

# COUNCIL MEETING

Wednesday, 16th September,  
2020 at 2.00 pm

Virtual Meeting - Please Note:  
A link to this meeting will be  
available on Southampton City  
Council's website at least 24hrs  
before the meeting

## **This meeting is open to the public**

### **Members of the Council**

The Mayor – Chair

The Sheriff – Vice-chair

Leader of the Council

Members of the Council (See overleaf)

### **Contacts**

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<b>WARD</b>	<b>COUNCILLOR</b>	<b>WARD</b>	<b>COUNCILLOR</b>
<b>Bargate</b>	Bogle Noon Dr Paffey	<b>Millbrook</b>	G Galton S Galton Taggart
<b>Bassett</b>	Hannides B Harris L Harris	<b>Peartree</b>	Bell Houghton Keogh
<b>Bevois</b>	Barnes-Andrews Kataria Rayment	<b>Portswood</b>	Cooper Mitchell Savage
<b>Bitterne</b>	Murphy Prior Streets	<b>Redbridge</b>	McEwing Spicer Whitbread
<b>Bitterne Park</b>	Fuller Harwood White	<b>Shirley</b>	Chaloner Coombs Kaur
<b>Coxford</b>	Professor Margetts Renyard T Thomas	<b>Sholing</b>	J Baillie Guthrie Vaughan
<b>Freemantle</b>	Leggett Shields Windle	<b>Swaythling</b>	Bunday Fielker Mintoff
<b>Harefield</b>	P Baillie Fitzhenry Laurent	<b>Woolston</b>	Mrs Blatchford Hammond Payne

## **PUBLIC INFORMATION**

### **Role of the Council**

The Council comprises all 48 Councillors. The Council normally meets six times a year including the annual meeting, at which the Mayor and the Council Leader are elected and committees and sub-committees are appointed, and the budget meeting, at which the Council Tax is set for the following year.

The Council approves the policy framework, which is a series of plans and strategies recommended by the Executive, which set out the key policies and programmes for the main services provided by the Council. It receives a summary report of decisions made by the Executive, and reports on specific issues raised by the Overview and Scrutiny Management Committee. The Council also considers questions and motions submitted by Council Members on matters for which the Council has a responsibility or which affect the City.

## **PUBLIC INVOLVEMENT**

**Questions:-** People who live or work in the City may ask questions of the Mayor, Chairs of Committees and Members of the Executive. (See the Council's Constitution ref Part 4 Council Procedure Rules 10.8)

**Petitions:-** At a meeting of the Council any Member or member of the public may present a petition which is submitted in accordance with the Council's scheme for handling petitions. Petitions containing more than 1,500 signatures (qualifying) will be debated at a Council meeting. (See the Council's Constitution ref Part 4 Council Procedure Rules 10.1)

**Representations:-** At the discretion of the Mayor, members of the public may address the Council on any report included on the agenda in which they have a relevant interest. Any member of the public wishing to address the meeting should advise the Democratic Support Officer (DSO) whose contact details are on the front sheet of the agenda.

**Deputations:-** A deputation of up to three people can apply to address the Council. A deputation may include the presentation of a petition. (See the Council's Constitution ref Part 4 Council Procedure Rules 10.7)

## **MEETING INFORMATION**

**Use of Social Media:-** The Council supports the video or audio recording of meetings open to the public, for either live or subsequent broadcast. However, if, in the Chair's opinion, a person filming or recording a meeting or taking photographs is interrupting proceedings or causing a disturbance, under the Council's Standing Orders the person can be ordered to stop their activity, or to leave the meeting. By entering the meeting room you are consenting to being recorded and to the use of those images and recordings for broadcasting and or/training purposes. The meeting may be recorded by the press or members of the public.

Any person or organisation filming, recording or broadcasting any meeting of the Council is responsible for any claims or other liability resulting from them doing so.

Details of the Council's Guidance on the recording of meetings is available on the Council's website.

**Mobile Telephones** – Please switch your mobile telephones to silent whilst in the meeting.

Southampton: Corporate Plan 2020-2025 sets out the four key outcomes:

- Communities, culture & homes - Celebrating the diversity of cultures within Southampton; enhancing our cultural and historical offer and using these to help transform our communities.
- Green City - Providing a sustainable, clean, healthy and safe environment for everyone. Nurturing green spaces and embracing our waterfront.
- Place shaping - Delivering a city for future generations. Using data, insight and vision to meet the current and future needs of the city.
- Wellbeing - Start well, live well, age well, die well; working with other partners and other services to make sure that customers get the right help at the right time

**Access** – Access is available for disabled people. Please contact the Council Administrator who will help to make any necessary arrangements

**Smoking policy** – The Council operates a no-smoking policy in all civic buildings

**Fire Procedure** – In the event of a fire or other emergency, a continuous alarm will sound and you will be advised by Council officers what action to take.

Proposed dates of meetings	
2020	2021
15 July	24 February (Budget)
16 September	17 March
18 November	19 May (AGM)

### **CONDUCT OF MEETING**

#### **FUNCTIONS OF THE COUNCIL**

The functions of the Council are set out in Article 4 of Part 2 of the Constitution

#### **RULES OF PROCEDURE**

The meeting is governed by the Council Procedure Rules as set out in Part 4 of the Constitution.

#### **BUSINESS TO BE DISCUSSED**

Only those items listed on the attached agenda may be considered at this meeting.

#### **QUORUM**

The minimum number of appointed Members required to be in attendance to hold the meeting is 16.

### **DISCLOSURE OF INTERESTS**

Members are required to disclose, in accordance with the Members' Code of Conduct, **both** the existence **and** nature of any "Disclosable Pecuniary Interest" or "Other Interest" they may have in relation to matters for consideration on this Agenda.

#### **DISCLOSABLE PECUNIARY INTERESTS**

A Member must regard himself or herself as having a Disclosable Pecuniary Interest in any matter that they or their spouse, partner, a person they are living with as husband or wife, or a person with whom they are living as if they were a civil partner in relation to:

- (i) Any employment, office, trade, profession or vocation carried on for profit or gain.
- (ii) Sponsorship: Any payment or provision of any other financial benefit (other than from Southampton City Council) made or provided within the relevant period in respect of any expense incurred by you in carrying out duties as a member, or towards your election expenses. This includes any payment or financial benefit from a trade union within the meaning of the Trade Union and Labour Relations (Consolidation) Act 1992.
- (iii) Any contract which is made between you / your spouse etc (or a body in which the you / your spouse etc has a beneficial interest) and Southampton City Council under which goods or services are to be provided or works are to be executed, and which has not been fully discharged.
- (iv) Any beneficial interest in land which is within the area of Southampton.
- (v) Any license (held alone or jointly with others) to occupy land in the area of Southampton for a month or longer.
- (vi) Any tenancy where (to your knowledge) the landlord is Southampton City Council and the tenant is a body in which you / your spouse etc has a beneficial interests.
- (vii) Any beneficial interest in securities of a body where that body (to your knowledge) has a place of business or land in the area of Southampton, and either:
  - a) the total nominal value of the securities exceeds £25,000 or one hundredth of the total issued share capital of that body, or
  - b) if the share capital of that body is of more than one class, the total nominal value of the shares of any one class in which you / your spouse etc has a beneficial interest that exceeds one hundredth of the total issued share capital of that class.

### **Other Interests**

A Member must regard himself or herself as having an, 'Other Interest' in any membership of, or occupation of a position of general control or management in:

Any body to which they have been appointed or nominated by Southampton City Council

Any public authority or body exercising functions of a public nature

Any body directed to charitable purposes

Any body whose principal purpose includes the influence of public opinion or policy

### **Principles of Decision Making**

All decisions of the Council will be made in accordance with the following principles:-

- proportionality (i.e. the action must be proportionate to the desired outcome);
- due consultation and the taking of professional advice from officers;
- respect for human rights;
- a presumption in favour of openness, accountability and transparency;
- setting out what options have been considered;
- setting out reasons for the decision; and
- clarity of aims and desired outcomes.

In exercising discretion, the decision maker must:

- understand the law that regulates the decision making power and gives effect to it. The decision-maker must direct itself properly in law;
- take into account all relevant matters (those matters which the law requires the authority as a matter of legal obligation to take into account);
- leave out of account irrelevant considerations;
- act for a proper purpose, exercising its powers for the public good;
- not reach a decision which no authority acting reasonably could reach, (also known as the "rationality" or "taking leave of your senses" principle);
- comply with the rule that local government finance is to be conducted on an annual basis. Save to the extent authorised by Parliament, 'live now, pay later' and forward funding are unlawful; and
- act with procedural propriety in accordance with the rules of fairness.

Richard Ivory  
Service Director, Legal and Business Operations  
Civic Centre, Southampton, SO14 7LY

Tuesday, 8 September 2020

**TO: ALL MEMBERS OF THE SOUTHAMPTON CITY COUNCIL**

You are hereby summoned to attend a virtual meeting of the COUNCIL to be held on WEDNESDAY, 16TH SEPTEMBER, 2020 at 2:00pm when the following business is proposed to be transacted:-

**1 APOLOGIES**

To receive any apologies.

**2 MINUTES (Pages 1 - 14)**

To authorise the signing of the minutes of the Council Meeting held on 15<sup>th</sup> July 2020, attached.

**3 ANNOUNCEMENTS FROM THE MAYOR AND LEADER**

Matters especially brought forward by the Mayor and the Leader.

**4 DEPUTATIONS, PETITIONS AND PUBLIC QUESTIONS**

To receive any requests for Deputations, Presentation of Petitions or Public Questions.

**5 EXECUTIVE BUSINESS REPORT (Pages 15 - 24)**

Report of the Leader of Council outlining the business of the Executive undertaken since the last report July 2020.

**6 MOTIONS**

(a) Proposed by Councillor Guthrie

This Council recognises that since the nationwide restrictions have become more relaxed, car usage in Southampton has been on the increase. As the City's residents return to work, their children go back to school and the roads bear the weight of a larger number of vehicles, this Council understands that many motorists have found their journey time extended following the decision to install bus and cycle lanes on some of the main routes leading into the city centre as part of the Green Transport Recovery Plan.

This Council acknowledges that cleaner air cannot be achieved if traffic in the city is made to idle longer on the city's main arterial routes than it was prior to the manifestation of the GTRP's programme.

As a result, this Council pledges to halt the roll out of the GTRP, reconsider the implementation of its programme, and remove the schemes currently in place on the city's roads whilst sufficient data is gathered on traffic levels within Southampton. This will be used to assess the viability of the GTRP in its current form and determine it's future role in improving the city's air quality.

(b) Proposed by Councillor Fitzhenry

This Council has lost confidence in the Cabinet Member for Green City and Place to make objective decisions on behalf of this city's transport requirements.

Decisions are being made to the detriment of many of our residents and businesses within our city because of the ever increasing influence of a small minority over the cabinet member.

More now than ever, this city requires clear and strong political leadership to help us emerge from this crisis, not the pursuit of an ideological approach of "forcing people from their cars" by the cabinet member.

Therefore, Council calls on the Leader of the Council to remove Cllr Leggett from his position immediately.

**7 QUESTIONS FROM MEMBERS TO THE CHAIRS OF COMMITTEES OR THE MAYOR**

To consider any question of which notice has been given under Council Procedure Rule 11.2.

**8 APPOINTMENTS TO COMMITTEES, SUB-COMMITTEES AND OTHER BODIES**

To deal with any appointments to Committees, Sub-Committees or other bodies as required.

**9 FINANCIAL MONITORING FOR THE PERIOD TO END OF JULY 2020 AND COVID-19 BUDGET MATTERS (Pages 25 - 114)**

To consider the report of the Cabinet Member for Finance and Income Generation detailing the revenue and capital financial monitoring for the period to the end of July 2020 and COVID-19 Budget matters.

**10 REVISIONS TO THE CONSTITUTION - MEMBERS' QUESTIONS AT COUNCIL (Pages 115 - 118)**

Report of the Leader of the Council detailing the review of the Council's Constitution in respect of Members formally tabled questions before Council.

**11 EXCLUSION OF THE PRESS AND PUBLIC - EXEMPT PAPERS INCLUDED IN THE FOLLOWING ITEM (IF NEEDED)**

To move that in accordance with the Council's Constitution, specifically the Access to Information Procedure Rules contained within the Constitution, the press and public be excluded from the meeting in respect of any consideration of the exempt appendix to the following Item.

The appendix is considered to be exempt from general publication based on category 3, of paragraph 10.4 of the Council's Access to Information Procedure Rules. It is not in the public interest to disclose this because doing so would prejudice commercially sensitive information related to the proposed lease document for the Studio 144 North facility.

**12 SUPPORTING OUR CULTURAL AND CREATIVE INDUSTRIES THROUGH THE AWARD OF A LEASE AND GRANT TO MAYFLOWER ACADEMY LIMITED AS THE PROPOSED NEW TENANT AND OPERATOR FOR STUDIO 144 (NORTH) □**  
(Pages 119 - 126)

Report of the Cabinet Member for Culture and Homes seeking approval for the award of a lease and grant to Mayflower Academy Limited as the proposed new tenant and operator for Studio 144 (North).



Richard Ivory  
Service Director – Legal and Business Operations



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## SOUTHAMPTON CITY COUNCIL

MINUTES OF THE COUNCIL MEETING HELD ON  
15 JULY 2020

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### Present:

The Mayor, Councillor Mrs Blatchford  
The Sheriff, Councillor Houghton  
Councillors Barnes-Andrews, J Baillie, P Baillie (minutes 14, 15, 17-24)  
Bunday, Chaloner, Coombs, Cooper, Fielker, Fitzhenry, Fuller, G Galton,  
S Galton, Guthrie, Hammond, Hannides (minutes 14, 15, 17-22) B Harris,  
L Harris, Harwood, Kataria, Kaur, Keogh, Laurent, Leggett,  
Professor Margetts, McEwing, Mintoff, Mitchell, Noon, Dr Paffey, Payne,  
Prior, Rayment, Renyard, Savage, Shields, Spicer, Streets, Taggart,  
T Thomas, Vaughan (minutes 14 -22) Whitbread, White and Windle

### 14. MINUTES

RESOLVED: that the minutes of the Annual General Meeting held on 21<sup>st</sup> May and the Extra-ordinary Meeting held on 24<sup>th</sup> June 2020 be approved and signed as a correct record.

### 15. ANNOUNCEMENTS FROM THE MAYOR AND LEADER

#### Minute Silence - Baroness Diana Maddock

Members noted with great sadness the passing away of former City Councillor Diana Maddock on June 26<sup>th</sup> aged 75. Elected to the Council in 1984 for the Portswood Ward and was the Leader of the Liberal Democrat Group. She served until 1993 when she became the MP for Christchurch. She became Baroness Maddock in 1997. In memory Members observed a minute's silence and the flags at the Civic Centre were flown at half-mast.

#### Congratulations to Cllr Bell on his marriage

Members congratulated Councillor Tom Bell and his wife Jenna who married at Highfield Church on July 11<sup>th</sup> and noted his apologies for the meeting.

### 16. DEPUTATIONS, PETITIONS AND PUBLIC QUESTIONS

The Council received and noted a deputation from Giles Sember, Executive Director of "Go Southampton" and Board Member Caroline Osman, of WJ French regarding the impact of Business Crime in Southampton.

The Council received and debated the following Petition which under the Council's Procedure Rules where qualifying petitions must be debated at Council was achieved:

- (i) Nuffield Southampton Theatres containing 1500 signatures.

Note: Councillors P Baillie and Hannides declared a pecuniary interest and left the meeting for this item.

## 17. EXECUTIVE BUSINESS REPORT

The report of the Leader of the Council was submitted setting out the details of the business undertaken by the Executive.

The Leader and the Cabinet made statements and responded to questions.

The following questions were submitted in accordance with Council Procedure Rule 11.1

### 1. Unkempt Cemeteries

Question from Councillor S Galton to Councillor Hammond

Would the Leader commit to making this the last year anyone has to be met with unacceptably unkempt cemeteries; but especially on sensitive days such as Mother's Day or Father's Day when a far higher than normal number of visits will be made to pay respect.

Answer

The Bereavement Services team are acutely aware of the need to support our bereaved communities and families, particularly on significant days, by ensuring that our cemeteries are welcoming and well looked after.

This year, given the unprecedented situation created by the COVID 19 pandemic, the Council took the difficult decision to suspend non-essential work, which included in this case, grass cutting and routine work within our cemeteries, to redirect our resources to excavating additional graves during the pandemic. This was not a decision taken lightly and we understand that for some the reduced level of upkeep will have caused distress, for which we are very sorry.

We have now undertaken a review and are taking actions to address, and bring our cemeteries back into the order that we all wish to maintain going forward. Grass cutting is therefore underway at Hollybrook, South Stoneham, St Mary Extra and Millbrook. As Councillors will understand, land maintenance within our cemeteries is a skilled and labour-intensive task, but one that is now back in train.

