool in scrutinising the Council's overall financial performance. It is designed to provide an overview to all relevant stakeholders. It is essential that the Authority actively monitors its budgets throughout the year to ensure that the overall financial position is robust and sustainable and that strategic objectives are being achieved.

In setting the annual budget and the MTFS the Council will ensure potential risks are assessed and managed so that their impact is minimised or accounted for either via Contingencies, Balances or Earmarked Reserves as is necessary. In year, the Council will monitor its revenue and capital budgets (including the HRA) monthly and report to Cabinet on a regular basis.

Whilst the responsibility lies with the Executive Director for Finance & Resources for reporting to Cabinet the financial position, the responsibility and accountability for the financial position and performance of the services lies with the budget holder.

These reports will be prepared for Cabinet at regular intervals throughout the financial year and will provide an opportunity to highlight major variations from the approved spending plans enabling corrective action to be taken where necessary.

All budget holders are responsible for ensuring external income is maximised for their service and for seeking out new opportunities to generate income. If the budget holder cannot resolve issues within their own service area budgets these should be dealt with by Service Directors and the Executive team.

Where pressures are identified appropriate recovery plans are required to be agreed and implemented in year which look to address these issues and identify ongoing pressures that may need to be addressed as part of setting the budgets over the medium term.

The Council introduced a new integrated finance and accountancy structure in 2021/22 which has built on the strengths of the established and respected finance business partnering service to support and advise Directors and Service Managers with the financial management requirements of their services.

The focus of the Finance Business Partnering function is to support services to:

- Look at a specific business problem and propose solutions based on research and insight.
- Perform and analyse benchmarking against other areas and services to drive business decision making.
- Work with business intelligence to understand activity and cost drivers.
- Support services to look at the totality of investment against objectives.
- Support services to focus on being sustainable.
- Support services in developing business cases.
- Work to better understand, manipulate, and extract better outcomes from contracts – improving deliverables and forward planning procurement exercises.
- Perform sensitivity analysis across whole systems to understand links between variables and support to make optimal interventions.
- Support with project managing change through greater involvement in strategic decision making.

These existing comprehensive arrangements are planned to be supplemented further in 2024/25 with oversight of the delivery of all parts of the budget package being reported to the Transformation Board, summary of progress and any significant issues highlighted will also be reported to the new Members Finance Panel. This will ensure additional scrutiny over the delivery of approved budget initiatives and appropriate challenge and assessment of the developing service transformation intentions.

4 Conclusion

This MTFS provides a robust framework for setting the budget for 2024/25 and to help to ensure that the Council remains financially sustainable over the medium term. The future forecast position is based on the best information currently available and is challenging but should be achievable given the political and management desire to implement the necessary service transformation.

The Council like all local authorities has experienced unprecedented volatility over the last few years including major increases in demand for a range of priority local services that it delivers. The increased uncertainty over the impact of future planned national funding reform, together with estimating how quickly and to what extent the demand and inflationary pressures will increase or diminish makes business and financial planning very difficult. This strategy and the range of assumptions included will be updated as soon as new information becomes available.

Positively the Council has a clear Corporate Plan for 2023-2027, is working with partners to refresh an overarching vision for the city, strong collegiate leadership, residents and communities are engaged, resources are prioritised towards achieving better local outcomes and the organisation in these unprecedented circumstances has set a robust, resilient, and sustainable budget.

Southend-on-Sea City Council is in a strong position to influence, shape and redesign services both locally and regionally to make a real positive difference to the lives of Southenders.

