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# Financial Sustainability Strategy

2022-2032  
Southend-on-Sea Borough Council

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## Foreword

**It is important to reassess, understand and take responsibility for determining our financial future within the City. We must continue to be proactive in the delivery of our agreed Southend 2050 ambition, key priorities, evaluation of the local economic recovery progress and to provide the best possible value for money services to our local residents, businesses and visitors.**

Responsible, innovative and outcome based financial management in the medium to long term will ensure the future financial security for the council to continue to deliver services within budget.

A clear and robust financial strategy is important to identify the likely level of funding available to the council, as well as the anticipated level of demand for, and cost of, providing services. Given the recent and anticipated funding pressures facing all councils, as well as the continuing implications of the pandemic, it is also important to identify how we intend to respond to these pressures, and particularly how we will meet projected funding gaps.

*Signatures TBC and added*

## Introduction

Outlining our intentions and principles this Strategy focusses on the future sustainability of Southend-on-Sea City Council and how we remain financially resilient to increasing service demands: Southend City Council is required to maintain its ability to deliver services, provide effective asset management, and deliver appropriate levels community-based services over the long term.

### Our Financial Strategy:

Frames our longer term financial, intentions, and principles for the council.

Sets the overall context for the rolling **Medium Term Financial Strategy (MTFS)** and the effective targeting of resources to deliver the ambitions and outcomes contained within our overarching Southend 2050 ambition.

Outlines our approach, desire, and commitment to achieving financial sustainability by embracing Southend's economic potential, growing our local tax base, improving efficiency in service delivery, and increasing our income generating capabilities.

Is designed to enable all staff and councillors within the organisation, together with our stakeholders to understand the route to achieving long term financial sustainability. This will maximise understanding, ownership, and engagement within the local area.

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

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

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

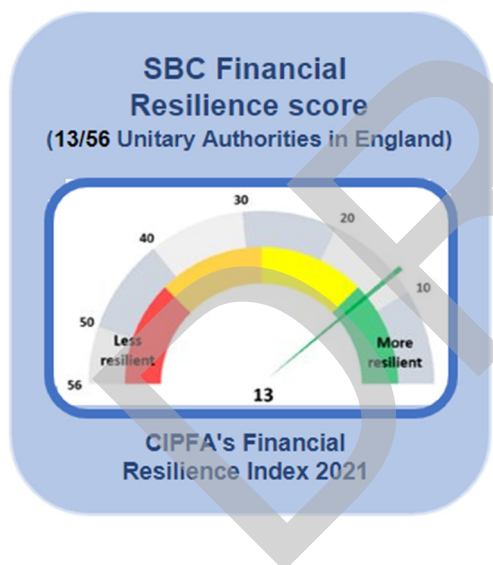


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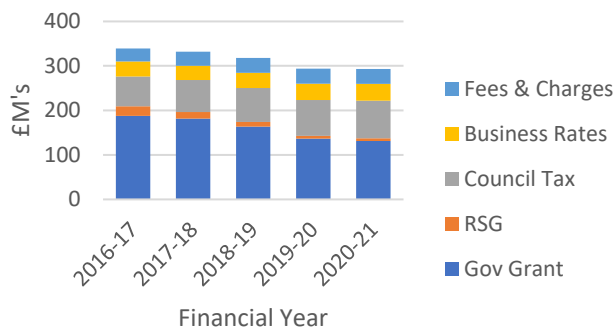
## Where are we now?

We have developed a shared vision for Southend which instils boldness, creativity, and strong, place-based leadership. The vision establishes a set of outcomes against which we can measure and communicate progress, bringing partners and budgets together. It helps shift the mind-set from managing decline to place shaping. Given the challenges ahead, the importance of culture and behaviours within our authority is going to be critical.

Despite the pressures presented by the reduced level of central government funding and therefore Core Spending Power, the council's resilience score is in the top quartile of all upper tier local authorities in the country and our aim is to maintain this level of resilience. This is based on many factors including evidence presented by CIPFA's Resilience Toolkit, which was launched in December 2019.



The following funding graph shows the changing nature of our funding sources. There is a clear decline in overall funds and a shift from central to more local funding streams. This is expected to continue throughout the life of this strategy.



## The headline external challenges that will impact our financial resilience for Southend:

- National funding and legislative changes
- Deprivation, aging population & rising birth rate leading to an increased demand for services
- The impact of Covid on our economy and community

### National funding and legislative changes

This includes the end of the Revenue Support Grant, the Levelling Up White Paper and Adult Social Care Reform.