### 2. Emergency Travel Schemes

Question from Councillor S Galton to Councillor Leggett

Could the Cabinet Member explain his thought process for the vast majority of emergency travel schemes being placed on our main arterial routes; rather than

focusing on facilitating and encouraging active travel in our residential areas and implementing other schemes as the priority such as:

- "School streets"
- 20mph speed limits in conjunction with other measures to create "quiet" low traffic residential zones
- Using the emergency modal filter powers made available to tackle long standing "rat run" issues

Answer

The Green transport Recovery Plan presents a range of measures to support the increase in active travel and help stop the spread of C-19 through measures that support social distancing. These have been programmed from the spring through to autumn 2020.

Early schemes implemented have been focused on corridors that provide vital links between main residential areas and major areas of employment such as the hospital, schools and leisure. This ensures the interventions are along routes where the propensity for active travel is greatest as identified in the Cycling Strategy (2017) but also crucially along corridors that are high frequency bus corridors where viable and sustainable alternatives to the bus are required for key workers and for the 30% of Southampton residents that don't have access to a car. It is also important to implement these projects early on in the programme whilst traffic levels are lower to allow the road network to adjust and reduce the risk of traffic levels increasing significantly above the pre-Covid normal levels. In addition to the works on some of our key corridors, the Council has also implemented improvements at bus stops to manage socially distanced queues, provided more space for waiting passengers and supporting comms via the RTI screens. Each of the 5 district centres has had dedicated resources to support the retail reopening and queue management systems put in place including the city centre Precinct. 15 pedestrian crossings across the city have also had the timings adjusted and allowed for the automation of the activating of the green man.

The Council has also been working with local schools to support their full reopening from September and identified schools eligible for "School Streets" and is in the process of developing the plans for the residential streets linked to our existing Active Travel Zone plans as identified in our Local Transport Plan (2019).

### 3. Citizen Energy

Question from Councillor S Galton to Councillor Leggett

Given the uncertainty of the viability of Robin Hood Energy with the latest published accounts showing a £23M loss; additionally the £50M+ of taxpayers money that is reportedly at stake if it can't continue to operate, the fact it is becoming increasingly reliant on exposing taxpayers to additional risk to continue to operate - including a recent additional £12.5M cash facility by Nottingham City Council - do you feel comfortable and ethically justified that Southampton City Council continues to play our part in supporting and

encouraging this loss making, taxpayer funded business, through our own whitelabel Citizen Energy.

Answer

The Council has a contract with RHE for the provision of our local tariff – Citizen Energy.

#### 4. Illegal Traveller Incursions

Question from Councillor S Galton to Councillor Shields

After years of repeated illegal traveller incursions across our City, will you commit to investing more money in to defenses, such as height barriers or posts/bollards to secure and protect our public spaces better?

Answer

Unauthorised travellers encampments are a long-standing issue across Hampshire. Most unauthorised encampments occur between May and September when travellers tend to be on the move and in Southampton we experience between 5 and 10 each year.

Encampments are dealt with through engagement and issuing a direction to leave, with travellers usually departing before Court proceedings are initiated. The police have additional powers to deal with encampments associated with crime or disorder.

Work has been carried out to deter travellers from open spaces, but it is not easy to completely prevent entry to larger green spaces that require gated entry points for grass-cutting machinery and emergency vehicles.

Before austerity a significant capital sum was invested to reduce risk of traveller ingress and 'target-harden' certain Council-owned Leisure sites and 'protected' areas like Weston Shore, Riverside Park, Mansel Park and the Common.

Over the past five years the Council identified a number of other recreation sites and secured a number of these using the Parks capital and revenue programmes including the following: Lordshill Rec., Veracity Ground, Riverside Rec., Millbrook Rec., Green Park Rec., and land to the rear of Chamberlayne Park Leisure Centre.

The most recent traveller incursions have taken place on land managed by Active Nations – with the exception of Summer Street park where the City Council is installing new bunding. Notwithstanding this Council has responded to incursions on land managed by Active Nation and put in additional bund soils and welded custom protection over barrier locks (at an additional cost).

The parks and open areas of green space managed by the City Council are 'target hardened' with a mix of wildflower bunding, large logs that create additional habitats and secure barriers with tamper-proof locks.

## 5. Waste Disposal Facilities

Question from Councillor S Galton to Councillor Leggett

With the increased use of our parks and public spaces, will the Cabinet Member ensure adequate waste disposal facilities are available either permanently or on a temporary basis.

Answer

We have a huge number of litter bins in parks already and have recently installed a number of 1100 litre bins as a temporary measure in Southampton Common and Mayflower park to encourage residents to responsibly dispose of waste. We are awaiting delivery of some attractive timber surrounds for these.

As an example we have over 80 bins in central park yet a minority of users leave litter and glass bottles on the ground and do not make the effort to use the bins that are in situ. We have already launched an anti-litter campaign on digital advertising boards, social media and on the new solar compactor bins and are extending these messages to be on our compact sweeper fleet. We have erected a number of correx signs in key locations to deter people from littering with a clear £75 fine deterrent.

The Litter Enforcement officers are now patrolling and we hope this will have a positive impact on our environment through engagement, education and enforcement.

More solar compactor bins will be rolled out across the city but have been delayed due to COVID -19 restrictions on manufacturing and supply chain. We are also going to be installing recycling bins in key locations so we capture more recyclable items from the waste people deposit in public bins and will empty these using our existing RCV fleet.

We need to all encourage our residents and visitors to take personal responsibility for the litter and waste they generate and if a bin is full, take it home.

## 6. Covid 19 – Help for those with Disabilities

Question from Councillor S Galton to Councillor Fielker

What specific measures are the Council taking to help those with disabilities adjust to the Covid-19 restrictions and lead as normal life as possible, whilst staying as safe as possible?

Answer

People in Southampton, whether disabled, older or in need of support have been encouraged and supported to follow the advice and guidance provided by government during the covid-19 pandemic.

A range of support, depending on individual need, has been and continues to be offered by Southampton City Council and partners to people who receive or need assistance during this time. This support has included access to a help-line 7 days a week, regular contact with people depending on need and increased use of technology to help people adjust to government guidance on social distancing.

The support provided is being adjusted as the guidance changes to help people adapt depending on their personal needs. It will include additional support via a range of organisations including SO; Linked to assist in reducing social isolation, support to access food via supermarket delivery slots and volunteers, access to medication and social contact.

#### 7. Marhill Copse

Question from Councillor Fitzhenry to Councillor Hammond

Will the Leader of the Council support an investigation into the mishandling of the Marhill Copse situation?

Verbal Answer

There had been over 200 responses before Planning and Rights of Way Committee ratified the decision taken under delegated decision unanimously. The delegated decision had been taken to prioritise the safety of residents as there was no ability to have virtual meetings at the time due to Covid-19. Since the decision, there had been opportunity for the public to openly discuss this issue at the earliest opportunity at the Planning and Rights of Way Committee virtually.

#### 8. Studio 144

Question from Councillor Fitzhenry to Councillor Kaur

Who is to blame for the absence of a clear and decisive strategy to attract a new operator for the performing arts space in Studio 144?

Verbal Answer

This question was not a helpful one given the process has been discussed and a way forward agreed by a Citywide Steering Group, which Cllr Hannides is a member of but has never attended. It is my understanding that the opposition member was also briefed but clearly did not share this with his group. Decisions were not being made in isolation as this is not solely a Council decision and it would be naïve to think this; decisions are being made in partnership with Arts Council England and the University of Southampton. There are two phases of the process which are clear, open and transparent. We worked with the administrators who had different priorities, however now other operators are being reviewed against the same agreed criteria in the process to provide a long-term sustainable solution. The Council remains confident that a suitable operator will be identified.

#### 9. Responsibility for Decisions

Question from Councillor Fitzhenry to Councillor Hammond

Do you and your Labour Group take full responsibility for all decisions made by SCC?

Verbal Answer

This is a broad question. The role of Cabinet and Labour Group is to set the policy and direction of the organisation, the Chief Executive and Executive Directors are then accountable for the implementation. There are a number of other decision making bodies which affect the operations of the Council.

18. MOTIONS

(a) Councillor Fitzhenry moved Councillor Guthrie seconded

We would like to thank all our council staff, NHS staff, wider public sector colleagues and all those who have helped us as a city across the public, private and charity/third sector keep our city safe and protect lives during this pandemic.

Your efforts have saved lives and kept so many of us safe and we are eternally grateful for your efforts and your commitment.

Whilst we as politicians frequently disagree with one another, we are united in our wish to thank you and protect our residents and businesses.

Our city is a great city, its spirit is strong and whilst the impacts of this disease will affect us in difficult ways, we will move forward and create a better Southampton for the future.

UPON BEING PUT TO THE VOTE THE MOTION WAS DECLARED CARRIED

RESOLVED: that the motion be approved.

(b) Councillor Fuller moved and Councillor S Galton seconded

This Council pledges to suspend all parking charges within the City until January 2021 at the earliest, to help protect jobs, to support local businesses and reduce the financial burden on our residents.

UPON BEING PUT TO THE VOTE THE MOTION WAS DECLARED LOST

RESOLVED: that the motion be rejected.

(c) Councillor S Galton moved and Councillor G Galton seconded

This Council notes the overwhelming public desire for at least some unrestricted access to the former Civil Service Sports Ground.

Council recognises the recent deputation from the Friends of the Field group asking for the same.

Council takes on board the majority of public comments to the pre-consultation and formal planning application process, asking for unrestrictive access.

Council acknowledges the supportive comments made during the planning meeting itself by a number of cross-party Councillors and that the Chair made it clear they were only there to decide on the application before them, not create policy.

Council recognises the previous legal advice that has been provided to members. The main concern being any additional activities like dog walking or infrastructure such as bins and benches; do not interfere with the primary use of pitches for team games and recreational play.

As such Council resolves to,

Request the administration ensure the Council's development plans for the site are altered to include a legally accessible pocket park, or other area of public accessible land, within the wider contained school development site, but separate from the main school site.

Amendment moved by Councillor Shields and seconded by Councillor Paffey.

Add new paragraph six:

“Council further recognises the current legal restrictions on the former Civil Service Sports Ground site resulting from:

- a. the conditions of the compulsory planning order (CPO) made by the Council in 2009 which designates the entirety of the site acquired for the purposes of a school playing field
- b. the change in planning use designation of the site in 2010 from private open space to school playing field.”

Final paragraph, second line, delete 'altered' and replace with 'reviewed'  
Third line, delete 'within the' and replace with 'adjacent to'  
Add at the end of the paragraph 'e.g. through lawful acquisition of any neighbouring vacant land.'

Amended Motion to read:

This Council notes the overwhelming public desire for at least some unrestricted access to the former Civil Service Sports Ground.

Council recognises the recent deputation from the Friends of the Field group asking for the same.

Council takes on board the majority of public comments to the pre-consultation and formal planning application process, asking for unrestrictive access.

Council acknowledges the supportive comments made during the planning meeting itself by a number of cross-party Councillors and that the Chair made it



clear they were only there to decide on the application before them, not create policy.

Council recognises the previous legal advice that has been provided to members. The main concern being any additional activities like dog walking or infrastructure such as bins and benches; do not interfere with the primary use of pitches for team games and recreational play.

Council further recognises the current legal restrictions on the former Civil Service Sports Ground site resulting from:

- a. the conditions of the compulsory planning order (CPO) made by the Council in 2009 which designates the entirety of the site acquired for the purposes of a school playing field
- b. the change in planning use designation of the site in 2010 from private open space to school playing field.

As such Council resolves to,

Request the administration ensure the Council's development plans for the site are reviewed to include a legally accessible pocket park, or other area of public accessible land, adjacent to wider contained school development site, but separate from the main school site e.g. through lawful acquisition of any neighbouring vacant land.

UPON BEING PUT TO THE VOTE THE AMENDMENT IN THE NAME OF COUNCILLOR SHIELDS WAS DECLARED CARRIED.

UPON BEING PUT TO THE VOTE THE AMENDED MOTION MOVED BY COUNCILLOR SHIELDS WAS DECLARED CARRIED.

RESOLVED: that the amended motion be approved.

- (d) Motion in the name of Councillor P Baillie was withdrawn.
- (e) Motion in the name of Councillor P Baillie was withdrawn.
- (f) Motion in the name of Councillor P Baillie was withdrawn.

19. QUESTIONS FROM MEMBERS TO THE CHAIRS OF COMMITTEES OR THE MAYOR

It was noted that no requests for Questions from Members to the Chairs of Committees or the Mayor had been received.

20. APPOINTMENTS TO COMMITTEES, SUB-COMMITTEES AND OTHER BODIES

(a) The Leader proposed and Councillor Rayment seconded the appointment of the Local Outbreak Engagement Board as a sub-committee of Cabinet which would be responsible for strategic oversight of health protection regarding Covid-19 in Southampton. Terms of Reference were shared with Members of Council and detailed below:-

**SOUTHAMPTON COVID-19 LOCAL OUTBREAK ENGAGEMENT BOARD**

**Terms of Reference**

<b>Purpose</b>
<p>The Southampton Covid-19 Local Outbreak Engagement Board is responsible for strategic oversight of health protection regarding Covid-19 in Southampton, including prevention, surveillance, planning and response to ensure they meet the needs of the population.</p> <p>The Board will support the local delivery of the primary objectives of the Government's strategy to control the Covid-19 reproduction number (R), reduce the spread of infection and save lives, in doing so help to return life to as normal as possible, for as many people as possible, in a way that is safe, protects our health and care systems and releases our economy.</p> <p>The response will be delivered at various levels and by various partner organisations, but these will need to be brought together at local authority level through the Executive Director of Wellbeing (Health &amp; Adults), supported by the Director of Public Health as lead officer, to ensure a community focus and appropriately tailored response. In addition to the place-based approach overseen by the Board the levels will include:</p> <ul style="list-style-type: none"> <li>• National - a National Outbreak Control Plans Advisory Board will be established to draw on expertise from across local government and ensure the NHS Test and Trace programme builds on local capability, and to share best practice and inform future programme development;</li> <li>• Regional - Co-ordination required on a regional level will be provided through the HIOW Local Resilience Forum and Integrated Care System arrangements;</li> <li>• Local – Southampton COVID-19 Health Protection Board, working through Local Engagement Boards to define measures to contain outbreaks and protect health.</li> </ul>
<b>Membership</b>
Chair – Leader of the Council
Deputy Chair - Cllr Fielker (Chair of HWB, Cabinet member for health and adults)
Cllr Paffey, Cabinet member for children and learning
Cllr Shields, Cabinet member for stronger communities
Board supported by :-
Director of Public Health SCC

Director – Adult Social Care SCC
Director – Childrens Social Care SCC
CCG Governing Body Chair
Healthwatch and SVS Deputy Chief Executive
<i>TBC - Medical Director University Hospitals Southampton</i>
<i>TBC - CONNECT/Business Lead</i>
<i>TBC - Communications Lead Officer</i>
The Board will invite representation from other organisations or roles specific to the agenda items under consideration.

## **Objectives**

The Southampton Covid-19 Local Outbreak Engagement Board will:

- Be the public face of Southampton City Council’s response in the event of an outbreak of COVID-19
- Provide political oversight of ongoing development and delivery of the Southampton City Local Covid-19 Outbreak Control Plan, including:
  - Approving recommendations from the Health Protection Board for allocation of resources to support the effective delivery of the Plan
  - Lead engagement with local communities, advising on community engagement, including with vulnerable and/or higher risk communities of interest
  - Approve the communications strategy for the Local Outbreak Control Plan
  - Approve implementation measures (or make recommendations to other bodies where appropriate) that will prevent virus transmission.
- Monitor the response to local outbreaks and ensure learning informs future practice
- Make recommendations for the wider policy agenda including the recovery workstreams, NHS Recovery and Restoration programme and the Health and Wellbeing Strategy

## **Accountability**

The group will be accountable to Cabinet in its Statutory role, bringing together key partners in the local health and care system.

It will also have reporting relationships to

- HIOW level governance process for functions delivered at this level
- Southampton’s Health and Wellbeing Board

## **Frequency of Meetings**

The Board will meet as and when considered necessary by the Chairman of the Board.

Meetings are not open to the public. An agenda and papers will be circulated at least 5 working days before the meeting. Conflicts of interest must be declared by any member of the group.

### **Quoracy**

A quorum for meetings will be a minimum of 2 people, one of whom will be the Chair or nominated Co-Chair.

### **Review**

Terms of Reference will be reviewed on a bi-monthly basis.

July 2020

- (b) The Leader proposed and Councillor Leggett seconded a change to the Council Constitution under the Scheme of Delegation to Officers at paragraph 14.20 to include delegated authority to the Head of Green City and Infrastructure following consultation with the Cabinet Member for Green City and Environment to grant licences in respect of discretionary conditions to be imposed on pavement licenses.

Council noted that the Business and Planning Bill 2020 requirements which was intended to become law by 24<sup>th</sup> July 2020 required urgent action relating to pavement licences to permit tables and chairs on the highway outside of premises. In order to comply with strict deadlines under the Bill the delegated authority was approved. It was also agreed that there would be an All Member Briefing on the proposed Bill.