Annex 1

Medium Term Financial Forecast
2024/25 to 2028/29

	2024/25		2025/26		2026/27		2027/28		2028/29	
	£000s		£000s		£000s		£000s		£000s	
Base Budget										
From prior year	143,875		150,075		158,258		170,707		181,526	
LESS										
Appropriations to / (from) reserves in prior year	1,247		(6,915)		(292)		2,830		(1,025)	
Revenue Contributions to Capital	(471)		(47)		(39)		0		0	
Less other one-off expenditure / (savings)	(46)		(1,816)		(33)		(3,010)		1,500	
Adjusted Base Budget		144,605		141,297		157,894		170,527		182,001
Appropriations to / (from) reserves		6,915		292		(2,830)		1,025		750
Revenue Contributions to Capital (Funded from Earmarked Reserves)		47		39		0		0		0
Other one-off / time limited expenditure bids		1,816		33		3,010		(1,500)		(1,500)
Unavoidable Pressures		13,980		11,069		7,729		7,495		7,095
Capital Programme Costs		(3,845)		(25)		540		275		940
Corporate Cost Pressures		(70)		229		(28)		32		39
Directorate (Savings) / Pressures										
Ongoing Executive Directorate investment	2,160		4,000		4,000		4,000		4,000	
Budget reductions proposed	(9,504)	(7,344)	(393)	3,607	392	4,392	(328)	3,672	(618)	3,382
Better Care Fund										
Funding to Support Social Care and benefit Health	(16,233)		(16,233)		(16,233)		(16,233)		(16,233)	
Expenditure relating to the BCF and IBCF	16,233	0	16,233	0	16,233	0	16,233	0	16,233	0
Public Health										
Projected Grant Income	(10,538)		(10,538)		(10,538)		(10,538)		(10,538)	
Projected Expenditure	10,538	0	10,538	0	10,538	0	10,538	0	10,538	0
Housing Revenue Account										
Projected Expenditure	28,610		29,220		29,804		29,804		29,804	
Projected Income	(31,824)		(32,552)		(33,182)		(33,182)		(33,182)	
Contributions to / (from) HRA Earmarked Reserves	3,214	0	3,332	0	3,378	0	3,378	0	3,378	0
Dedicated Schools Grant										
Projected Grant Income	(65,965)		(65,965)		(65,965)		(65,965)		(65,965)	
Projected Expenditure	65,965		65,965		65,965		65,965		65,965	
Pupil Premium received from Government (indicative)	(1,892)		(1,892)		(1,892)		(1,892)		(1,892)	
Pupil Premium Expenditure	1,892	0	1,892	0	1,892	0	1,892	0	1,892	0
Projected General Fund Net Expenditure		156,104		156,541		170,707		181,526		192,707
Changes in General Grants		(6,029)		1,717		0		0		0
Budget Requirement		**150,075**		**158,258**		**170,707**		**181,526**		**192,707**
Funded By										
Council tax increase (2.99% in 23/24 & 24/25, 1.99% onwards) (taxbase +1.12% 23/24 and +0.5% p.a future years)		(88,507)		(91,015)		(93,589)		(96,232)		(98,937)
Social Care Precept (2.0% in 23/24 & 24/25, 0% onwards)		(14,989)		(15,064)		(15,139)		(15,215)		(15,291)
Business Rates		(37,989)		(37,989)		(37,989)		(37,989)		(37,989)
Revenue Support Grant		(7,590)		(7,590)		(7,590)		(7,590)		(7,590)
Collection Fund Surplus		(1,000)		0		0		0		0
Total Funding		**(150,075)**		**(151,658)**		**(154,307)**		**(157,026)**		**(159,807)**
Funding Gap		**0**		**6,600**		**16,400**		**24,500**		**32,900**

Funding Gap (Cumulative)	**0**	**6,600**	**23,000**	**47,500**	**80,400**

Core Precept	88,507	91,015	93,589	96,232	98,937
Social Care Precept	14,989	15,064	15,139	15,215	15,291
Band D Council Tax					
Council Tax for a Band D Property	1,713.24	1,747.26	1,782.00	1,817.46	1,853.55
% Increase in Council Tax	4.99%	1.99%	1.99%	1.99%	1.99%
Council Tax Base					
Council Tax Base	60,409	60,711	61,015	61,320	61,626
Increase in Tax Base on prior year	1.11%	0.50%	0.50%	0.50%	0.50%