Like all Local Authorities, Southend-on-Sea Borough Council has seen a decline in the amount of funding it receives from central government grant. Compared to our statistical neighbours for 2018/19, our Spending Power per dwelling was ranked 13<sup>th</sup> out of 16.

Climate Change - In the UK, the Committee on Climate Change (CCC) sets legally binding science-based carbon budgets and recommends policies and actions to drive change. The CCC estimates that UK emissions will need to be reduced by at least 3% per year from now on.

Financial sustainability and climate sustainability are interlinked, and meeting carbon budgets will incur medium term costs to the council. In both circumstances we must ensure we do not create irreversible impacts by consuming too many resources,

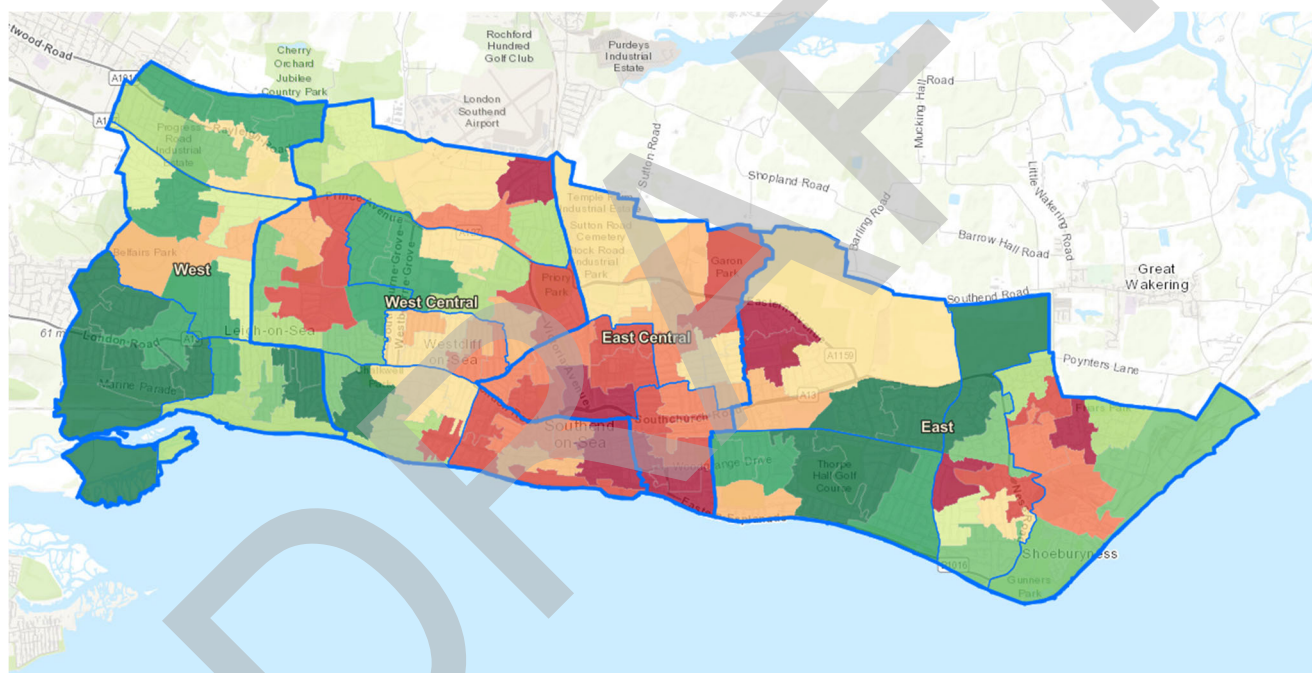
so that others in the future suffer at our expense. Done well, we can ensure that our actions are cost effective, delivering economic and public health benefits, creating jobs, and cutting spending on energy.

becoming more sustainable through our role as community leader, service provider and estate manager.