## 21. CONSTITUTIONAL REVIEW - COUNCIL QUESTIONS

This item was withdrawn from the meeting.

## 22. BUDGET MATTERS: REVENUE AND CAPITAL OUTTURN 2019-20

Report of the Cabinet Member for Finance and Income Generation seeking approval of the Revenue and Capital Outturn for 2019-20.

### RESOLVED:

General Revenue Fund

- (i) That the General Fund outturn for 2019/20 was a balanced position as outlined in paragraph 4 of the report and in paragraph 1 of appendix 1 be noted;

- (ii) That the performance of individual Portfolios in managing their budgets as set out in paragraphs 2 to 4 of appendix 1 and annex 1.1 of the report be noted;
- (iii) That budget carry-forward requests totalling £2.36M as outlined in paragraph 5 of appendix 1 and detailed in annex 1.2 of the report be agreed; and
- (iv) That the performance of the Property Investment Fund (PIF) as detailed in paragraphs 7 to 9 of appendix 1 and annex 1.3 of the report be noted.

#### Housing Revenue Account

- (i) That the HRA outturn for 2019/20 as outlined in paragraph 6 and paragraphs 18 and 19 of appendix 1 and annex 1.5 of the report be noted.

#### Capital Programme

- (i) That the actual capital spending in 2019/20 for the General Fund was £56.03M and for the HRA was £41.05M, as outlined in paragraphs 9 and 10 and detailed in paragraphs 2 to 4 of Appendix 2 of the report be noted;
- (ii) That the proposed capital financing in 2019/20 as shown in table 3 of Appendix 2 of the report be approved;
- (iii) That the addition of £0.54M to the Children & Learning programme in 2020/21 as detailed in annex 2.3 of the report be approved; and
- (iv) That the difference to the amended programme, allowing for slippage, re-phasing and amendments as outlined in the report and set out in table 4 of appendix 2 be noted.

#### 23. EXCLUSION OF THE PRESS AND PUBLIC - EXEMPT PAPERS INCLUDED IN THE FOLLOWING ITEM

RESOLVED: that in accordance with the Council's Constitution, specifically the Access to Information Procedure Rules contained within the Constitution, the press and public be excluded from the meeting in respect of any consideration of the exempt appendices to the following Item

Confidential - Appendices: 2, 3 and 4 contains information deemed to be exempt from general publication based on Category 3 and 7(A) of paragraph 10.4 of the Council's Access to Information Procedure Rules. In applying the public interest test this information has been deemed exempt from publication due to confidential sensitivity and confidentiality. It is not considered to be in the public interest to disclose this information. It would prejudice the Council's ability to operate in a commercial environment and prejudice commercial relations with third parties.

#### 24. 1000 HOMES PROGRAMME

Report of the Cabinet Member for Culture and Homes seeking approval to progress the development and delivery of the Council's Housing Programme.

#### RESOLVED:

- (i) That a capital programme with a total scheme cost of £144m and expenditure of the programme within the Housing Revenue Account Capital Programme to deliver a programme of affordable council rented and shared ownership properties. To be funded from £83.9 loan finance paid through rental and

- sales income, £23,2m retained Right-to-Buy and grants plus £36.9m capital receipt from shared ownership sales be approved; and
- (ii) That the appropriation of land from the General Fund to the Housing Revenue Account as required in order to deliver the programme be approved.

<b>DECISION-MAKER:</b>	COUNCIL		
<b>SUBJECT:</b>	EXECUTIVE BUSINESS REPORT		
<b>DATE OF DECISION:</b>	16 SEPTEMBER 2020		
<b>REPORT OF:</b>	LEADER OF THE COUNCIL		
<b><u>CONTACT DETAILS</u></b>			
<b>AUTHOR:</b>	<b>Name:</b>	Felicity Ridgway Policy Manager	Tel: 023 8083 3310
	<b>E-mail:</b>	felicity.ridgway@southampton.gov.uk	
<b>Director</b>	<b>Name:</b>	Mike Harris Deputy Chief Executive	Tel: 023 8083 2882
	<b>E-mail:</b>	mike.harris@southampton.gov.uk	

<b>STATEMENT OF CONFIDENTIALITY</b>	
None	
<b>BRIEF SUMMARY</b>	
This report outlines the Executive Business conducted since the last Executive Business Report to Full Council on 15 July 2020.	
<b>RECOMMENDATIONS:</b>	
(i)	That the report be noted.
<b>REASONS FOR REPORT RECOMMENDATIONS</b>	
1.	This report is presented in accordance with Part 4 of the Council's Constitution.
<b>ALTERNATIVE OPTIONS CONSIDERED AND REJECTED</b>	
2.	Not applicable.
<b>DETAIL (Including consultation carried out)</b>	
3.	My last Executive Business report was made to this Council in July 2020. This report outlines the activity of the Executive and activities to progress the priorities set out in the Council's Corporate Plan 2020-2025 since July.
<b>Communities, culture and homes</b>	
4.	To support the communities in which we live, work and learn, we have now launched a new scheme to identify COVID-19 Community Champions to work with the Public Health and Stronger Communities Teams to share messages about how to stay safe during the coronavirus pandemic. All our Champions will be provided with the latest information, advice and guidance, through regular briefings and via other channels in order to raise awareness, to be able to help people make informed choices, and ultimately help keep people as safe as possible by preventing the spread of infection. We are encouraging people to register to become a Champion at <a href="http://www.southampton.gov.uk/communitychampions">www.southampton.gov.uk/communitychampions</a>

5.	The museums team adapted to provide online exhibition, collections, engagement and learning opportunities to audiences throughout lockdown, reaching out to schools, families and the wider community with a rise in social media followers to over 30,000. These have included online talks and tours, live classes via zoom and more in-depth projects with vulnerable adults in the city. Local groups that have taken part including Headway, Society of St James, Salvation Army, Day Services, Mencap, CLEAR, City College, Rosewood Free School, Tenants Services and HomeInStead. This has been supported the first online exhibition done by the Art Gallery - John Hitchens: Aspects of Landscape, followed by Calm in the Collection, Hospital Rooms and the Open exhibition, In Search of a New World.
6.	Meanwhile, SeaCity Museum opened at the end of July, followed in August by the Art Gallery which have seen over 90% take up of advance online sales with local visitors and those from further afield coming to enjoy what Southampton has to offer.
7.	The Council's Archaeology Unit continues to provide an archaeological service to developers in the city and the surrounding area. Eleven names of Sotonians who gave their lives in the service of their country in the First and Second World Wars were added to the Memorial Wall at the Southampton Cenotaph in readiness for the 75th anniversary of VJ Day on 15 August.
8.	During the lockdown, Southampton's Libraries, quickly adapted the public service in line with national guidelines with the team making over 1,300 wellbeing calls and 350 home deliveries to vulnerable people. Social media and online use grew and remained consistently high with a monthly average of 5,000 users borrowing 5,000 online books, and reaching 69,000 people through social media. Phased reopening of libraries has been implemented since early July, increasing hours and services week by week, welcoming over 6500 visits by the end of July. Two community libraries (Burgess Road and Cobbett Road) also reopened in July with a Select and Collect service, and will be followed by the other community libraries where possible.
9.	Thanks to a successful Home Office grant both the council and the Safe City Partnership will be able to deliver projects within the Bargate Ward in Southampton over the next year. As part of the Home Office's Safer Streets Fund, the Office of the Police and Crime Commissioner for Hampshire will be awarded just under £550k to tackle acquisitive crime in the Bargate area.
10.	On 15 August we marked the 75th anniversary of VJ Day. A film was produced with a voice over from Archie Parsons from the Royal British Legion. The Mayor laid a wreath by the plaque in Town Quay Park, which commemorates the repatriation of men, women and children who survived Far East captivity. This was recorded and released online later in the day. A <a href="#">dedicated web page</a> was created on Visit Southampton to commemorate VJ Day 75.
11.	On 29 August ZoeLogic Dance Theatre group took over and transformed Guildhall Square. A huge socially distanced grid was positioned on the floor and 64 dancers who during lockdown had been practicing their moves were able to come together as a group to create a wonderfully choreographed piece of work which brought these people safely together for the first time. It is planned to be repeated.
12.	This year marks 400 years since the sailing of the Mayflower from Southampton's West Quay, on August 15, 1620. In August we reopened the



	<p>city's Mayflower 400 programme after lockdown, starting with two exhibitions, a rally of yachts sailing to Dartmouth and Plymouth, and the launch of a Mayflower 400 Southampton website with new films and digital resources. Southampton is the first city to mark a Mayflower anniversary through the lens of migration. We are celebrating our city and our communities, with a particular emphasis on those who have come to, or through, Southampton in search of a new life. Our Property and Archaeology teams enabled the repair and conservation of the Mayflower Memorial in readiness for the anniversary, with a small event organised by Southampton Heritage Federation including readings by the Mayor of Southampton and others. This has been accompanied by a new Mayflower mosaic trail commissioned by the previous Mayor Cllr Baillie, a new website outlining future events, new educational resources co-created with Wampanoag scholar Paula Peters, and the opening of a new touring exhibition at SeaCity Museum - Wampum: Stories from the Shells of Native America.</p>
	<p><b>Green City</b></p>
13.	<p>Our sustainable travel programme, 'My Journey' has created a <a href="#">collection of videos and online maps</a> showcasing different cycle routes in and around Southampton, covering both key commuter corridors and routes more suitable for leisure purposes. The resources went live in July and are intended to help people overcome the barrier of planning a route and give them the confidence to get around by bike which also supports our aim to be a greener city.</p> <p>As part of this, My Journey is also offering grants of up to £4k to help cycling clubs, voluntary or community organisations deliver walking or cycling initiatives to residents. The grant can be used to run a variety of community activities and the deadline for applications is midday on Friday 18 December.</p>
14.	<p>In August we implemented a pedestrianisation scheme at Bedford Place, with temporary road closures introduced along Bedford Place from Henstead Road to Carlton Place; along Carlton Place from Bedford Place to Southampton Street; and along Lower Banister Street from Carlton Place to opposite the Popworld establishment. The measures will provide a safer, more spacious environment and enable people walking through this high footfall area of the city to follow social distancing guidelines with greater ease. Crucially, they will also form an important contribution to the 'Inside Out' initiative recently announced by the council and the Southampton Business Improvement District (BID), Go! Southampton.</p>
15.	<p>The grass area outside Civic Centre has now become one of our new managed grasslands. This is to support the local wildlife by providing a food source and shelter. We have seen a variety of native wildflowers in the area and it is already attracting a variety of valuable pollinators. The city has over 70 wildflower meadows and managed grasslands. As part of the Green City Plan, we are committed to creating at least 25 new urban wildflower meadows by 2025.</p>
16.	<p>I was pleased to host a Green City Celebratory event in July. Over 40 people attended our virtual event including key stakeholders, residents and community groups. We provided an update on the Green City actions and the plans for the future along with examples of new projects that are being implemented to support the commitments made as part of the Green City.</p>

17.	<p>In July we added 24 new electric vans to our City Services fleet. The vans will be used by several of our services, including Neighbourhood Wardens and Waste Operations teams. The vans will contribute towards our goal of 90% of our fleet being zero-emission by 2030 as well as our Green City Plan. We have also upgraded our Waste and Recycling fleet with six new Scania collection vehicles, featuring innovative 'Rotopress' technology; a rotating drum principle that provides the most economical solution for refuse collection. Other benefits of the new vehicles include reduced noise, less spillage and dust and reduced odours. Low emission Euro 6 standard engines combined with fewer moving parts make the vehicles not only environmentally friendly but more cost effective to maintain and service.</p>
18.	<p>As part of our commitment to invest in a cleaner city we are currently recruiting new Cleansing Operatives to join our City Services team. The new Citywide Task Team will deliver targeted work on streets and green spaces across the whole city using a number of different vehicles, plant and machinery to keep the city clean and green. This, alongside our new solar compactor bins, fly tipping enforcement activity and fines for dropping litter demonstrate to our residents and visitors how much we care about their local environment, their wellbeing and our Green City goals.</p>
19.	<p>We have now commenced work on a major project to improve provision for people walking and cycling through Bevois Valley. This is part of our three-year government approved 'Transforming Cities' programme, which was awarded £57M by the Department for Transport earlier this year, and sets out a range of bold and ambitious infrastructure projects to improve public transport and make the city a more attractive place for walking and cycling.</p> <p>The work is being carried out by our Highways Partners Balfour Beatty Living Places and will deliver upgrades to the existing shared cycle/footway and improved crossings between Rockstone Lane and Lodge Road. As well as improving access, these changes will create an important new section of the Southampton Cycle Network (SCN), as set out in our ten year cycling strategy.</p>
	<p><b>Place Shaping</b></p>
20.	<p>The first Southampton City Business Taskforce met on the 28 July 2020. This new Taskforce will help inform a new citywide Economic and Green Growth Strategy and lead our journey of economic recovery following the coronavirus (COVID-19) pandemic. As part of the wider consultation on and co-production of the strategy and number of sector-based roundtables are being established, initially, with developers and with those in the Hospitality sector in partnership with GO! Southampton.</p>
21.	<p>Wessex Demolition has completed their contract to demolish one block at Copse Road, which will be redeveloped for housing, as part of the 1000 homes programme, and 3 blocks on the Ozier Road/Meggesson Avenue site, which is to become the new central community open space with play and events space, funded by Homes England Housing Infrastructure Fund grant.</p>
22.	<p>At Full Council on 15 July we approved plans which will see hundreds of new homes delivered across the city in an investment programme worth an estimated £144m. These new homes will deliver 100% affordable living in a combination of social, affordable and shared ownership schemes, which will give Southampton residents the opportunity to also get onto the property</p>

	ladder. This project is still within the planning and design stages and potential sites will be confirmed once this develops further.
23.	<p>The first consultation on Southampton City Vision, our new Local Plan, commenced on 10 February 2020 and was due to run for 10 weeks to 19 April 2020. However, the consultation was extended to 31 May 2020 due to disruption caused by the Covid-19 pandemic. In total, we received over 3,000 responses and over 250 attended the community events that took place. Respondents told us that ‘Environment and Climate Change’ was the most important theme/challenge that our Local Plan needs to focus on, closely followed by ‘Growth and Investment’ and ‘Getting Around’. I am pleased that Southampton is already focused on environment and climate change, with our ambitious vision for a cleaner, greener, healthier and more sustainable city set out in the Green City Charter I launched last year. The new local plan will align with that vision and the actions set out in the Green City Plan 2030.</p> <p>A report comprising the full summary and analysis of results will be finalised in due course with the aim of submission to Cabinet in the autumn.</p>
24.	The Solent Apprenticeship Hub successfully launched its Transfer to Transform scheme, which seeks to tap into unspent apprenticeship levy funds from large employers in order to fund apprenticeship places in SMEs. Since 1 July 2020, over £750k has been pledged by large employers that gives a timely boost to our economy, businesses and talent pool.
25.	<p>Work has now started to improve the play area at Daisy Dip in Swaythling. The renovations will create a new and improved space for families to spend time together outside and be active. The new play equipment has been chosen by the Friends of Daisy Dip following a consultation in March with the project being delivered by the City Services Landscape Team. In Freemantle Park improvements have been made following discussions with the local community, including new durable tarmac paths providing all weather access to the play area as well as notice boards displaying information on the history and the different types of wildlife that can be found in the park. Wild flowers will be sown in the autumn, along the rear of the play area and new picnic tables are being installed this month. In Mansel Park we have installed new Adizone outdoor gym equipment to replace older worn out items and have resurfaced the outdoor gym area.</p> <p>This is all part of the Executive’s commitment to improve play areas and green spaces across the city. We have set aside £690,000 to refurbish 17 play areas, and a further £510,000 for general improvements to open spaces. The whole programme is due to complete in 2022.</p>
	<b>Wellbeing (Children)</b>
26.	I am very pleased to welcome Robert Henderson who joined us as Executive Director for Children and Learning in early September. Robert joins us with a wealth of experience in Children’s Services and will help us to continue to make Southampton a child friendly city.
27.	Congratulations to everyone who received their A Level and GCSE results last month, following an unprecedented year that I know was challenging for teachers and pupils alike. The <a href="#">Access Southampton</a> website has free helpful information and tips for young people receiving their results, from advice