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

Annex 2

Earmarked Reserves	Balance 1/4/23 £000s	To Reserves £000s	From Reserves £000s	Transfers £000s	Balance 1/4/24 £000s	To Reserves £000s	From Reserves £000s	Transfers £000s	Balance 1/4/25 £000s	To Reserves £000s	From Reserves £000s	Transfers £000s	Balance 1/4/26 £000s	To Reserves £000s	From Reserves £000s	Transfers £000s	Balance 1/4/27 £000s	To Reserves £000s	From Reserves £000s	Transfers £000s	Balance 1/4/28 £000s	To Reserves £000s	From Reserves £000s	Transfers £000s	Balance 1/4/29 £000s
Capital Reserves																									
Capital Reserve	**11,912**	625	(471)		**12,066**	625	(47)		**12,644**	625	(39)		**13,230**	625			**13,855**	625			**14,480**				**14,480**
Interest Equalisation Reserve	**3,050**				**3,050**				**3,050**				**3,050**				**3,050**				**3,050**				**3,050**
MRP Equalisation Reserve	**4,544**		(1,400)		**3,144**				**3,144**		(645)		**2,499**		(685)		**1,814**		(715)		**1,099**		(740)		**359**
Capital Reserves	**19,506**	625	(1,871)	-	**18,260**	625	(47)	-	**18,838**	625	(684)	-	**18,779**	625	(685)	-	**18,719**	625	(715)	-	**18,629**	-	(740)	-	**17,889**
Corporate Reserves																									
Business Transformation Reserve	**3,127**		(773)		**2,354**		(205)		**2,149**		(33)		**2,116**		(10)		**2,106**				**2,106**				**2,106**
Business World ERP Reserve	**1,828**				**1,828**		(275)		**1,553**				**1,553**				**1,553**				**1,553**				**1,553**
Climate Change & Green Initiatives	**380**		(221)		**159**				**159**				**159**				**159**				**159**				**159**
Cost of Living	**1,000**		(225)		**775**				**775**				**775**				**775**				**775**				**775**
Technology Transition & Systems Modernisation	**2,201**		(1,119)		**1,082**		(1,180)		**(98)**				**(98)**				**(98)**				**(98)**				**(98)**
New Homes Bonus	**1,825**	81	(1,284)		**622**	26			**648**	26			**674**	26			**700**	26			**726**	26			**752**
Pension Reserve	**6,000**				**6,000**				**6,000**				**6,000**		(3,000)		**3,000**	1,500			**4,500**	1,500			**6,000**
Rental Equalisation	**850**				**850**				**850**				**850**				**850**				**850**				**850**
Service Redesign Reserve	**2,637**		(1,865)	(1,500)	**(728)**	1,255	(95)		**432**				**432**				**432**				**432**				**432**
Transformation Implementation Reserve	**-**			1,500	**1,500**		(145)		**1,355**				**1,355**				**1,355**				**1,355**				**1,355**
Corporate Reserves	**19,848**	81	(5,487)	-	**14,442**	1,281	(1,900)	-	**13,823**	26	(33)	-	**13,816**	26	(3,010)	-	**10,832**	1,526	-	-	**12,358**	1,526	-	-	**13,884**
Grant Reserves																									
Air Quality Reserve	**175**		(7)		**168**				**168**				**168**				**168**				**168**				**168**
Area Child Protection	**32**				**32**				**32**				**32**				**32**				**32**				**32**
Business Rates Section 31 Grant	**485**				**485**				**485**				**485**				**485**				**485**				**485**
COVID-19 Reserve	**584**		(145)		**439**				**439**				**439**				**439**				**439**				**439**
Dedicated Schools Grant	**11,919**	62	(2,973)		**9,008**				**9,008**				**9,008**				**9,008**				**9,008**				**9,008**
Enhanced Bus Partnership Capacity Grant 22/23-24/25	**171**		(73)		**98**				**98**				**98**				**98**				**98**				**98**