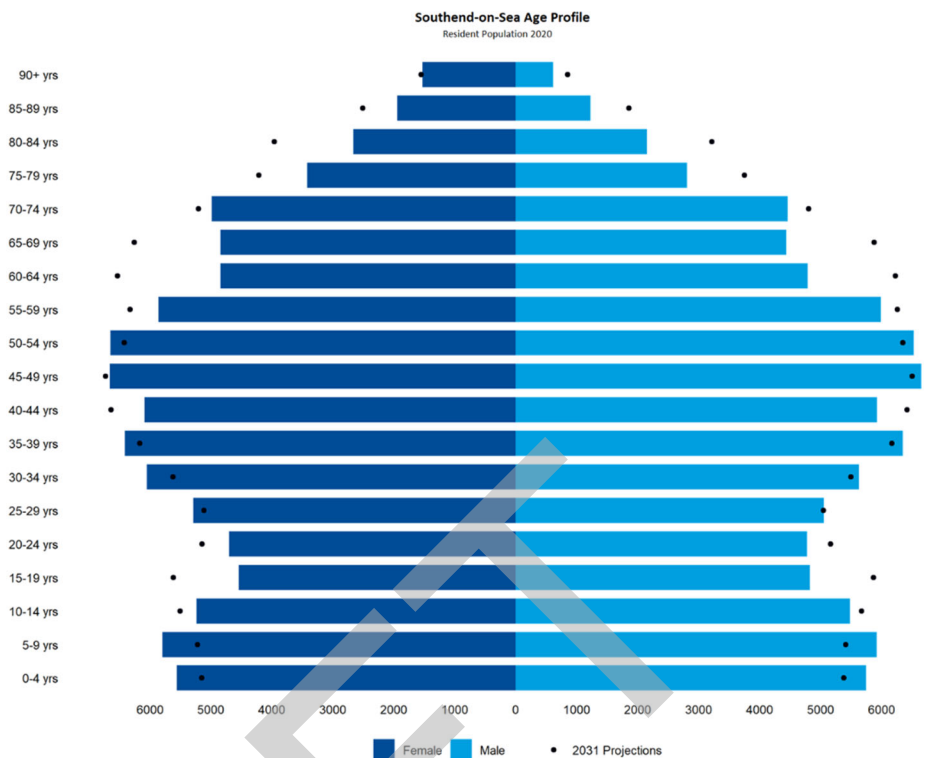
As a council we have an important part to play in acting on climate change and

## Deprivation, aging population & rising birth rate leading to an increased demand for services

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



The adjacent graph illustrates projected population changes in Southend between 2020 and 2030. Whilst the proportion of some middle aged and young people as reduced, those aged 65+ will increase significantly. The change in demographics reinforces the need to prioritise and target resources effectively to deliver better outcomes and invest in activities that have the most positive community-based impact. It also provides an insight into the changing nature and likely demand patterns of residents in Southend, particularly demand on the older population and the importance of ensuring that the council is and remains financially sustainable.



## The impact of Covid on our economy and community

The medium- and long-term impacts of Covid are unknown. Currently Southend is a vibrant town, employing approximately 66,200 people, who work in over 6,600 businesses. There is a recognised strong entrepreneurial culture in the area. Most businesses within Southend are small, with 85.5% of companies employing 10 people or fewer.

Pre Covid, Southend attracted 7-million-day visitors each year and over 250,000 longer stay visitors. Southend has significant potential to secure further growth as a major tourism destination. Tourism gives the town its identity centred on its iconic Pier and other seaside city attractions.

The projected economic downturn of the pandemic is likely to have a persistent effect upon investment income & innovation nationally. There are a set of deeper unknown projections on health, wellbeing, communities and cohesion, skills, employment, and the economy which will

have profound effects upon the UK for years to come.

There are likely to be additional pressures on government spending in the medium to long term, because of increasing levels of debt and possible falling tax revenues due to risks around unemployment, failing businesses, decreased consumption, and significant shifts in the structure of the economy.

It will be increasingly important to address the balance of revenue generation and weigh up expenditure against non-economic impacts, considering a diversity of mechanisms to meet societal goals.

As an organisation we are investing in transformative and innovative service re-design so that we can deliver our 2050 outcome pledges effectively and efficiently. We are also actively working towards obtaining the Real Living Wage accreditation which will benefit local people. Southend does have a very strong Voluntary and Community Sector (VCS) that played a huge role during the early stages of the