	about leaving school and further education options, to how to apply for apprenticeships or find employment.
28.	<p>Our Violence Reduction Unit has distributed £80K Home Office funding to local organisations to help us deliver the Violence Reduction response strategy. A panel of Safe City Partnership members assessed bids to ensure that activities were targeted and effective to prevent and reduce serious violence and awarded funding to:</p> <ul style="list-style-type: none"> <li>• The Hampton Trust – to deliver specialist, diversionary support for violent offenders identified by the National Probation Service and Trauma Informed training for agencies in the city.</li> <li>• In Focus – to take young people, identified by the Youth Offending Service, through a Bronze Art Award programme, and the creation of online access and support through COVID-19.</li> <li>• SoCo Music Project – youth engagement through Urban music, both online during COVID 19 and in three key geographic areas in the city</li> <li>• St Giles Trust – providing intensive support to our most vulnerable children, identified by the Missing and Exploited Team and to provide anti-violence education through schools inclusion units.</li> </ul> <p>Funding had already been agreed to extend a project with No Limits to provide youth workers in Southampton General Hospital Children’s Emergency Dept, to provide support and guidance to young people as victims or offenders of serious violence.</p>
	<b>Wellbeing (Adults and Health)</b>
29.	At the start of July, we published our COVID-19 Local Outbreak Control Plan which outlines how we will work with partners to minimise the spread of COVID-19 infection and identify and control local flare ups of the virus as quickly as possible. It will monitor early indicators of transmission across Southampton’s diverse communities and settings, providing support to where it is needed. We have also set up our Local Outbreak Engagement Board, which I am pleased to be able to Chair, with our first meeting taking place this month.
30.	Following the first pilot phase of the Southampton Covid-19 Saliva Testing Programme, the partnership has been keen to continue the work and to extend the benefits of a regular testing programme. The pilot phase of the programme was a success and the University of Southampton has been successful in securing additional funding from the Department of Health & Social Care to extend the pilot and assess the potential of the new test in education settings. The council has been working with the University of Southampton, Southampton General Hospital and other stakeholders to design and plan a roll out the next phase of the programme. Testing is planned to start with an initial school on 14th September, with others to join the programme on 21st then 28th September. Colleagues at the council are supporting the project through technical advice (Public Health and education) and project management.
31.	The council in partnership with BCP Council, Poole BID and Arts Council England have funded a not-for-profit community interest company called ‘Audacious’ to launch an online arts engagement project called ‘Confessions’. This project aims to respond to concerns about the effect lockdown is having on mental health and wellbeing during the coronavirus crisis. The online

	gallery which was created by artist Ashley Wilkie presents psychedelic colours and sounds which leads into a confession's gallery.
32.	The Integrated Commissioning Unit has developed an online Wellbeing Resources Pack for staff in the independent and voluntary sectors who are responsible for the provision of care and support services to Southampton's residents. The pack provides comprehensive and practical support for care staff and managers in order to help support the sector to recover from its initial experience COVID-19, and the pack will be regularly updated to ensure it remains a valuable resource in the long term.
33.	The Integrated Commissioning Unit has also worked with partners across the health and care system to implement the new hospital discharge guidance, taking the necessary actions to support the Covid-19 discharge to assess arrangements. In recent weeks the team have worked with partners to understand what was successful throughout this change in order to take forward an approach that builds upon lessons learnt and meets the new national hospital discharge requirements.
	<b>Successful, sustainable business</b>
34.	During the national lockdown and the subsequent relaxation of lockdown measures, the Council has maintained a policy of asking staff to work from home where they can. At the same time, measures have been put in place to ensure that its offices are safe for the small number of staff who were not able to work from home or required access to office-based files or systems. Desk rationing and spacing ensured that staff sit at least two metres from each other, while lifts, toilets, kitchens and meeting rooms had strict occupancy limits applied. The cleaning regime was changed and local cleaning stations provided around the offices. Hand sanitiser pumps were installed at entry and access points, and a policy of encouraging visitors to wear face coverings applied. Occupancy of the Civic Centre and One Guildhall Square has gradually risen to about 25% over the summer holidays, and although the working from home policy remains in place further steps are now being taken to ensure that more staff are safely able to attend the office on an occasional basis during the rest of the pandemic period. This flexible approach is intended to support staff productivity and wellbeing during a difficult time.
35.	Gateway reopened its doors to the public on 6 July after measures were introduced to ensure customer and team safety. Since opening Gateway has had 5,177 visitors and has been able to successfully deal with their enquiries.
36.	Towards the end of July Southampton City Council was announced amongst the most supportive organisations for Britain's Armed Forces and received The Employer Recognition Scheme Gold Award. The Council signed up to the Armed Forces Covenant in June 2013 and since signing up the council has worked in partnership with staff, members of the Armed Forces and local organisations, to ensure the Covenant is upheld. The purpose of the Covenant is to advocate for the Armed Forces population who work and reside in the city, recognising the sacrifices made by Servicemen and women and their families. This is the highest award achievable for an organisation and my congratulations go out to our teams within the council that have helped us to achieve this well deserved recognition.
37.	Congratulations to the winners of our Season Three 2020 Employee Awards. We received over 170 nominations in Season 3, all of whom deserve

	<p>recognition for their hard work, with so many examples of colleagues going the extra mile, often in response to additional COVID-19 related demands. Well done to:</p> <ul style="list-style-type: none"> <li>• Jackie Watkins, Independence Advisor in the Social Wellbeing Service, Employee winner</li> <li>• Richard Pearson, Head of Communications, Manager winner</li> <li>• The Community Support Hub, Team winners</li> <li>• Frank McCarthy, Senior Records Officer, Customer Service Superstar</li> <li>• Sam Bryson, Customer Services Officer, Apprentice winner</li> <li>• Karen Biddle, Principal Social Worker, Apprenticeship Supporter</li> </ul>
38.	<p>Congratulations to Hayden Collins, Participation Officer for Children and Young People, who has been shortlisted for the MJ 'Rising Star award this year. This award recognises local authority leaders of tomorrow, and Hayden has been deservedly recognised for making a real difference to the children of Southampton.</p>
39.	<p>Lastly congratulations to all the teams in Supplier Management on being shortlisted in the 'Leadership of the Year' category of the UK National Government Opportunities (GO) Excellence in Public Procurement Awards. The team has been focussing on delivering the right strategic outcomes for the city, our residents, businesses, visitors and for the council. To enable the new model, the council undertook the major decision in July 2019 to bring its procurement services in-house to join it with our contract management services and move away from the outsourced procurement model it had been employing since 2007.</p>
<b>RESOURCE IMPLICATIONS</b>	
<b><u>Capital/Revenue</u></b>	
40.	None
<b><u>Property/Other</u></b>	
41.	None
<b>LEGAL IMPLICATIONS</b>	
<b><u>Statutory power to undertake proposals in the report:</u></b>	
42.	As defined in the report appropriate to each section.
<b><u>Other Legal Implications:</u></b>	
43.	None
<b>RISK MANAGEMENT IMPLICATIONS</b>	
44.	None
<b>POLICY FRAMEWORK IMPLICATIONS</b>	
45.	None

<b>KEY DECISION?</b>	<b>No</b>
<b>WARDS/COMMUNITIES AFFECTED:</b>	All
<b><u>SUPPORTING DOCUMENTATION</u></b>	

<b>Appendices</b>	
1.	None
<b>Documents In Members' Rooms</b>	
1.	None
<b>Equality Impact Assessment</b>	
Do the implications/subject of the report require an Equality and Safety Impact Assessment (ESIA) to be carried out.	No
<b>Data Protection Impact Assessment</b>	
Do the implications/subject of the report require a Data Protection Impact Assessment (DPIA) to be carried out.	No
<b>Other Background Documents</b>	
Other Background documents available for inspection at:	
<b>Title of Background Paper(s)</b>	<b>Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)</b>
1.	None

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<b>DECISION-MAKER:</b>	CABINET COUNCIL		
<b>SUBJECT:</b>	FINANCIAL MONITORING FOR THE PERIOD TO THE END OF JULY 2020 AND COVID-19 BUDGET MATTERS		
<b>DATE OF DECISION:</b>	15 SEPTEMBER 2020 16 SEPTEMBER 2020		
<b>REPORT OF:</b>	CABINET MEMBER FOR FINANCE & INCOME GENERATION		
<b><u>CONTACT DETAILS</u></b>			
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<b>S151 Officer:</b>	<b>Name:</b>	John Harrison	<b>Tel:</b> 023 8083 4897
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<b>STATEMENT OF CONFIDENTIALITY</b>
N/A
<b>BRIEF SUMMARY</b>
<p>This report is a combined financial monitoring report for revenue and capital.</p> <p>The report summarises the General Revenue Fund, Housing Revenue Account (HRA) and Collection Fund financial position for the Council as at the end of July 2020, and informs Cabinet and Council of any major changes in the overall General Fund and HRA capital programme for the period 2020/21 to 2024/25. It also reports on the financial position with COVID-19 and the budget pressures it has created and how these will be addressed at Appendix 3.</p> <p>The Chief Financial Officer has a duty to comment and advise on the robustness of estimates and the adequacy of reserves when setting a budget, normally considered in the light of risks faced and the need for financial resilience. The budget, when agreed in February 2020, included sums to guard against both known risks, such as budget pressures in social care, and unknown risks, to ensure as far as possible the council operated under a resilient financial framework. The report seeks to address the budget pressures as set out by utilising contingency sums and reserves, although such sums cannot provide a longer term solution.</p> <p>For some information that is normally only available quarterly the report reflects the position for the first quarter of 2020/21, and this is indicated where relevant.</p>

## RECOMMENDATIONS:

<b><u>General Revenue Fund</u></b>	
It is recommended that Cabinet:	
i)	Note the forecast outturn position for business as usual activities is a £1.46M overspend, as outlined in paragraph 4 below and also in paragraph 1 and table 1 of Appendix 1.
ii)	Note the performance of treasury management, and financial outlook in paragraphs 13 to 17 of Appendix 1.
iii)	Note the Key Financial Risk Register as detailed in paragraph 20 of Appendix 1.
iv)	Note the performance against the financial health indicators detailed in paragraphs 24 and 25 of Appendix 1.
v)	Note the performance outlined in the Collection Fund Statement detailed in paragraphs 29 to 34 of Appendix 1.
vi)	Notes the allocated £4.16M from the Social Care Demand Risk reserve to address the overspend forecast in Children & Learning as set out in paragraph 3 of Appendix 1.
vii)	Notes the financial position arising from COVID-19, as outlined in paragraphs 4 to 11 of Appendix 1, with further details at paragraphs 3 to 7 of Appendix 3 and annexe 3.1, with a shortfall of £28.8M resulting as forecast at period 4 (end of July 2020). This is in addition to the 'business as usual' adverse variance reported in Appendix 1 as at the end of period 4 (July 2020) of £1.46M.
viii)	Notes and supports addressing the budget shortfall as outlined in paragraphs 8 to 16 and table 1 of Appendix 3. This means using £9.6M of corporate budgets, a £2.7M underspend at period 4, after applying £4.16M from the Social Care demand reserve to eliminate the Children & Learning overspend and £1.5M of in-year savings. This will go forward for approval at full Council.
ix)	Notes that without further funding from Government for COVID-19 costs incurred, a further £10.9M is estimated as at risk as per paragraph 10 of Appendix 3.
x)	Notes that work is on-going, following the release of the final draft on 24 August of the Government scheme on income compensation, to confirm the likely compensation due to Southampton City Council initially estimated at £4.1M. Until this amount can be confirmed, this sum as also 'at risk' and a lesser figure could mean an increase in the shortfall faced.
<b><u>Housing Revenue Account</u></b>	
It is recommended that Cabinet:	
xi)	Note the forecast outturn position on business as usual activities is an under spend of £0.54M as outlined in paragraph 5 below and also paragraphs 26 and 27 of Appendix 1.
<b><u>Capital Programme</u></b>	

	It is recommended that Cabinet:	
	xii)	Notes the revised General Fund Capital Programme, which totals £654.95M as detailed in Appendix 2 paragraph 1, table 1 and Annexe 2.5, and the associated use of resources.
	xiii)	Notes the revised HRA Capital Programme, which totals £210.98M as detailed in Appendix 2 paragraph 1, table 1 and Annexe 2.5 and the associated use of resources.
	xiv)	Notes that the overall forecast position for 2020/21 as at July 2020 is £194.15M, resulting in a potential underspend of £21.46M, as detailed in Appendix 2 paragraph 5 and table 3.
	xv)	Notes that the capital programme remains fully funded up to 2024/25 based on the latest forecast of available resources although the forecast can be subject to change; most notably with regard to the value and timing of anticipated capital receipts and the use of prudent assumptions of future government grants to be received.
	xvi)	Notes that £17.60M has been removed from the programme with relevant approvals. These changes are detailed in annexe 2.1 to Appendix 2.
	xvii)	Approves slippage and rephasing as detailed in paragraph 2 & 3 of Appendix 2. Noting that the movement has zero net movement over the 5 year programme.
	xviii)	Notes that a review has taken place of the capital programme in the light of COVID-19.
	xix)	Notes and supports the delays to capital scheme works and the application of new funds other than borrowing to support the capital programme as outlined in paragraphs 19 to 20 of Appendix 3 and annexe 3.2, which will then go forward for approval at full Council.
	xx)	Notes and supports the proposed revised General Fund capital programme to 2024/25 and its financing as shown in annex 2.5 of Appendix 2.
	xxi)	Notes and supports the proposed revised HRA capital programme to 2024/25 and its financing as shown in annex 2.5 of Appendix 2.
	<b><u>General Revenue Fund</u></b>	
	It is recommended that Council:	
	i)	Note the forecast outturn position as outlined in this report, including for business as usual and COVID-19 costs.
	ii)	Approves addressing the budget shortfall as outlined in paragraphs 8 to 16 and table 1 of Appendix 3. This means using £9.6M of corporate budgets, a £2.7M underspend at period 4, after applying £4.16M from the Social Care demand reserve to eliminate the Children & Learning overspend and £1.5M of in-year savings.
	<b><u>Capital Programme</u></b>	
	It is recommended that Council:	
	iii)	Notes the revised General Fund and HRA capital programme as outlined in this report.
	iv)	Approves the delays to capital scheme works and the application of new funds other than borrowing to support the capital programme as outlined in paragraphs

	19 to 20 of Appendix 3 and annexe 3.2.
v)	Approves the proposed revised General Fund capital programme to 2024/25 and its financing as shown in annex 2.5 of Appendix 2.
vi)	Approves the proposed revised HRA capital programme to 2024/25 and its financing as shown in annex 2.5 of Appendix 2.

## REASONS FOR REPORT RECOMMENDATIONS

1.	To ensure that Cabinet fulfils its responsibilities for the overall financial management of the Council's resources.
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## ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

2.	Not Applicable.
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## DETAIL (including consultation carried out)

	<u>Revenue</u>
3.	The financial position for the General Revenue Fund, Housing Revenue Account (HRA) and Collection Fund for the Council as at the end of July 2020 and key issues are summarised in Appendix 1.
4.	The current forecast spending on business as usual activities against the council's net General Fund revenue budget for the year of £190.82M is projected to be a £1.46M overspend. This would move to a £2.70M underspend if the Social Care Demand Risk Reserve is used to meet pressures within Children & Learning.
5.	The forecast position for the HRA on business as usual activities is an under spend of £0.54M against an expenditure budget of £75.60M.
6.	In addition to the variances reported above, there is a forecast budget pressure from COVID-19 of £28.83M for the General Fund which is summarised in Appendix 1 (paragraphs 4 to 12) with more detail given in Appendix 3 of the report. For the HRA the forecast pressure from COVID-19 is £1.29M, with more information at paragraph 29 of Appendix 1.

	<u>Capital</u>
7.	Appendix 2 sets out any major changes in the overall General Fund and Housing Revenue Account (HRA) capital programme for the period 2020/21 to 2024/25, highlighting the changes in the programme. The report also notes the major forecast variances against the approved estimates. A net £17.60M has been removed from the programme, which reflects the addition of Future Transport Zone spending less a reduced programme for the Connected Southampton programme following confirmation of the grant funding available from Government, which was lower than assumed at the time the programme was agreed.
8.	The current forecast position for 2020/21 at end of July 2020 is £194.15M, resulting in a potential underspend of £21.46M, as detailed in table 3 of Appendix 2.

## RESOURCE IMPLICATIONS

### Capital/Revenue

9.	The revenue and capital implications are contained in the report.
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### Property/Other

10.	There are no specific property implications arising from this report other than the
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	schemes already referred to within Appendix 2 and 3 of the report.
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**LEGAL IMPLICATIONS**

**Statutory power to undertake proposals in the report:**

11.	Financial reporting is consistent with the Section 151 Officer's duty to ensure good financial administration within the Council.
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**Other Legal Implications:**

12.	None.
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**RISK MANAGEMENT IMPLICATIONS**

13.	See comments within report.
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**POLICY FRAMEWORK IMPLICATIONS**

14.	The update of the Capital Programme forms part of the overall Budget Strategy of the Council.
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**KEY DECISION?** No

<b>WARDS/COMMUNITIES AFFECTED:</b>	All
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**SUPPORTING DOCUMENTATION**

**Appendices**

1.	Revenue Financial Monitoring
2.	Capital Financial Monitoring
3.	Financial Impact of COVID-19

**Documents In Members' Rooms**

1.	None
2.	

**Equality Impact Assessment**

Do the implications/subject of the report require an Equality Impact Assessment (EIA) to be carried out?	No
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**Privacy Impact Assessment**

Do the implications/subject of the report require a Privacy Impact Assessment (PIA) to be carried out?	No
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**Other Background Documents**

**Equality Impact Assessment and Other Background documents available for inspection at:**

Title of Background Paper(s)	Relevant Paragraph of the Access to
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	Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)
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1.	Council Tax Setting and Related Matters (Council 20 February 2020)	
2.		