General Grants Carried Forward	**7,077**	73	(1,067)	(1,136)	**4,947**	1,617	(11)		**6,553**				**6,553**				**6,553**				**6,553**				**6,553**
Holiday Activity and Healthy Food Grant Reserve	**5**				**5**				**5**				**5**				**5**				**5**				**5**
Levelling Up Fund	**168**				**168**				**168**				**168**				**168**				**168**				**168**
Public Health Grant - DAAT	**357**				**357**				**357**				**357**				**357**				**357**				**357**
Public Health Grant - Public Health	**1,671**		(713)		**958**				**958**				**958**				**958**				**958**				**958**
Grant Reserves	**22,644**	135	(4,978)	(1,136)	**16,665**	1,617	(11)	-	**18,271**	-	-	-	**18,271**	-	-	-	**18,271**	-	-	-	**18,271**	-	-	-	**18,271**
Insurance Reserves																									
Insurance Reserve	**5,422**				**5,422**				**5,422**				**5,422**				**5,422**				**5,422**				**5,422**
Insurance Reserves	**5,422**	-	-	-	**5,422**	-	-	-	**5,422**	-	-	-	**5,422**	-	-	-	**5,422**	-	-	-	**5,422**	-	-	-	**5,422**
Service Reserves																									
Adult Social Care Reserve	**2,500**		(2,500)		**-**	2,500			**2,500**				**2,500**				**2,500**				**2,500**				**2,500**
Children's Social Care Reserve	**2,500**		(2,500)		**-**	2,500			**2,500**				**2,500**				**2,500**				**2,500**				**2,500**
Development Control Reserve	**346**		(88)		**258**				**258**				**258**				**258**				**258**				**258**
Domestic Abuse Reserve	**285**				**285**				**285**				**285**				**285**				**285**				**285**
Elections Reserve	**60**		(60)		**-**	100			**100**	108			**208**		(36)		**172**		(36)		**136**		(36)		**100**
Internal Audit Reserve	**393**				**393**				**393**				**393**				**393**				**393**				**393**
Local Land Charges Reserve	**100**				**100**				**100**				**100**				**100**				**100**				**100**
Schools Improvement	**150**		(150)		**-**				**-**				**-**				**-**				**-**				**-**
SEND Neuro Hub Reserve	**79**				**79**				**79**				**79**				**79**				**79**				**79**
Shared Lives - Delayed Respite	**117**				**117**				**117**				**117**				**117**				**117**				**117**
Selective Licensing Reserve	**146**			1,136	**1,282**				**1,282**				**1,282**				**1,282**				**1,282**				**1,282**
Supporting People Reserve	**749**				**749**				**749**				**749**				**749**				**749**				**749**
Waste Management Reserve	**2,130**		(599)		**1,531**		(600)		**931**				**931**				**931**				**931**				**931**
Welfare Reform Reserve	**248**				**248**				**248**				**248**				**248**				**248**				**248**
Service Reserves	**9,803**	-	(5,897)	1,136	**5,042**	5,100	(600)	-	**9,542**	108	-	-	**9,650**	-	(36)	-	**9,614**	-	(36)	-	**9,578**	-	(36)	-	**9,542**
Monies Held In Trust																									
Comp-3 When Children Reach 18	**3**				**3**				**3**				**3**				**3**				**3**				**3**
Emily Brigs Trust	**17**				**17**				**17**				**17**				**17**				**17**				**17**
Thorpe Smith Bequest	**33**				**33**				**33**				**33**				**33**				**33**				**33**
Monies Held In Trust	**53**	-	-	-	**53**	-	-	-	**53**	-	-	-	**53**	-	-	-	**53**	-	-	-	**53**	-	-	-	**53**
Total General Fund Earmarked Reserves	**77,276**	841	(18,233)	-	**59,884**	8,623	(2,558)	-	**65,949**	759	(717)	-	**65,991**	651	(3,731)	-	**62,911**	2,151	(751)	-	**64,311**	1,526	(776)	-	**65,061**