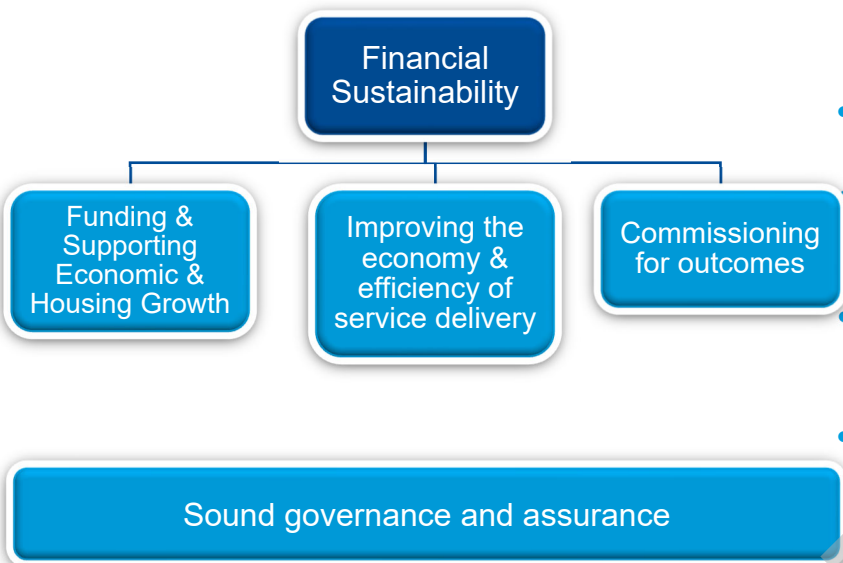
pandemic. We are keen to build on this momentum post pandemic.

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

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## What Financial Sustainability Looks Like for Southend



### Delivering Financial Sustainability:

To achieve financial sustainability, it is important to recognise and overcome the challenges that face local government generally and SBC specifically.

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

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



### Resident empowerment/community resilience?

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

community development – people taking personal responsibility and enabling them to live fulfilling lives.

Proactively using reserves to better invest in areas that will provide longer term improvements whilst maintaining adequate levels to deal with risks and exploit opportunities.

- Taking an outcome-based investment approach.
- Making the most of opportunities for improvement through capital projects and maximising external grant funding.
- Open channels of communication with key customer groups to monitor financial health against recent performance.
- Establish an active flow of monitoring data as quickly as possible to be able to identify and monitor the critical third parties that are most likely to require support.
- Being clear and decisive about our appetite for risk.
- Taking a measured strategic and planned approach to resourcing.
- Applying customer-led 'Design Thinking' methodology to our services.
- Being an organisation that is well run, creative and financially aware.
- Creating the right conditions for the private sector to invest locally.
- Ongoing development of technology.
- Maximising community capacity.
- Delivery sustainable and place-based housing.
- Delivering sustainable, inclusive place-based growth and housing.

### Commercial Opportunities and Income Generation

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

- delivering the best fit to ensure both a financial and social return.

- seeking to grow our income base and make efficiency savings in a variety of ways.
- commission goods and services efficiently to deliver better more cost-effective outcomes.
- explore and create optional traded services for residents and businesses that are competitive and provide value for money.

The introduction of a commercial approach will identify and present opportunities for the council, with due consideration of the risks.

We need to consider and understand all commercial drivers that have a direct revenue benefit, but also wider economic/social benefit felt locally. Examples include business rate generation, quality jobs, spending power, social value, holistic cost/investment understanding etc.

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

## Planning Policy

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

## Knowing our business

A key intention is that as an organisation we are becoming more effective in understanding our key drivers and are investing to make a difference. We want this

insight and challenge not just to be driven by service and outcome leads but all staff being accountable for how and where we spend our money, how we drive (or not) our outcomes; and what investment/disinvestment options this might give the council as we move to longer term outcome based financial planning. We committed in 2021 that all staff with financial responsibility include in their Annual Conversation an action relating to becoming more financially accountable. We will be carrying out a survey with all staff to measure the impact and accountability of this across organisation.



## Future Ways of Working

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

- Clear vision and delivery strategy.
- Digital enablement to support the vision.
- Trusted, empowered, and engaged workforce.
- Appetite to invest in people, outcomes and to accept risk.
- Closer collaboration with staff, members, citizens, and partners.
- Simple and effective governance.
- Open mind-set that will drive forward transformation and change.



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



This will mean a very different approach to planning and designing our services in the future – one based around outcomes for people, not around the services themselves.



## Capital Investment

Successful and timely delivery of our capital investment

programme is a key part in achieving the Southend 2050 ambition and delivering our priority outcomes.

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

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

## Smarter Commissioning & Maximise Social Value



Commissioning is the process by which we understand the collective approach needed to deliver the Southend 2050 outcomes 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 new commissioning framework will embed the values and behaviours required in everything we do as an authority through a set of agreed core principles.

The council's social value policy will maximise the wider community benefits of the council's commissioning activity. It also sets the direction for engagement with businesses in Southend to increase the level of local spend, build in skills and employment opportunities, and support small / medium enterprises and voluntary / community organisations.