# Agenda Item 9

## Appendix 1

### REVENUE FINANCIAL MONITORING FOR THE PERIOD TO JULY 2020

#### FINANCIAL POSITION

1. The current forecast spending against the Council's net General Fund revenue budget on business as usual (BAU) activities for the year is projected to be a £1.46M overspend. In addition there are net pressures arising from the COVID-19 pandemic of £28.83M. The report has updated the usual financial estimates from quarter 1 (end of June) to end of July (period 4) to coincide with information submitted at the end of July on a return required by Government on COVID-19 costs.

This overall financial position is summarised in Table 1 below.

**Table 1 – General Revenue Fund Forecast 2020/21**

	<b>Budget July 2020</b>	<b>BAU Annual Forecast as at July 2020</b>	<b>BAU Forecast Variance July 2020</b>	<b>COVID-19 Forecast Pressures July 2020</b>
	<b>£M</b>	<b>£M</b>	<b>£M</b>	<b>£M</b>
Portfolios Net Expenditure	171.27	176.52	5.25 A	44.96 A
Non-Portfolio Net Expenditure	19.55	15.76	3.78 F	16.14 F
<b>Net Revenue Expenditure</b>	<b>190.82</b>	<b>192.28</b>	<b>1.46 A</b>	<b>28.83 A</b>
Financing	(190.82)	(190.82)	0.00	0.00
<b>(Surplus) / Deficit for the year</b>	<b>0.00</b>	<b>1.46</b>	<b>1.46 A</b>	<b>28.83 A</b>

NB Numbers are rounded

2. More detail, including explanations of significant variances as at July 2020 (in excess of £0.2M) is provided in Annex 1.1, which separates out 'business as usual from COVID related.

#### **'Business as Usual' and Budget 2020/21**

3. The most significant adverse variance on business as usual activities is in the Children & Learning portfolio, which is forecast to overspend by £4.16M. Most of this relates to Looked After Children Provision, due to the higher number of children in residential care and independent fostering agencies than budgeted.
- As part of the Medium Term Financial Strategy agreed by Council in February 2020, a £6.0M extra contribution was made to the Social Care Demand Risk Reserve, taking it to £7.0M in total, to be called upon if necessary to meet Social Care pressures. If this reserve funding is used, in part, to meet the £4.16M of pressures in Children & Learning, this overall position for the General Fund revenue budget would be a **£2.70M underspend**, and this is the recommended course of action. It will still leave a balance of around £2.84M in the reserve to cater for any new social care budget pressures.

	<b>COVID-19 and General Fund Budget 2020/21</b>
4	The financial impact of COVID-19 has been closely tracked since the crisis began. The intelligence gathered has been used to inform monthly returns that have been required by Government. The figures are in line with the return made at the end of July, though the picture continues to change.
5	The Council's response to the crisis has been informed by the statement made at the outset by the Cabinet Minister, Robert Jenrick, that "the government stands ready to do whatever is necessary to support councils in their response to coronavirus". The council has therefore played a leading role in responding to the crisis across the district, working alongside partners to manage the response of local services and support residents during the lockdown and afterwards. This has inevitably led to high levels of additional costs to the Council that could not have been anticipated when the 2020/21 budget was set, and not all of which have (so far) been met through additional government support.
6	<p>General funding from Government so far has been in 3 Tranches, as follows:</p> <ul style="list-style-type: none"> <li>• £1.6BN nationally announced at the outset of the crisis in March, with the SCC share being £7.4M (tranche 1)</li> <li>• Another £1.6BN nationally in April, with SCC share being £7.0M (tranche 2)</li> <li>• A further £0.5BN nationally announced in July with the SCC share being £2.5M (tranche 3)</li> </ul> <p>Each of the tranches announced has applied a different mechanism to calculate grant entitlement, with Government in effect steering a greater or lesser share to different authorities and classes of authority. The total share to SCC has been £16.9M, of which around £0.5M was used in 2019/20 leaving £16.4M to offset costs incurred in the current financial year.</p>
7	<p>Correspondence from Government relating to the three tranches of general grant support announced so far stated that funding would support:</p> <ul style="list-style-type: none"> <li>• Meeting the increased demand for adult social care and enable councils to provide additional support to social care providers.</li> <li>• Meeting the extra demand and higher business as usual costs of providing children's social care.</li> <li>• Providing additional support for the homeless and rough sleepers.</li> <li>• Providing support to those at higher risk of severe illness from COVID-19</li> <li>• Meeting the demand pressures from other services.</li> </ul>
8	Furthermore, Government has undertaken to underwrite an element of income permanently lost from sales fees and charges in 2020/21. This is only a proportion, some losses will remain with the authority, and for losses of income in other areas (such as commercial rents) the Government has been clear it will provide zero funding assistance. A calculation and submission to Government for this compensation will be made during September.
9	<p>As identified in table 1 above, the impact of COVID in 2020/21 is forecast at around £45M, which after applying the balance of the Government grant support available reduces to £28.8M. The impact has been felt not only in terms of additional (unbudgeted expenditure), but also a loss of revenue as services were temporarily closed/curtailed such as car parks, museums and the Itchen bridge toll. The agreed budget savings programme for 2020/21 has also inevitably stalled due to the priority COVID-19 has necessarily been given.</p> <p>Of the £28.8M in year-budget pressure arising from COVID-19, per table 1, a cautious estimate of £4.1M has been made for the loss of income compensation to be claimed, and there is a</p>



	<p>further £10.9M of costs directly attributable to the areas specified in paragraph 7 where Government support could still be forthcoming. Assuming this additional funding is realised it would lower the net budget pressure from £28.8M to £13.8M needed in year. It is proposed to address this pressure in the following way:</p> <ul style="list-style-type: none"> <li>• <b>£9.6M</b> will be applied from the contingency and risk budgets held corporately (outside of the portfolio areas).</li> <li>• <b>£1.5M</b> of in-year savings will be found from a combination of measures including more stringent management of staff related expenditure in relation to use of temporary and short term contract staff plus vacancy management. There will also be a budget saving from the corporate budget for capital financing, arising from some proposals occurring less quickly than original expected. Whilst there are no decisions to halt any work in the capital programme, a more detailed examination of the impact of COVID and the capital programme will be brought forward for consideration as part of the 2021/22 budget work.</li> <li>• <b>£2.7M</b> arising from the period 4 underspend as detailed in paragraph 3 above can also be applied.</li> </ul> <p>The total measures above amount to £13.8M therefore eliminating the forecast budget pressure as at period 4 (end of July), though much will depend on further Government support without which an additional shortfall is almost unavoidable.</p>
10	The estimated forecast of a net £28.8M extra costs does not take into account the severe impact that COVID is having upon Council Tax and Business Rates income to the Council, which is outlined in paragraphs 29 to 34 below. The way any loss of funding for these areas is accounted for, via the Collection Fund, would produce an adverse impact in 2021/22 onwards rather than the current financial year, increasing any future budget shortfall.
11	More information around the impact of COVID-19 on the Council's finances in 2020/21 and the proposals for how this is dealt with are the subject of Appendix 3 of this report.
	<b><u>Implementation of General Fund Savings Proposals</u></b>
12	Of the £11.84M savings plans included within the 2020/21 budget £4.87M have been achieved or are on track to be achieved before the end of this financial year. £6.07M of the remaining £6.97M have not been progressed because of the COVID-19 pandemic, and are included within the COVID-19 forecast pressures reported in Table 1 above.
	<b><u>Treasury Management</u></b>
13	The Treasury Management monitoring information is as at quarter 1 2020/21. Borrowing and investment balances as at 30 June 2020 and forecasts for the year-end are set out in Annex 1.2. After taking into account maturing and new debt requirements in year and a reduction in investment balances, there is an estimated increase in net borrowing of £273.85M for 2020/21.
14	As a result of the current economic uncertainty, the benchmark gilt rates for PWLB loans remain at historic lows, however following the government's announcement on 9 October 2019 that the margin on loans has increased from 0.8% to 1.8% this is now relatively expensive, and market alternatives will be considered. In his March 2020 Budget the Chancellor announced a reduction in the margin on new HRA loans to 0.8%, which represents a discount of 1% below the usual PWLB borrowing rate.
15	The initial reaction to the COVID crisis in March meant that short term liquidity became difficult and Government sought to assist cash flow by providing up front funding as far as possible. As a result year end investment balances were higher than expected and have remained so during the first quarter of 2020/21 but are expected to fall throughout the year.

16	The Council will continue to monitor the financial markets closely in light of uncertainties over the impact of the COVID-19 pandemic and the ending of the transition period for the UK's exit from the EU, and will keep its treasury management strategy under review.
17	Annex 1.2 includes an overview of current performance along with an update on the financial outlook. The Council approved a number of indicators at its meeting in February 2020. The Council has operated within the agreed prudential indicators for the first 3 months of the year and is forecast to do so for the remainder of the year.
	<b><u>Reserves &amp; Balances</u></b>
18	The General Fund Balance is currently £10.07M with no planned drawdown during the year.
19	At the 31 March 2020, earmarked revenue reserves totalled £86.20M, plus Schools Balances totalling £1.57M. The estimated forecast position as at the 31 March 2021 is £58.04M plus Schools Balances forecast to be £0.69M. Using the Social Care Demand Risk Reserve to meet the business as usual pressures in Children & Learning would reduce the non-school reserves to £53.88M i.e. £4.16M of funds would be applied from reserves to neutralise the overspend forecast for Children & Learning.
	<b><u>Key Financial Risks</u></b>
20	The Council maintains a financial risk register which details the key financial risks that face the Council at a given point in time. It is from this register that the level of balances and reserves is determined when the budget is set at the February Council meeting. The register has been reviewed and is attached as Annex 1.3.
	<b><u>Schools</u></b>
21	As at 31 July 2020 there were 13 schools reporting a deficit balance totalling £4.72M. This is one school less than the position reported at 31 March 2020. There are also 34 schools reporting a surplus totalling £5.41M. The net position is therefore an overall surplus of £0.69M. Schools with deficit budgets continue to be supported by the Education Finance Team to develop Deficit Recovery Plans (DRP) and additional resources have been made available in 2020/21 to provide this support. There are 3 schools scheduled to transfer to academy status in 2020/21, one of these is voluntary and the other two are compulsory. The two schools being compulsorily converted to academies have a combined deficit position forecast of between £1.0M - £1.2M for which the Council will need to provide for under legislation. The transfers to academy status are currently scheduled to take place in January 2021. These schools are working with the Finance Team to find in-year savings to reduce these forecast deficits prior to conversion.
22	<p>The Forecast outturn for the Dedicated Schools Grant (DSG) is an £8.87M overspend. This area is ring-fenced and the overspend will not impact on the General Fund and the non-school services the council provides.</p> <p>This overspend is being driven by significant year on year increases in Education Health Care Plans (EHCPs) and increasing numbers of expensive out of city placements in independent school settings. A working party has commenced a strategic review of High Needs activity to mitigate pressures. The variance includes a cumulative DSG overspend of £7.42M brought forward from the previous year. Pressures on the High Needs services is a nationally recognised issue with significant pressures reported in most local authorities. The 17% increase in High Needs funding in 2020/21 has mitigated some of the pressure being experienced but further work is needed to reduce costs where possible.</p> <p>£0.52M of the adverse DSG variance is as a consequence of COVID-19, mostly due to loss of parent income at the Hardmoor maintained nursery setting (£0.30M) and loss of income through cancellation of training courses and room lettings (£0.22M).</p>

<b>COVID-19 and Dedicated Schools Grant (DSG) Budget 2020/21</b>	
23	<p>The Department for Education (DFE) have confirmed that schools will continue to receive their core funding allocations for 2020/21, regardless of any periods of any partial or complete closure due to COVID-19. The DFE have provided additional funding to schools to cover additional costs as a result of COVID-19. The funding is focused on specific items: Increased premises costs associated with keeping schools open during school holiday periods, support for free school meals where these costs are not covered by the national voucher scheme and additional cleaning costs required due to suspected or confirmed COVID-19 cases. The additional funding does not however cover the costs of loss of self-generated income which the DFE recognise will put some schools budgets under pressure.</p> <p>Schools have been required to submit claims for their approved additional costs directly to the DFE up to eligible limits depending on the number of pupils at their school. The funding is to cover only the period March to July 2020. While we do not know how long the current situation will continue, future funding beyond July 2020 has not yet been announced. So far 11 schools have had their claims approved totalling around £71,000 for the period March to July 2020. The DFE are currently assessing other claims submitted and will issue the outcome in due course. It is expected that schools will experience a variety of additional pressures to ensure the safe running of their establishments which are not covered by the additional funding and that whilst schools will be expected to, as far as possible, manage these within existing budgets there will be cost pressures affecting budgets for many schools.</p>
<b><u>Financial Health Indicators</u></b>	
24	In order to make an overall assessment of the financial performance of the authority it is necessary to look beyond pure financial monitoring and take account of the progress against defined indicators of financial health. Annex 1.4 outlines the performance as at quarter 1 2020/21, and in some cases the forecast, against a range of financial indicators which will help to highlight any potential areas of concern where further action may be required.
25	Targets for income collection, creditor payments and tax collection rates are being assessed in light of the COVID-19 pandemic and have not yet been included.
<b><u>Housing Revenue Account</u></b>	
26	The forecast position for the Housing Revenue Account on business as usual (BAU) activities for the year is projected to be a £0.54M under spend as summarised in Table 2 below. In addition there are net pressures arising from the COVID-19 pandemic of £1.29M.

**Table 2 – Housing Revenue Account Forecast 2020/21**

	<b>Budget July 2020</b>	<b>BAU Annual Forecast as at July 2020</b>	<b>BAU Forecast Variance July 2020</b>	<b>COVID-19 Forecast Pressures July 2020</b>
	<b>£M</b>	<b>£M</b>	<b>£M</b>	<b>£M</b>
Expenditure	75.60	75.12	0.48 F	1.25 A
Income	(75.60)	(75.66)	0.06 F	0.04 A
<b>(Surplus) / Deficit for the year</b>	<b>0.00</b>	<b>(0.54)</b>	<b>0.54 F</b>	<b>1.29 A</b>

NB Numbers are rounded

27 The most significant favourable variance to budget on business as usual activities relates to Housing Investment (£0.40M). Further details are provided in Annex 1.5.

**COVID-19 and Housing Revenue Account (HRA) Budget 2020/21**

28 COVID is expected to have an impact on both income collection and service delivery for the Housing Revenue Account. Increased financial hardship for tenants is expected to lead to an increase in rent arrears, and the potential for a material number of tenants migrating onto Universal Credit due to the impact on the wider economy.

There is also the effect of the lockdown during the first part of the financial year, and the ongoing social distancing guidance which has had, and will continue to have over the coming months, an impact on the ability to deliver the capital programme and planned maintenance works within the existing approved 2020/21 budget. This delay could lead to a further backlog of works in the coming financial year(s), with the potential for increased costs due to dilapidations in the interim. This is also likely to put pressure on the reactive maintenance budget over this period as emergency works on dwellings will still be required.

**Collection Fund (covering business rates and council tax collection)**

29 Annex 1.6 shows the forecast outturn position for the Collection Fund at July 2020, with the position summarised in Table 3. The Collection Fund operates on behalf of not only Southampton City Council (SCC) but also Hampshire Police and Hampshire Fire and Rescue Authority as they also receive a share of the proceeds of these income streams. The net impact for SCC alone is shown in the final line of table 3.