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

Council Ref.	Detail of Proposal	2024/25 Total £000
Non-Portfolio and Cross-Organisational Pressures		
01-COP	**Staffing Establishment Costs 2024/25** - pay award of up to 4% and increments	3,625
02-COP	**Investment, income and financing alignment** - planned changes to the Capital Programme	1,615
05-RBA	**Investment, income and financing alignment** [Budget Amendment] - financing of additional carriageways and footways capital	175
03-COP	**Contractual Inflation (Not Energy Related)** - allocated on application	1,000
05-COP	**Debt Position Review** - Fusion contract	330
06-COP	**Base Budget Adjustments** - HR Hays Commercial Contract	104
06-COP	**Base Budget Adjustments** - Obsolete income target re South Essex Homes SLA	76
06-COP	**Base Budget Adjustments** - Corporate website	20
06-COP	**Base Budget Adjustments** - Seafront seasonal staff	75
06-COP	**Base Budget Adjustments** - Trade Union Facility Time	55
06-COP	**Base Budget Adjustments** - Members allowances	20
06-COP	**Base Budget Adjustments** - reversal of **one-year** funding agreement re. NetPark	(50)
07-COP	**Business Rates Liabilities** - Forum Management Company business rates income target removed	220
08-COP	**Levies** - Coroners Court Levy £118,000, Kent & Essex Fisheries estimate of £7,000	125
	Cross-Organisational Pressures Total	**7,390**
Pressures Specific to Portfolio Services		
01-L	**Audit Fees**	265
02-L	**Legal Services Contract Specialist**	90
01-DLENV	**Waste Collection Contract** - extension with the current provider	1,300
08-RBA	**Tree Nursery Management Plan and service changes** [Budget Amendment]	100
01-AHCA	**Provider Inflationary Uplift: National Living Wage** increases in costs for providers of adult social care	4,900
02-AHCA	**ASC Demographic Demand: Transitions, Older People and Working Age Adults**	1,300
03-AHCA	**NetPark** - exploring ways of continuing the support of the NetPark initiative.	50
04-AHCA	**Dementia Carer Support** - to develop dementia support groups across the 4 localities and fund 2 community navigators / community builders to support these groups	100
01-RBA	**Dementia Community Support Team** [Budget Amendment] - addition to 04-AHCA to support a total of 4x FTE Dementia Navigators and 1x PT Community Builder	100
09-RBA	**Cyber Security, Data, and Subject Access Requests (SARS)** [Budget Amendment]	100
01-CSEL	**Children's Social Care: Placements Pressure Existing**	2,580
02-CSEL	**Children's Social Care: Placements** costs of National Living Wage & uplift to support inhouse foster care fees and allowances.	420
03-CSEL	**School Improvement Support** allows the continuation of posts supporting this function	150
01-EGI	**Economic Recovery** - projects/initiatives supporting residents into work, advising/ supporting local businesses and match funding to attract/support wider external investment.	100
07-RBA	**Investment in Events and Tourism** [Budget Amendment] - hosting at least 20 weeks of cumulative events on Southend Pier and at least six outdoor events per year	100
01-HTP	**Car Parking Charging Changes** - reduce Southend Pass increase to 25%, reverse charges introduced at Southchurch Park East and make this car park free to park at from 1 April 2024.	200
02-RBA	**Car Parking (Parking Fees & Charges)** [Budget Amendment] - changes to proposed fees and charges schedule	185

Council Ref.	Detail of Proposal	2024/25 Total £000
06-RBA	**Car Parking (Parking Fees & Charges)** [Budget Amendment] - Southend Pass reduce proposed charge from £150 to £125 for annual purchases	10
01-HP	**Local Plan Staffing**	140
03-RBA	**Expand the Community Support Team** [Budget Amendment] - three new roles in place by Q2 of 2024/25	100
04-RBA	**Hire more Civil Enforcement Officers** [Budget Amendment] - three to five new roles in place by Q2 of 2024/25	100
	Total Pressures Specific to Portfolio Services	**12,390**