**Table 3 – Collection Fund Forecast 2020/21**

	<b>Council Tax £M</b>	<b>NDR £M</b>	<b>Total £M</b>
Distribution of previous years' estimated Surplus/(Deficit)	(0.30)	0.51	0.21
Other income and expenditure	1.12	50.07	51.19
<b>Deficit for the year</b>	<b>0.82</b>	<b>50.58</b>	<b>51.40</b>
Deficit/(Surplus) brought forward from 2019/20	2.63	(0.68)	1.95
<b>Overall Deficit/(Surplus) Carried Forward</b>	<b>3.45</b>	<b>49.90</b>	<b>53.35</b>
<b>SCC Share of Deficit/(Surplus)</b>	<b>2.92</b>	<b>24.41</b>	<b>27.33</b>
LESS: SCC - additional Grant from Government to fund rates reliefs		(24.55)	(24.55)
<b>SCC Net Share of Deficit/(Surplus) after additional Grant</b>	<b>2.92</b>	<b>(0.14)</b>	<b>2.78</b>

NB Numbers are rounded

- 30 The table shows the net impact for SCC only as a forecast £2.78M deficit, once additional grant allocations from Government are factored in. This is based on bills raised for 2020/21 as at the end of July 2020. The biggest factor in this forecast arises from a reduction in council tax income from tax payers, due to factors such as an increase in local council tax support scheme claimants. This is met, in part, by Government Hardship Fund grant.
- 31 There is, however, a high level of uncertainty about the impact of COVID-19 on the Collection Fund as the forecast will reflect underlying economic factors expected for the year, many of which are still to be apparent. The position is expected to worsen significantly during the year as the anticipated economic downturn takes effect. The number of local council tax support scheme claimants is expected to increase as and when unemployment levels rise. Rate relief on empty property is also likely to rise if businesses are forced to close. For both council tax and business rates budgeted growth may not be achieved due to inactivity during the lockdown period and a slowdown in the economy. The SCC share of the deficit could increase by a range of £5M to £8M, if these effects start to fully materialise, though there is considerable uncertainty as yet. As a high risk, this area will be carefully monitored as the economic effects of COVID-19 become clear and re-estimated, refined and updated. It will also be a key area to monitor and refresh as part of the Medium Term Financial Strategy work, underpinning future budget setting.
- 32 The Collection Fund must track all council tax and business rate income, even though the Southampton share is only one part of this. The overall position for the Collection Fund in total is a deficit to be carried forward of £53.35M before extra Government grant.
- 33 For Non-Domestic Rates the vast majority of the total Collection Fund deficit relates to the Government's expansion of the retail discount scheme (to 100% relief for the retail, leisure and hospitality sectors) and introduction of the nursery discount scheme in response to COVID-19, a total of £50.04M additional relief compared to the original estimate. These additional reliefs are being funded by Government grant (known as S31 grant).  
A lower contribution to the appeals provision than budgeted has been forecast for 2020/21 to reflect the large reduction in net rates payable following the award of the additional reliefs.
- 34 The Government is considering extended the period over which collection fund deficits have to be recovered from one year to three years. This provides some breathing space, although it

	does not in itself provide any additional funding. We await details on this proposal from Government.
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**Annexes**

1. General Revenue Fund Forecast July 2020
2. Treasury Management Qtr 1 2020/21
3. Key Financial Risk Register July 2020
4. Health Indicators Qtr 1 2020/21
5. HRA Forecast July 2020
6. Collection Fund Forecast July 2020

# Agenda Item 9

Appendix 2  
Annexe 1.1

## OVERALL GENERAL REVENUE FUND FORECAST OUTTURN POSITION FOR 2020/21

Portfolio	Budget July 2020  £M	BAU* Annual Forecast as at July 2020 £M	BAU* Forecast Variance July 2020  £M	COVID Forecast Pressures July 2020  £M
Children & Learning	48.85	53.01	4.16 A	3.97 A
Culture & Homes	8.87	8.97	0.10 A	2.01 A
Customer & Organisation	27.60	28.11	0.51 A	0.33 A
Finance & Income Generation	(3.59)	(3.66)	0.06 F	4.82 A
Green City & Place	23.07	24.27	1.20 A	5.09 A
Health & Adults	63.70	62.86	0.84 F	27.64 A
Stronger Communities	2.79	2.96	0.18 A	1.10 A
<b>Total Portfolios</b>	<b>171.27</b>	<b>176.52</b>	<b>5.25 A</b>	<b>44.96 A</b>
Levies & Contributions	0.09	0.09	0.00	0.00
Capital Asset Management	9.92	9.92	0.00	0.22 A
Other Expenditure & Income	9.54	5.75	3.78 F	16.36 F
<b>Net Revenue Expenditure</b>	<b>190.82</b>	<b>192.28</b>	<b>1.46 A</b>	<b>28.83 A</b>
Draw from Balances	0.00	0.00	0.00	0.00
Council Tax	(102.28)	(102.28)	0.00	0.00
Business Rates	(54.57)	(54.57)	0.00	0.00
Non-Specific Government Grants	(33.97)	(33.97)	0.00	0.00
<b>Total Financing</b>	<b>(190.82)</b>	<b>(190.82)</b>	<b>0.00</b>	<b>0.00</b>
<b>(SURPLUS)/DEFICIT</b>	<b>0.00</b>	<b>1.46</b>	<b>1.46 A</b>	<b>28.83 A</b>

NB Numbers are rounded

\*Business as usual

## EXPLANATIONS BY PORTFOLIO

### 1. CHILDREN & LEARNING PORTFOLIO

#### KEY REVENUE ISSUES – JULY 2020

The Portfolio is currently forecast to **overspend** by **£4.16M** at year-end on business as usual activities, which represents a percentage overspend against budget of **8.51%**. In addition, £3.97M of pressures arising from the COVID-19 pandemic are forecast for the year.

	<b>BAU Forecast Variance July 2020 £M</b>	<b>July 2020 % of budget</b>	<b>COVID-19 Forecast Pressures July 2020 £M</b>
<b>Children &amp; Learning</b>	<b>4.16 A</b>	<b>8.51</b>	<b>3.97 A</b>

A summary of the Portfolio business as usual forecast variance is shown in the table below:

<b>Service Area</b>	<b>BAU Forecast Variance July 2020 £M</b>
Divisional Management and Legal	0.17 A
Looked After Children & Provision	3.18 A
Multi Agency Safeguarding Hub & Children In Need	0.68 A
Quality Assurance Business Unit	0.08 A
Other	0.06 A
<b>Total</b>	<b>4.16 A</b>
<b>Dedicated Schools Grant (DSG)</b>	<b>8.35 A</b>

The **SIGNIFICANT** business as usual issues for the Portfolio are:



Service Area	BAU Forecast Variance July 2020 £M	Explanation
Looked After Children Provision	3.18 A	The adverse variance reflects the current numbers of children in residential care and independent fostering agencies (IFA), adjusted for any children that are scheduled to leave care or move onto the Pathways Team.
Multi Agency Safeguarding Hub & Children In Need	0.68 A	The adverse variance relates to estimated additional agency staff requirement due to pressures within this service. The numbers of agency staff are constantly under review with a view to ending these agency contracts where possible

**The SIGNIFICANT COVID-19 pressures for the Portfolio are:**

Service Area	COVID-19 Forecast Pressures July 2020 £M	Explanation
Education – Early Years and Asset Management	1.19 A	The adverse variance relates to additional costs for Home to School Transport social distancing measures in the main, including additional journeys and the need to employ more escorts for the autumn and spring terms. There are also pressures due to loss of income in the Educational Psychologists teams from cancelled courses and training of £0.03M.
Education – High Needs & Schools	0.22 A	The adverse variance is due to loss of £0.17M income from cancelled Music lessons and additional £0.05M costs of providing holiday period school places for vulnerable children and children of key workers.
Looked After Children Provision	1.96 A	The adverse variance reflects the forecast numbers of additional children that may be expected to enter residential care and independent fostering agencies (IFA). Savings of £0.13M will not be met this year due to the delayed development of a specialist foster care team.
Multi Agency Safeguarding Hub & Children In Need	0.46 A	The adverse variance relates to estimated additional agency staff requirement due to pressures within this service as a consequence of COVID-19.

NOTE: The DSG grant forecast includes an in-year forecast overspend from increasing High Needs demand of £1.45M mainly being driven by significant year on

year increases in Education Health Care Plans (EHCP's). The EHCP's are also becoming increasingly complex which is also impacting on the pressure. The other key significant activity impacting on the pressure is the increase in places for children with special needs being placed in expensive out of city independent settings. There is also a brought forward balance from 2019/20 of £7.42M providing a cumulative forecast pressure of £8.87M (including £0.52M COVID related). This will need to be addressed by the ring-fenced funding within schools and is therefore not a pressure for the General Fund.

DSG overspends in the area of High Needs is a national issue. A working party of key stakeholders exists to review activity across High Needs to identify strategic cost reduction measures to reduce the overspend over the next 3 years.

## **2. CULTURE & HOMES PORTFOLIO**

### **KEY REVENUE ISSUES – JULY 2020**

The Portfolio is currently forecast to **overspend** by **£0.10M** at year-end on business as usual activities, which represents a percentage overspend against budget of **1.17%**. In addition, £2.01M of pressures arising from the COVID-19 pandemic are forecast for the year.

	<b>BAU Forecast Variance July 2020 £M</b>	<b>July 2020 % of budget</b>	<b>COVID-19 Forecast Pressures July 2020 £M</b>
<b>Culture &amp; Homes</b>	<b>0.10 A</b>	<b>1.17</b>	<b>2.01 A</b>

A summary of the Portfolio business as usual forecast variance is shown in the table below:

<b>Service Area</b>	<b>BAU Forecast Variance July 2020 £M</b>
Leisure Client	0.10 A
<b>Total</b>	<b>0.10 A</b>

**There are no SIGNIFICANT business as usual issues for the Portfolio**

**The SIGNIFICANT COVID-19 pressures for the Portfolio are:**

Service Area	COVID-19 Forecast Pressures July 2020 £M	Explanation
Leisure Client	0.34 A	There is an overall adverse variance due to expected contractual issues.
Cultural Services	0.95 A	The temporary closure of the cultural venues such as Tudor House and SeaCity Museum has impacted on income generation. SeaCity has been reopened with appropriate social distancing measures in place, however these have reduced capacity. The opening of Tudor House is still under review to ensure it can open safely. The number of visitors is also expected to be impacted over the course of the year due to a reduced number of tourists in the city. The estimated adverse impact on the venues is £0.60M over the course of the financial year. Income loss from events unable to take place in the city is estimated at £0.15M. The overall adverse variance for libraries is £0.20M. This is made up of £0.13M loss of income following the temporary closure of the library service and £0.07M costs associated with reopening the libraries in July.
Housing Need	0.52 A	£0.32M of additional expenditure is anticipated around block booking of guest houses relating to rough sleepers. Also, £0.20M additional expenditure is forecast supporting single adults in relation to homelessness.
Private Sector Housing	0.20 A	Inspections of properties have been impacted by COVID-19. This has caused delays in issuing of licenses in the first half of the financial year and anticipated loss of income.

### 3. CUSTOMER & ORGANISATION PORTFOLIO

#### KEY REVENUE ISSUES – JULY 2020

The Portfolio is currently forecast to **overspend** by **£0.51M** at year-end on business as usual activities, which represents a percentage overspend against budget of **1.84%**. In addition, £0.33M of pressures arising from the COVID-19 pandemic are forecast for the year.

	<b>BAU Forecast Variance July 2020 £M</b>	<b>July 2020 % of budget</b>	<b>COVID-19 Forecast Pressures July 2020 £M</b>
<b>Customer &amp; Organisation</b>	<b>0.51 A</b>	<b>1.84</b>	<b>0.33 A</b>

A summary of the Portfolio business as usual forecast variance is shown in the table below:

<b>Service Area</b>	<b>BAU Forecast Variance July 2020 £M</b>
Customer Services	0.13 F
IT Services	0.90 A
Projects, Policy & Change	0.29 F
Other	0.03 A
<b>Total</b>	<b>0.51 A</b>

**The SIGNIFICANT business as usual issues for the Portfolio are:**

<b>Service Area</b>	<b>BAU Forecast Variance July 2020 £M</b>	<b>Explanation</b>
IT Services	0.90 A	There is an adverse position forecast for a saving target on Major IT projects for which a plan is currently being drawn up to identify any potential savings for this financial year.
Projects Policy & Performance	0.29 F	There is an overall favourable variance due to a delay in recruitment to the cohort of new posts created as part of the 2020/21 budget.

**There are no SIGNIFICANT COVID-19 pressures for the Portfolio.**

#### 4. FINANCE & INCOME GENERATION PORTFOLIO

##### KEY REVENUE ISSUES – JULY 2020

The Portfolio is currently forecast to **underspend** by **£0.06M** at year-end on business as usual activities, which represents **1.78%** as a percentage of the budget. In addition, £4.82M of pressures arising from the COVID-19 pandemic are forecast for the year.

	<b>BAU Forecast Variance July 2020 £M</b>	<b>July 2020 % of budget</b>	<b>COVID-19 Forecast Pressures July 2020 £M</b>
<b>Finance &amp; Income Generation</b>	<b>0.06 F</b>	<b>1.78</b>	<b>4.82 A</b>

A summary of the Portfolio business as usual forecast variance is shown in the table below:

<b>Service Area</b>	<b>BAU Forecast Variance July 2020 £M</b>
Accounts Payable	0.15 F
Commercialisation	0.04 F
Corporate Planning	0.19 A
Other	0.07 F
<b>Total</b>	<b>0.06 F</b>

There are no **SIGNIFICANT** business as usual issues for the Portfolio.

The **SIGNIFICANT** COVID-19 pressures for the Portfolio are:

<b>Service Area</b>	<b>COVID Forecast Pressures July 2020 £M</b>	<b>Explanation</b>
Commercialisation	0.30 A	The adverse variance is due to the additional costs of purchasing PPE equipment across the authority whereby the costs are shown centrally.

Corporate Planning	2.81 A	The adverse variance relates to the Investment Property Fund £2.75M and non implementation of the revised charging policy £0.06M.
Local Taxation & Benefits Service	0.39 A	<p>There is £0.06M savings in the central legal budget due to a lower than expected call upon this budget for pursuing non-payment for council tax and business rates.</p> <p>These are offset with additional costs of £0.45M due to non-achievement of savings as a result of Covid-19 pressures. This is comprised of savings losses of £0.16M for increased debt recovery of council tax, due to a delay in implementing new software systems with increased email and text reminders; and savings of £0.29M due to the reduction of bad debt and cost of recovery from an improved recovery rate, as a result of a worsening economic forecast since lockdown began in March.</p>
Property Portfolio Management	1.29 A	The existing investment property portfolio has a significant number of tenants in the retail and hospitality sector that have had restrictions on their ability to trade under government COVID-19 mitigation measures. It is estimated that around £1.19M will not be receivable in the financial year from reduced income as part of profit share arrangements and some rental income not being collectable due to the financial pressures faced by tenants operating in these industries. There is also an adverse variance of £0.10M from an unachievable savings target associated with increasing rental income by disposing of low yielding properties and investing proceeds in properties that generate a higher return. Market conditions are making the achievement of the saving difficult in this financial year however work is being planned to determine how the saving could be achieved in the current climate.

## 5. GREEN CITY & PLACE PORTFOLIO

### KEY REVENUE ISSUES – JULY 2020

The Portfolio is currently forecast to **overspend** by **£1.20M** at year-end on business as usual activities, which represents a percentage overspend against budget of **5.19%**. In addition, £5.09M of pressures arising from the COVID-19 pandemic are forecast for the year.

	<b>BAU Forecast Variance July 2020 £M</b>	<b>July 2020 % of budget</b>	<b>COVID-19 Forecast Pressures July 2020 £M</b>
<b>Green City &amp; Place</b>	<b>1.20 A</b>	<b>5.19</b>	<b>5.09 A</b>

A summary of the Portfolio business as usual forecast variance is shown in the table below:

<b>Service Area</b>	<b>BAU Forecast Variance July 2020 £M</b>
City Services – Commercial Services	0.19 A
City Services – District Operating Areas	0.43 A
City Services – Waste Operations	0.49 A
Other	0.09 A
<b>Total</b>	<b>1.20 A</b>

**The SIGNIFICANT business as usual issues for the Portfolio are:**

Service Area	BAU Forecast Variance July 2020 £M	Explanation
City Services – District Operating Areas	0.43 A	Sickness and vacancies in the team have given rise to additional overtime and temporary staffing costs. There is also an adverse variance due to additional vehicle running costs for the ageing vehicle fleet.

City Services – Waste Operations	0.49 A	Recycling income for 2020/21 is expected to be significantly reduced since the resale market for recycling material has been indirectly impacted by COVID-19. Current estimate is an adverse variance of £0.22M. A further £0.26M adverse variance relates to, an increase in tonnage rate for tipping costs for commercial waste, additional bin storage costs pending move of bins to Red Lodge depot, reduction of income from bin sales and costs for damage and repair of vehicles.
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**The SIGNIFICANT COVID-19 pressures for the Portfolio are:**

Service Area	COVID-19 Forecast Pressures July 2020 £M	Explanation
City Services – District Operating Areas	0.33 A	The forecast variance represents the potential cost of additional cleansing over and above business as usual activities, as well as recognising an unachievable saving target due to the impact of COVID-19 on the rollout of compactor bins.
City Services – Waste Operations	0.30 A	There are income pressures in commercial waste collection, following the closure of non-essential businesses during lockdown, and reduced income following suspension of green waste in April. Costs associated with the restricted reopening of HWRCs and associated traffic management have been built into the forecast. These pressures have been partly relieved by an anticipated fall in disposal costs during the first quarter of 2020/21.
Transportation	0.26 A	The savings target of £0.25M for Council wide transport costs from a corporate review is forecast not to be achieved as the review has not been completed. Provision has been made in the budget for resources to develop the project in 2020/21 but COVID-19 is impacting on progress. The additional £0.01M is from staffing variances to help deal with the service response to COVID-19.



Parking & Itchen Bridge	3.93 A	Charging for Itchen bridge, and for parking facilities, was suspended during April and May 2020 in response to the COVID-19 pandemic. Charging was reintroduced from June but traffic volumes are expected to be lower over the rest of the financial year. The forecast adverse variance on Itchen Bridge for the financial year is £1.50M, and the overall variance across all streams of off-street parking income is £2.43M.
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## 6. HEALTH & ADULTS PORTFOLIO

### KEY REVENUE ISSUES – JULY 2020

The Portfolio is currently forecast to **underspend** by **£0.84M** at year-end on business as usual activities, which represents a percentage underspend against budget of **1.32%**. In addition, £27.64M of pressures arising from the COVID-19 pandemic are forecast for the year.

	BAU Forecast Variance July 2020 £M	July 2020 % of budget	COVID-19 Forecast Pressures July 2020 £M
<b>Health &amp; Adults</b>	<b>0.84 F</b>	<b>(1.32)</b>	<b>27.64 A</b>

A summary of the Portfolio business as usual forecast variance is shown in the table below:

Service Area	BAU Forecast Variance July 2020 £M
Long Term	0.46 F
Public Health	0.35 F
Provider Services	0.06 A
Safeguarding Adult Mental Health & Out of Hours	0.06 F
Other	0.03 F
<b>Total</b>	<b>0.84 F</b>

**The SIGNIFICANT business as usual issues for the Portfolio are:**

Service Area	BAU Forecast Variance July 2020 £M	Explanation
Long Term	0.46 F	There is a forecast £0.67M underspend due to a reduction of clients in Nursing and Residential care as well as direct payments partly due to hospital discharge costs being picked up by the NHS and partly due to COVID-19 excess deaths. There is also a net £0.20M overspend in Learning Disabilities in relation to increased care package costs and additional new clients.
Public Health	0.35 F	Net savings of £0.35M made due to interim arrangements prior to implementation of a new staffing structure. This is offsetting Public Health COVID-19 costs elsewhere (the funding is ring-fenced).

**The SIGNIFICANT COVID-19 pressures for the Portfolio are:**

Service Area	COVID-19 Forecast Pressures July 2020 £M	Explanation
Integrated Commissioning Unit	0.75 A	Due to the COVID-19 outbreak a 10% Block contract uplift has been applied to appropriate provider care support contracts as well as the cost of additional COVID-19 staffing resource and Personal Protective Equipment.
Long Term	24.26 A	There are forecast to be additional client package costs and savings unachieved as a result of COVID-19. This includes additional contract uplift to providers, additional staffing cost and increased pressure upon the Adult Social Care system.
Public Health	0.35 A	The COVID-19 outbreak cost pressure of £0.35M has been offset in Public Health by savings from increased salary budgets resulting from a new proposed structure and funding in the reserve account identified for COVID-19 costs.

Provider Services	0.42 A	There is a forecast adverse variance due to additional remedial works and agency staff that are required for Holcroft House and Kentish Road.
Reablement & Hospital Discharge	0.98 A	There is a forecast adverse variance due to increased overtime, protective equipment and staffing required during the COVID-19 crisis.
Safeguarding Adult Mental Health & Out of Hours	0.88 A	There are forecast to be additional client package costs as a result of COVID-19. This Includes additional contract uplift to providers, additional staffing cost and increased pressure upon Adult Social Care system.

## **7. STRONGER COMMUNITIES PORTFOLIO**

### **KEY REVENUE ISSUES – JULY 2020**

The Portfolio is currently forecast to **overspend** by **£0.18M** at year-end on business as usual activities, which represents a percentage overspend against budget of **6.31%**. In addition, £1.10M of pressures arising from the COVID-19 pandemic are forecast for the year.

	<b>BAU Forecast Variance July 2020 £M</b>	<b>July 2020 % of budget</b>	<b>COVID-19 Forecast Pressures July 2020 £M</b>
<b>Stronger Communities</b>	<b>0.18 A</b>	<b>6.31</b>	<b>1.10 A</b>

A summary of the Portfolio business as usual forecast variance is shown in the table below:

<b>Service Area</b>	<b>BAU Forecast Variance July 2020 £M</b>
Bereavement Services	0.10 A
Port Health & Trading Standards	0.01 A
Registration Services	0.08 A
<b>Total</b>	<b>0.18 A</b>

There are no **SIGNIFICANT** business as usual issues for the Portfolio.

The **SIGNIFICANT** COVID-19 pressures for the Portfolio are:

Service Area	COVID-19 Forecast Pressures July 2020 £M	Explanation
Bereavement Services	0.46 A	During March 2020, a decision was made to install temporary mortuary facilities to cope with expected additional mortality rates in Hampshire from COVID-19. £0.41M of the variance relates to Southampton City Council's share of the setup and running costs of the facility between April and June 2020. The forecast also includes the estimated impact of COVID-19 on Coroners costs of £0.05M.
Registration Services	0.45 A	Following the implementation of lockdown due to the COVID-19 pandemic, the number of services provided by Registration services has been extremely limited. The only income generating service during lockdown was registration of deaths, and latterly births. Wedding ceremonies have had to be postponed and, in some cases have been cancelled, which is likely to have an impact on income for the whole of 2020/21. In addition to the lost income, additional costs are being incurred to facilitate reopening of services with appropriate social distancing measures, including additional cleansing costs and security measures.

## 8. NON-PORTFOLIO EXPENDITURE & INCOME

### KEY REVENUE ISSUES – JULY 2020

Non-Portfolio Expenditure & Income is currently forecast to **underspend** by **£3.78M** at year-end on business as usual activities, which represents a percentage underspend against budget of **39.7%**. In addition, a favourable variance of £16.14M is forecast to offset pressures arising from the Covid-19 pandemic.

	<b>BAU Forecast Variance July 2020 £M</b>	<b>July 2020 % of budget</b>	<b>COVID-19 Forecast Pressures July 2020 £M</b>
<b>Non-Portfolio Expenditure &amp; Income</b>	<b>3.78 F</b>	<b>(39.7)</b>	<b>16.14 F</b>

The **SIGNIFICANT** business as usual issues for the Portfolio are:

Service Area	BAU Forecast Variance July 2020 £M	Explanation
Other Expenditure & Income	3.78 F	Release of revenue funding previously set aside for capital financing.

The **SIGNIFICANT COVID-19** pressures for the Portfolio are:

Service Area	COVID-19 Forecast Pressures July 2020 £M	Explanation
Capital Asset Management	0.22 A	Forecast loss of income from CCLA Property Fund.
Other Expenditure & Income	16.36 F	As at the end of July 2020 the Government had allocated 3 tranches of emergency funding to local authorities, £7.40M for tranche 1 at the end of March 2020, £7.00M for tranche 2 in May 2020 and £2.49M for tranche 3 in July 2020 (received in early August). £0.53M of tranche 1 was used to meet COVID-19 costs in 2019/20 and the remainder carried forward into 2020/21.

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<b>Treasury Management (at quarter 1)</b>																																																																																																																																																																							
<b>Borrowing and Investments</b>																																																																																																																																																																							
1.	The table below shows the year's opening balance of borrowing and investments, the levels as at 30 June 2020 and those predicted for year-end. Forecast borrowing is currently based on the programme approved in February and will be subject to review during the year.																																																																																																																																																																						
2.	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 30%;"></th> <th style="width: 10%;">31-Mar-20 Actual £M</th> <th style="width: 10%;">31-Mar-20 Average %</th> <th style="width: 10%;">30-Jun-20 Actual £M</th> <th style="width: 10%;">30-Jun-20 Average %</th> <th style="width: 10%;">31-Mar-21 Forecast £M</th> <th style="width: 10%;">31-Mar-20 Forecast %</th> </tr> </thead> <tbody> <tr> <td><b>Long Term Borrowing</b></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Public Works Loan</td> <td style="text-align: right;">257.87</td> <td style="text-align: right;">2.88</td> <td style="text-align: right;">255.12</td> <td style="text-align: right;">2.70</td> <td style="text-align: right;">513.70</td> <td style="text-align: right;">2.72</td> </tr> <tr> <td>LOBO Loans from Banks</td> <td style="text-align: right;">9.00</td> <td style="text-align: right;">4.89</td> <td style="text-align: right;">9.00</td> <td style="text-align: right;">4.86</td> <td style="text-align: right;">9.00</td> <td style="text-align: right;">4.88</td> </tr> <tr> <td></td> <td style="text-align: right;"><b>266.87</b></td> <td style="text-align: right;"><b>2.95</b></td> <td style="text-align: right;"><b>264.12</b></td> <td style="text-align: right;"><b>2.81</b></td> <td style="text-align: right;"><b>522.70</b></td> <td style="text-align: right;"><b>2.78</b></td> </tr> <tr> <td><b>Short Term Borrowing</b></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Other Local Authorities</td> <td style="text-align: right;">10.00</td> <td style="text-align: right;">0.92</td> <td style="text-align: right;">5.00</td> <td style="text-align: right;">0.67</td> <td style="text-align: right;">10.00</td> <td style="text-align: right;">0.61</td> </tr> <tr> <td>Other</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td><b>Total External Borrowing</b></td> <td style="text-align: right;"><b>276.87</b></td> <td style="text-align: right;"><b>0.92</b></td> <td style="text-align: right;"><b>269.12</b></td> <td style="text-align: right;"><b>2.74</b></td> <td style="text-align: right;"><b>532.70</b></td> <td style="text-align: right;"><b>2.70</b></td> </tr> <tr> <td><b>Other Long Term Liabilities</b></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>PFI Schemes</td> <td style="text-align: right;">54.00</td> <td style="text-align: right;">9.01</td> <td style="text-align: right;">52.48</td> <td style="text-align: right;">8.82</td> <td style="text-align: right;">50.96</td> <td style="text-align: right;">9.16</td> </tr> <tr> <td>Deferred Debt Charges (HCC)</td> <td style="text-align: right;">13.83</td> <td style="text-align: right;">2.66</td> <td style="text-align: right;">13.64</td> <td style="text-align: right;">2.61</td> <td style="text-align: right;">13.46</td> <td style="text-align: right;">2.70</td> </tr> <tr> <td><b>Total Gross External Debt</b></td> <td style="text-align: right;"><b>344.70</b></td> <td style="text-align: right;"><b>3.87</b></td> <td style="text-align: right;"><b>335.25</b></td> <td style="text-align: right;"><b>4.08</b></td> <td style="text-align: right;"><b>597.12</b></td> <td style="text-align: right;"><b>3.87</b></td> </tr> <tr> <td><b>Investments:</b></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td><b>Managed In-House</b></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Government &amp; 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6.	As a result of the current economic uncertainty, the benchmark gilt rates for PWLB loans remain at historic lows, however following the government's announcement on 9th October that the margin on loans has increased from 0.8% to 1.8% an increase of 100 base points or £0.010M for each £1M borrowed, this is now relatively expensive, and market alternatives will be considered in consultation with our advisors, Arlingclose before any long term borrowing is taken.																																																																																																																																																																						

	<p>These alternatives will not be as straightforward as borrowing from the PWLB and the strength of individual authorities will be scrutinised by investors and commercial lenders to determine the rate.</p>
7.	<p>The Chancellor's March 2020 Budget statement included further significant changes to PWLB policy and launched a wide-ranging consultation on the PWLB's future direction. Announcements included a reduction in the margin on new HRA loans to 0.80% above equivalent gilt yields: the value of this discount is 1% below the rate at which the authority can usually borrow from the PWLB. There is also £1.15bn of additional "infrastructure rate" funding at gilt yields plus 0.60% available to support specific local authority infrastructure projects for which there is a bidding process.</p>
8.	<p>Short term interest rates have remained low and are likely to do so for the remainder of the year and offer good value, which we will utilise to fund any further borrowing needs in the year, unless a further opportunity arises to secure a long term loan at advantageous rates. We currently have £5M in short term debt and this is expected to increase during the year to replace maturing long term debt, expected reduction in reserves and to fund the forecast capital programme for the year, until a decision is taken with regards to long term borrowing. Any increase in short term borrowing costs will be offset by a reduction in long term costs.</p>
	<p><u>Investment</u></p>
9.	<p>The initial reaction to the COVID crisis in March meant that short term liquidity became difficult and Government sought to assist cash flow by providing up front funding as far as possible, both in terms of the grants to businesses administered by the Council on its behalf and the funding to the local authority itself (under the business rates retention scheme). As a result of this grant funding year end investment balances were higher than expected and have remained so during the quarter but are expected to fall throughout the year to an estimated £40M by the end of the year, as we have a number of debt maturities and an ongoing capital programme, but this will be dependent on actual capital spend and movement in balances. Investment balances have ranged between £114M and £61M during the quarter and are currently £79M.</p> <p>The impact of COVID-19 will continue during the year and will be reported at each quarter and as part of the mid-year Treasury Report to Governance Committee.</p>
	<p><u>External Managed investments</u></p>
10.	<p>The council has invested £27M in property funds as an alternative to buying property directly. As previously reported these funds offer the potential for enhanced returns over the longer term, but may be more volatile in the shorter term and are managed by professional fund managers which allows the Authority to diversify into asset classes other than cash without the need to own and manage the underlying investments.</p> <p>Because these funds have no defined maturity date, but are usually available for withdrawal after a notice period, their performance and continued suitability in meeting the Authority's investment objectives is regularly reviewed.</p>
11.	<p>Similar to many other property funds, dealing (i.e. buying or selling units) in the fund is currently suspended.</p> <p>The lack of property transactions (as the pandemic intensified) meant that it was not possible for valuers to be confident that their valuations correctly reflected prevailing conditions. To avoid material risk of disadvantage to buyers, sellers and holders of units in the property fund, the management company was obliged to suspend transactions until the required level of certainty is re-established.</p>



12.	Strategic fund investments are made in the knowledge that capital values will move both up and down on months, quarters and even years; but with the confidence that over a three to five-year period total returns will exceed cash interest rates. In light of their performance over the long-term and the Authority's latest cash flow forecasts, investment in these funds has been maintained.
13.	<p>During 2019/20 this investment returned £1.2M at an average yield of 4.35% against the initial investment, however since the onset of the COVID-19 pandemic and the current global economic environment, the value of the fund fell to £26.47M at 31 March 2020 a reduction of £0.53M against the original investment.</p> <p>This trend has continued into 2020/21 and the fund is currently valued at £25.42M, £1.58M lower than original investment. This notional "loss" will only be a cost to the Authority at the point the investment is sold as the Authority is using the alternative fair value through profit and loss (FVPL) accounting and can defer the funds' fair value losses to the Pooled Investment Fund Adjustment Account until 2023/24, by which time it is anticipated that the global economic environment will have improved.</p> <p>The estimated return for the year is expected to reduce to about 75% of that for 2019/20, with £0.9M forecast.</p>
	<u>Financial Review and Outlook for 2020/21</u>
14.	A summary of the external factors, which sets the background for Treasury, as provided by the council's treasury advisors, Arlingclose Ltd, is summarised below. The low for longer interest rate outlook theme that has been at the core of the recommended strategic advice for over a decade remains.
15.	The UK's exit from the European Union took a back seat during the first quarter of 2020/21 as the global economic impact from coronavirus took centre stage. Part of the measures taken to stop the spread of the pandemic included the government implementing a nationwide lockdown in late March which effectively shut down almost the entire UK economy. These measures continued throughout most of the quarter with only some easing of restrictions at the end of May and into June.
16.	Bank Rate was maintained at 0.1% despite some speculation that the Bank of England's Monetary Policy Committee (MPC) might cut further and some MPC members also suggesting that negative rates are part of the Bank's policy tools. In June the Bank increased the asset purchase scheme by £100 billion, taking the recent round of QE to £300bn and total QE to £745 billion. At the same time, the government also implemented a range of fiscal stimulus measures totalling over £300 billion which had been announced in March and designed to dampen the effect of the pandemic on the labour market.
17.	GDP growth contracted by 2.2% in Q1 (Jan-Mar) 2020 pushing the annual growth rate down to -1.6%. The lockdown only came into force on 23rd March, and the markets are braced for a dire set of growth data for Q2. In April UK GDP fell 20.4% month-on-month. On the back of the 5.8% month-on-month fall in March, this means economic output fell by 25% compared to its pre-coronavirus peak in February 2020. The headline rate of UK Consumer Price Inflation UK Consumer Price Inflation fell to 1.2% y/y in May, further below the Bank of England's 2% target.
18.	In the three months to June, labour market data remained largely unchanged on the previous quarter. This is likely due to the government's furlough scheme as more than a quarter of the UK workforce was estimated to be supported by it. The ILO unemployment rate remained unchanged at 3.9% while the employment rate fell to 76.4%. However, employers will have to