Unavoidable Cost Pressures Total	**19,780**

Council Ref.	Detail of Proposal	FTE	2024/25 £000
Corporate Initiatives			
COI-01	**Comprehensive Reserves and Capital Financing Requirement Review**	-	(3,500)
COI-02	**Vacancy Factor - Adults & Communities** - indicative illustration shared with CLT, these figures are the adjustment required to standardise at 2.5%	-	(60)
COI-02	**Vacancy Factor - Children & Public Health** - adjustment to standardise at 2.5%	-	(268)
COI-02	**Vacancy Factor - Environment & Place** - adjustment to standardise at 2.5%	-	(261)
COI-02	**Vacancy Factor - Finance & Resources** - adjustment to standardise at 2.5%	-	(97)
COI-02	**Vacancy Factor - Strategy & Change** - adjustment to standardise at 2.5%	-	(89)
COI-03	**Energy inflation 2023/24 unapplied**	-	(500)
COI-04	**Family Centres - Review**	tbc	(350)
COI-05	**Redesign the 'Front Door' to the Council**	tbc	(300)
COI-06	**Utilisation of Education Grants** Part funding of Virtual School Officers from the Looked After Child Pupil Premium.	-	(100)
COI-07	**Utilisation of Education Grants - High Needs (Dedicated Schools Grant)** Part fund the Head of Service for Access and Inclusion.	-	(70)
COI-08	**Museums Rateable Value Reductions**	-	(60)
COI-09	**Discretionary Rate Relief Savings**	-	(60)
	Corporate Initiatives Total	**-**	**(5,715)**
Efficiency and Productivity			
EAP-01	**Equipment and Assistive Technology Pilots**	-	(250)
EAP-02	**Operational Estate Efficiencies**	2.00	(170)
RBA-10	**Improve implementation of grassland management strategy** [Budget Amendment]	-	(25)
	Efficiency and Productivity Total	**2.00**	**(445)**
Organisational Redesign			
ORE-01	**Restructure Adult Social Care Operations and Commissioning**	10.00	(530)
ORE-02	**Director Roles and Vacancies** - remove 1.00 FTE Director Asset Management post	1.00	(133)
ORE-02	**Director Roles and Vacancies** - remove 1.00 FTE Director City Operations post	1.00	(133)
ORE-02	**Director Roles and Vacancies** - remove 0.50 FTE Director Culture & Tourism post	0.50	(67)
ORE-02	**Director Roles and Vacancies** - remove 0.50 FTE Director Transformation post	0.50	(67)
ORE-03	**ICT Restructure**	8.86	(395)
ORE-05	**Restructure the Senior Leadership Team of the Education, Inclusion and Early Years Service**	1.00	(120)
ORE-06	**Centralisation of Project Managers**	2.00	(100)
ORE-07	**Corporate Strategy Staffing Restructure**	1.00	(100)
ORE-08	**Review and restructure museum, galleries and wider pier and foreshore teams.**	tbc	(100)
ORE-09	**Environment and Place Leadership Team Restructure**	2.00	(85)
ORE-10	**Post Reduction: Workforce Practice Management**	1.00	(80)
ORE-11	**Post Reduction: Operational Performance and Intelligence**	1.00	(70)
ORE-12	**Post Reduction: Procurement**	1.00	(70)
ORE-13	**Reception Staffing Reduction**	2.00	(55)
ORE-14	**Post Reduction: People and Organisation**	1.00	(35)
	Organisational Redesign Total	**33.86**	**(2,140)**
Service Offer Changes			
SOC-01	**Parks Service Review**	tbc	(250)
SOC-02	**Micro Enterprise Work** - cease project to pump prime small enterprises	-	(100)
SOC-03	**Telecare Responder Service**	-	(100)
SOC-04	**Cultural and Pier Services Review** - reduce costs by limiting the opening hours or days	1.00	(20)
SOC-05	**Concert Series** to be delivered as cost neutral	-	(15)
	Service Offer Changes Total	**1.00**	**(485)**

Council Ref.	Detail of Proposal	FTE	2024/25 £000
Third Party Payments / Contractual Arrangements			
TPP-01	**Concessionary Fares Scheme** budget alignment with usage	-	(400)
TPP-02	**Transitional Supported Housing** - to reduce costs where there is evidence of voids, lower level support required or where need should ideally be met via the care act.	-	(300)
TPP-03	**Decommission Dementia Community Support Team** due to ending of the joint commissioning arrangements with partners.	11.95	(250)
TPP-04	**Utilisation of Education Grants - Early Years (DSG)** - move 3 & 4 year old funding to the 97% passport rate (currently 98%).	-	(100)
TPP-05	**Printing Resources** - the service delivery model will be reviewed alongside the print fleet contract which is due for renewal in September 2024.	-	(50)
TPP-06	Review **Southend Business Improvement District (BID) Service Level Agreement (SLA)** to ensure no cost burden to the Council in line with other BID areas.	-	(50)
TPP-07	**Essex County Council (ECC) Transferred Debt** reducing payments over time	-	(50)
TPP-08	**Internal Audit Resourcing** - reduce expenditure with contractors in year & vacant posts	-	(40)
TPP-09	**Connectivity Savings** - achieve fibre connectivity savings across the city	-	(40)
TPP-10	**Remove the ATM from Civic One**	-	(20)
TPP-11	Reduction of unused telephone lines	-	(9)
TPP-11	Cleaning in libraries	-	(5)
TPP-11	Southend Leisure and Tennis Centre (SLTC) Netball Courts	-	(2)
	Third Party Payments / Contractual Arrangements Total	**11.95**	**(1,316)**
Income Generation Capability			
IGC-01	**Reversal of Reduction in Investment Income** predicted when the 2023/24 budget was set	-	(710)
IGC-02	**Investment Income Growth**	-	(1,835)
IGC-03	**Full Cost Recovery for Council Services Provided Externally**	-	(95)
IGC-04	**Fees and Charges Increase** - additional to MTFS (7% to 10%) - **Adults & Communities**	-	(17)
IGC-04	**Fees and Charges Increase** - additional to MTFS (7% to 10%) - **Children & Public Health**	-	(23)
IGC-04	**Fees and Charges Increase** - additional to MTFS (7% to 10%) - **Environment & Place**	-	(171)
IGC-04	**Fees and Charges Increase** - additional to MTFS (7% to 10%) - **Finance & Resources**	-	(49)
IGC-05	**Increase Planning Charges** set nationally and are due to increase by around 25%	-	(150)
IGC-06	**South Essex Property Services (SEPS) Dividend** passported through to the parent company	-	(150)
IGC-07	**Increased Cremation Charges** by 10%	-	(80)
IGC-08	**Pier Charging** - increase Pier ticket prices by 25p above the inflationary uplift	-	(100)
IGC-09	**Beach Hut Terms** - revise the commercial terms for beach huts	-	(100)
IGC-10	**Electric Vehicle (EV) Charging Opportunities**	-	(50)
IGC-11	**Increased Burial Charges** by 10%	-	(20)
IGC-12	**Review Environment Protection Enforcement Model**	-	(30)
IGC-13	**Private Sector Leasing** - set up leasing arrangements with a number of landlords to secure them working with us and not other councils.	-	(25)
IGC-14	**Introduce Penalties for Council Tax Reduction Scheme**	-	(20)
IGC-15	Filming Opportunities	-	(10)
IGC-15	HRA contribution to Procurement	-	(9)
IGC-15	Museum Service - Special Exhibition Fee	-	(5)
IGC-15	Create "Pop-Up" or permanent Southend shop	-	(5)
RBA-11	**Increased income from Events** [Budget Amendment] - opposite side of invest to save item	-	(165)
RBA-12	**Southend Pass** [Budget Amendment] - 15,000 users by the end of 2024/25	-	(175)
RBA-13	**Car Parking Charges** [Budget Amendment] - increase Zone 1a to £3 per hour	-	(285)

Council Ref.	Detail of Proposal	FTE	2024/25 £000
RBA-14	**Car Parking Zone 1a 6-9pm** [Budget Amendment]	-	(520)
RBA-15	**New Tradesperson Permit** [Budget Amendment] - based on 100 permits in 24/25	-	(60)
	Income Generation Capability Total	**-**	**(4,859)**
	Total 2024/25 Budget Saving / Income Generation Proposals	**48.81**	**(14,960)**
Ongoing Savings from Prior Years - figures are as per February 2023 Council			
SOC-03 (2324)	**Review Travel Centre Operation / Closure**	-	(40)
SOC-09 (2324)	**Bowling Greens Review** and transition to self-management within 3 years	-	(60)
SOC-10 (2324)	**Belfairs Golf Course** - alternative options for the management of Belfairs Golf Course	-	(40)
SW27-SP (2223)	**Increased Client Contributions** for Adult Social Care in line with rising cost of care and increased demand	-	(518)
OP04-SP (2223)	**Advertising on council waste assets**	-	(3)
FW06-SP (2223)	**Sales, Fees & Charges** - CPI & yield increase built into MTFS - **Adults & Communities**	-	(30)
FW06-SP (2223)	**Sales, Fees & Charges** - CPI & yield increase built into MTFS - **Children & Public Health**	-	(40)
FW06-SP (2223)	**Sales, Fees & Charges** - CPI & yield increase built into MTFS - **Environment & Place**	-	(842)
FW06-SP (2223)	**Sales, Fees & Charges** - CPI & yield increase built into MTFS - **Finance & Resources**	-	(88)
AI04 (2122)	Negotiated planned increase in season ticket fees, following consultation with Bowls Clubs, to reduce the level of subsidy for this discretionary service.	-	(9)
SW01 (2122)	Review of Supported Accommodation & Supporting People contracts, to ensure they are targeted, effective and best meet the needs of adults.	-	(200)
	Agreed Savings from Prior Years Total *Figures are as per February 2023 Council*	**-**	**(1,870)**
	Grand Total 2024/25 Budget Savings / Income Generation ***plus*** **Agreed Savings from Prior Years**	**48.81**	**(16,830)**

Council Ref.	Detail of Proposal	2024/25 £000
OSR-01	**IT Contracts and Services** review and consider the necessity of certain contracts and exit those no longer providing tangible use	(180)
OSR-02	**Home Care Electronic Monitoring** requires review and potential withdrawal from agreement	(50)
OSR-03	**Repairs and Maintenance** - essential works only	(25)
OSR-04	**Heads of Service within Children Social Care** permanent recruitment campaign	(150)
OSR-05	**Service Managers within Children Social Care** permanent recruitment campaign	(100)
OSR-06	**Legal & Democratic Services -** reduce the external legal costs	(50)
OSR-07	**Learning Disability and Mental Health Service Reviews**	(500)
OSR-08	**ABLE2 Programme** extension	(300)
OSR-09	**Residential Savings (Children Social Care)** - SCC's Purchased Children's Home	(250)
OSR-10	**Residential Savings (Children Social Care)** - strengthened Commissioning and brokerage function for negotiating & reviewing Children Care home fees	(200)
OSR-11	**Review of Supported Accommodation for UASC 18+**	(300)
OSR-12	**Inhouse Foster Care Offer Model** - reduce current reliance on External Foster Carers	(500)
OSR-13	**Post Reduction: Customer Services**	(50)
OSR-14	**Trust Links Grant** - cease the grants to Trust Links Mental Health	(90)
OSR-15	**Review of Parking Contracting Arrangements** - discussions are underway with South Essex Parking Partnership to see if there are opportunities or efficiency	(50)
	Overspend ReductionsTotal	**(2,795)**

Council Ref.	Detail of Proposal	2024/25 £000
CAV-01	**Overtime Reduction** - Adults & Communities	(40)
CAV-01	**Overtime Reduction** - Children & Public Health	(40)
CAV-01	**Overtime Reduction** - Environment & Place	(40)
CAV-01	**Overtime Reduction** - Finance & Resources	(40)
CAV-01	**Overtime Reduction** - Strategy & Change	(40)
CAV-02	**Review Event Offering and Cost Recovery**	(140)
CAV-03	**HR Policy Review** and employee terms and conditions modernisation.	(100)
CAV-04	**Holiday Buy Back** up to 10 additional days holiday per year subject to service constraints	(150)
CAV-05	**Alternate Weekly Waste Collection** - due to the delayed start of the new contract it is anticipated that the Council will avoid this level of cost in 2024/25	(1,250)
	Overspend ReductionsTotal	**(1,840)**