	contribute towards furlough payments from August and the scheme is due to stop at the end of October; unemployment is expected to rise as a result.																																																																	
19.	<p>The US economy contracted at an annualised rate of 5.0% in Q1 2020. The Federal Reserve maintained the Fed Funds rate at between 0% and 0.25% while the US government announced a \$2 trillion fiscal stimulus package. Relations between the US and China, which had briefly improved when Phase 1 of the trade agreement was signed in January, deteriorated over the quarter. With little room to move on interest rates, the European Central Bank maintained interest rates at 0% and the rate on the deposit facility (which banks may use to make overnight deposits with the Eurosystem) at -0.5% and announced a further huge, open-ended commitment to buy €600bn of bonds under its Pandemic Emergency Purchase Programme (PEPP) which can be reinvested out to 2022. This lifted the ECB's total bond buying support package to €1.35trillion.</p>																																																																	
20.	<p>The medium-term global economic outlook is very weak. While containment measures taken by national governments in response to coronavirus are being eased, it is likely to be some time before demand recovers to pre-crisis levels due to rises in unemployment, the on-going need for virus control measures and the impact on consumer/business confidence.</p> <p>The responses from the Bank of England, HM Treasury as well as other central banks and governments have been significant and will act to support the recovery when it occurs, by keeping financial conditions stable and many businesses solvent/employees employed than would otherwise have been the case. There will be an economic bounce in the second half of the year, as businesses currently dormant begin production/supply services once more.</p> <p>However, the scale of the economic shock to demand and the probable on-going social distancing measures necessary before a vaccine is produced will mean that the subsequent pace of recovery is limited.</p>																																																																	
21.	<p>Our treasury advisor, Arlingclose, expects the Bank Rate to remain at the current 0.10% level and additional monetary loosening in the near future through further financial asset purchases (QE).</p> <p>While the Arlingclose central case for Bank Rate is no change, further cuts to Bank Rate to zero or even into negative territory cannot be ruled out. Downside risks remain in the near term, as households and businesses react to an unprecedented set of economic circumstances.</p> <p>Gilt yields are expected to remain very low in the medium term. Some shorter-term gilt yields will remain around zero until either the Bank expressly rules out negative Bank Rate or growth prospects improve.</p> <table border="1"> <thead> <tr> <th></th> <th>Sep-20</th> <th>Dec-20</th> <th>Mar-21</th> <th>Jun-21</th> <th>Sep-21</th> <th>Dec-21</th> <th>Mar-22</th> <th>Jun-22</th> <th>Sep-22</th> <th>Dec-22</th> <th>Mar-23</th> <th>Jun-23</th> </tr> </thead> <tbody> <tr> <td><b>Official Bank Rate</b></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td><b>Upside risk</b></td> <td>0.00</td> <td>0.00</td> <td>0.00</td> <td>0.00</td> <td>0.00</td> <td>0.15</td> <td>0.15</td> <td>0.15</td> <td>0.15</td> <td>0.30</td> <td>0.30</td> <td>0.30</td> </tr> <tr> <td><b>Arlingclose Central Case</b></td> <td>0.10</td> <td>0.10</td> <td>0.10</td> <td>0.10</td> <td>0.10</td> <td>0.10</td> <td>0.10</td> <td>0.10</td> <td>0.10</td> <td>0.10</td> <td>0.10</td> <td>0.10</td> </tr> <tr> <td><b>Downside risk</b></td> <td>-0.35</td> <td>-0.35</td> <td>-0.35</td> <td>-0.35</td> <td>-0.35</td> <td>-0.35</td> <td>-0.35</td> <td>-0.35</td> <td>-0.35</td> <td>-0.35</td> <td>-0.35</td> <td>-0.35</td> </tr> </tbody> </table>		Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	<b>Official Bank Rate</b>													<b>Upside risk</b>	0.00	0.00	0.00	0.00	0.00	0.15	0.15	0.15	0.15	0.30	0.30	0.30	<b>Arlingclose Central Case</b>	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	<b>Downside risk</b>	-0.35	-0.35	-0.35	-0.35	-0.35	-0.35	-0.35	-0.35	-0.35	-0.35	-0.35	-0.35
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<b>Downside risk</b>	-0.35	-0.35	-0.35	-0.35	-0.35	-0.35	-0.35	-0.35	-0.35	-0.35	-0.35	-0.35																																																						

	<b><u>Credit background</u></b>
22.	<p>The UK sovereign rating was downgraded to AA- in March which was followed by a number of actions on UK and also non-UK banks from early April onwards.</p> <p>As the extent of the losses that banks and building societies will suffer due to the impact from the coronavirus epidemic remains uncertain but is expected to be substantial, in early June following Arlingclose's stress testing of the institutions on the counterparty list using bail-in analysis, a number of UK banks and building societies were suspended from the counterparty list for unsecured deposits. Although much better capitalised than before the 2007-09 financial crisis, under the current economic circumstances these entities were suspended for reasons of prudence. For those remaining on the list, the duration advice remains up to 35 days.</p>
23.	<b><u>Investment Performance</u></b>
24.	<p>The council's advisors undertake quarterly investment benchmarking across its client base. As reported previously our portfolio was more diversified and at higher interest rates than the average as a result of moving into the bond programme earlier than most clients, but there is now more competition for bonds from both government bodies and other local authorities, so opportunities to replace maturing bonds are limited and we will see a fall in suitable instruments. With this in mind, and following discussions with our advisors, it was decided to move more into property funds, which are a longer term investment, and to short term investments for cash flow purposes.</p>
25.	<p>Our current investments in bonds is now £3M following maturities in 2019/20 and we maintained the property funds at £27M, with all other cash being placed in short term deposits as shown in paragraph 2.</p>
26.	<p>As detailed in paragraph 9 our cash balances have been higher than usual. As a result we had £49M in short term investment which is above our normal working balances. Our target is to reduce this to a £10M working balance to reduce borrowing and therefore net interest costs but this will be dependent on actual capital spend and movement in balances.</p>
27.	<p>Investments managed internally are currently averaging a return of 0.51% which is higher than the average of 0.38% whilst still maintaining the average credit rating of AA-. Total income return at 1.72% is also higher than the average for both unitary (1.07%) and LA's (0.96%).</p> <p>However due to a fall in the capital value of our external funds of -7.49% our total investment return -0.74% is lower than both the average unitary (-0.56%) and LA's (-0.30%) across Arlingclose's client base, but as previously reported it is the income return at 4.21% that is the driver to invest plus they are deemed less risky than buying individual properties and do not constitute capital spend.</p>

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## KEY FINANCIAL RISKS (annexe 1.3)

The following table identifies the key financial risks to the council's financial position over the short to medium term together with a summary of the mitigating actions in place and planned. These financial risks are reflected in the assessment of the adequacy of estimates and reserves. The assessment of risk is based on the following risk scoring criteria:

LIKELIHOOD (Probability)	
<b>A - Almost Certain &gt; 95%</b>	Highly likely to occur
<b>B - Likely</b>	Will probably occur
<b>C - Possible 50%</b>	Might occur
<b>D - Unlikely</b>	Could occur but unlikely
<b>E - Very Unlikely &lt; 5%</b>	May only occur in exceptional circumstances

IMPACT (Consequence)	
<b>1 - Extreme</b>	Loss or loss of income > £20m
<b>2 - Major</b>	Loss or loss of income £10m < £20m
<b>3 - Significant</b>	Loss or loss of income £5m < £10m
<b>4 - Moderate</b>	Loss or loss of income £500k < £5m
<b>5 - Minor</b>	Loss or loss of income £10k < £500k

- Robustness of estimates**

Key Financial Risk	INHERENT RISK		Comments/Mitigating Actions in place	RESIDUAL RISK	
	Likelihood	Impact		Likelihood	Impact
FE1. <b>Interest rates</b> are underestimated.	Likely	Major	<ul style="list-style-type: none"> <li>PWLB rates increased 1% on 9 October 2019 with less than 1 hour notice. Funding was secured about 1 month prior to this for £90M for the capital programme at advantageous rates, in anticipation of subsequent step ups with interest rates. Prudent estimates are made around future rates when costing the financing of the capital programme.</li> <li>PWLB rates discounted by 1% for new HRA loans in March 2020 Budget.</li> <li>Market intelligence provided by Treasury Management advisors.</li> <li>Treasury Management Strategy is aligned with CIPFA Code and MHCLG Guidance re investing funds prudently and having regard to the security and liquidity of its investments before seeking the highest rate of return.</li> </ul>	Possible	Significant
FE2. <b>Existing fees and charges:</b> Projected levels of income within the period are not achieved and/or maintained.	Possible	Moderate	<ul style="list-style-type: none"> <li>Fees and charges have been reviewed as part of the business planning process. If there are 'in year' shortfalls these form part of the budget monitoring processes.</li> <li>Loss of income from fees and charges is forecast for 2020/21 due to the impact of COVID-19 measures and economic downturn. This will be mitigated by the Government scheme to fund 75p in every £1 lost over and above a 5% budget threshold. This does not apply to commercial activities.</li> </ul>	Possible	Moderate
FE3. <b>New income streams:</b> Projected levels of income within the period are not achieved.	Possible	Moderate	<ul style="list-style-type: none"> <li>Income generating activity has been identified as part of current approved savings proposals. There is a risk that in light of the economic backdrop and exit from the European Union that these levels of income will not be achieved.</li> <li>Higher risk as it is based on new sources of income.</li> <li>Implementation of new income generation proposals has been delayed due to the impact of COVID-19 and economic downturn.</li> </ul>	Possible	Moderate
FE4. <b>Volatility of Business Rates funding</b> given the uncertainty around impact of successful appeals.	Likely	Significant	<ul style="list-style-type: none"> <li>The Valuations Office undertook a reset of rateable values from 2017/18. The provision has been reviewed in light of the revaluation and known current appeals and will be reviewed on a regular basis, at present this is deemed to be adequate.</li> <li>Appeals can be backdated and as a consequence of this the Council has set aside a provision to deal with this element of the financial impact.</li> <li>The appeals window for the 2010 rating list has been closed.</li> </ul>	Unlikely	Minor

- **Robustness of estimates**

Key Financial Risk		INHERENT RISK		Comments/Mitigating Actions in place	RESIDUAL RISK	
		Likelihood	Impact		Likelihood	Impact
FE5.	<b>Increase in demand led spending pressures</b> (including impact of Welfare Reform, social care, safeguarding) over and above the current budget provision.	Possible	Significant	<ul style="list-style-type: none"> <li>• Annual budget setting process developed in consultation with service managers</li> <li>• Monitoring of capital (quarterly) and revenue (monthly) budgets, reported to EMT and Cabinet (Quarterly).</li> <li>• Action plans to address any significant in year budget variances are agreed with EMT with the status of the agreed actions reported to EMT on a monthly basis</li> <li>• Action plans intended to manage/reduce the number of Looked After Children</li> </ul>	Possible	Moderate
FE6a.	Third party provider costs will increase as a result of the introduction of the <b>National Living Wage</b>	Almost certain	Moderate	<ul style="list-style-type: none"> <li>• As each contract is procured any impact of this will need to be assessed and addressed to ensure services are procured within budget.</li> </ul>	Possible	Moderate
FE6b.	<b>Third party provider costs increase</b> as result of SCC having to 'step in' in the event of potential provider failure (social care providers)	Possible	Moderate	<ul style="list-style-type: none"> <li>• ICU contract monitoring arrangements and general market oversight and intelligence</li> </ul>	Unlikely	Minor
FE7.	<b>Legal challenge to savings proposals</b> that could result in the proposal being either discontinued or revised.	Possible	Moderate	<ul style="list-style-type: none"> <li>• Robust budget consultation process in place.</li> </ul>	Unlikely	Minor
FE8.	<b>Pressure on returns from investment properties</b> in both the short and longer term.	Possible	Significant	<ul style="list-style-type: none"> <li>• There is a full and robust process around the financial and legal analysis of the individual investments.</li> <li>• Investments are diversified between sectors.</li> </ul>	Possible	Moderate
FE9.	<b>Voluntary sector</b> is either unwilling or unable to support the delivery of certain services or activities	Possible	Significant	<ul style="list-style-type: none"> <li>• Review the overall expectation and co-ordination of the services required of the voluntary sector.</li> <li>• Consideration is given to this risk in deciding whether to design services around the voluntary sector</li> </ul>	Possible	Moderate
FE10.	The council's <b>service delivery partners</b> seek to exit an agreement or are no longer able to deliver the required service or the council seeks to reach an exit agreement.	Likely	Significant	<ul style="list-style-type: none"> <li>• Central Contracts Team monitors and work closely with the council's significant service delivery partners.</li> <li>• Contractual obligations on both parties that set out the respective roles and responsibilities.</li> </ul>	Possible	Moderate
FE11.	The Council may received reduced funding if Government make changes to the Local Government funding mechanism. Such changes may include removing the ring-fence for Public Health Grant and rolling it in to general funding.	Possible	Significant	<ul style="list-style-type: none"> <li>• The Council will plan for any proposed changes through the Medium Term Financial Strategy process.</li> </ul>	Possible	Significant

- Adequacy of proposed financial reserves

Key Financial Risk		INHERENT RISK		Comments/Mitigating Actions	RESIDUAL RISK	
		Likelihood	Impact		Likelihood	Impact
FR1.	<b>Business Rate Retention &amp; Council Tax Growth</b> - the council fails to collect, retain and grow business rate income	Significant	Significant	<ul style="list-style-type: none"> <li>• The assumption built into the MTFS is based on an annualised CPI Rate reflecting the uplift set by government.</li> <li>• The current MTFS includes assumptions on growth which have been reviewed compared with past expectations as factored into budget plans. This has been undertaken in conjunction with the Growth service team and Business rate collection team, including pipeline developments and their assumed operation dates. This will be monitored on a frequent basis as part of the standard monitoring.</li> <li>• Reserves can be used to offset the impact of shortfalls in estimated business rates, giving time to adapt the budget and service planning.</li> </ul>	Possible	Moderate
FR2.	<b>Delivery of all of the agreed savings</b> is not achieved.	Possible	Major	<ul style="list-style-type: none"> <li>• Progress and delivery of the overall Programme and individual projects is monitored at Executive Director level, by EMT, with any non achievement forming part of the normal budget monitoring action plan process.</li> <li>• EMT review the validity and achievability of projects and provide approval (or not) to projects</li> </ul>	Unlikely	Significant
FR3.	The Government could impose a lower <b>Council Tax referendum</b> threshold and/or reduce or remove the <b>Adult Social Care Levy</b>	Possible	Moderate	<ul style="list-style-type: none"> <li>• The 2020/21 budget included no increase in the general Council Tax and the MTFS agreed in February 2020 assumed a 1.99% increase in Council Tax for the years 2021/22 and 2022/23.</li> <li>• The Adult Social Care Levy was introduced as part of the Autumn 2015 Spending Review and allowed local authorities with social care responsibilities to increase Council Tax by a further 6% over the 3 years 2017/18 - 2019/20 (3% was applied in 17-18 &amp; 18-19 and 0% in 19-20). The Government consulted on a further 2% Levy in the 2020/21 Provisional Settlement and the Council applied this increase instead of an increase in general Council Tax. The MTFS agreed in February 2020 assumed no further increases in the Levy beyond 2020/21.</li> <li>• Given the national recognition of pressures within the Adult Social Care system it is unlikely that the ASC Levy will be removed or reduced.</li> </ul>	Unlikely	Moderate
FR4.	<b>Slippage in capital receipts</b> (not accompanied by a slippage in spend).	Possible	Moderate	<ul style="list-style-type: none"> <li>• Non-receipt of any planned income will require a permanent draw from reserves, additional borrowing or for savings to be found in the capital programme.</li> <li>• Impact reflects the cost of borrowing in short term (the interest payments).</li> </ul>	Possible	Minor
FR5.	If <b>building inflation</b> was to exceed general inflation over a prolonged period, this would have a significant adverse impact on <b>HRA balances</b> and, in turn, the business model in respect of the redevelopment and refurbishment of the SCC Housing stock.	Possible	Significant	<ul style="list-style-type: none"> <li>• Surpluses are liable to change annually, either favourably or not, and this will be reflected the annual review of stock investment needs and estimated unit rates.</li> <li>• Monitoring and assessment of potential impact with business model sufficiently flexible to allow for reassessment of priority outcomes against available budget</li> </ul>	Possible	Moderate
FR6.	The level of funds within the <b>internal insurance provisions</b> is inadequate to meet current or future demand	Possible	Moderate	<ul style="list-style-type: none"> <li>• The adequacy of the provision is informed by the output from periodical (at least triennial) external actuarial reviews of the funds.</li> <li>• The level of funding required is reviewed as part of annual budget setting process and the position, in respect of potential liabilities is reviewed on a monthly basis.</li> </ul>	Unlikely	Moderate



- Adequacy of proposed financial reserves

Key Financial Risk		INHERENT RISK		Comments/Mitigating Actions	RESIDUAL RISK	
		Likelihood	Impact		Likelihood	Impact
FR7.	Ad hoc or unforeseen events / emergencies.	Possible	Major	<ul style="list-style-type: none"> <li>• The Council's Reserves may be utilised in respect of the financial impact of such an event.</li> <li>• Subject to the nature of the event alternative sources of funding might be available e.g. Bellwin Scheme.</li> <li>• The Government has allocated 3 tranches of un-ringfenced Emergency Funding to local authorities to meet COVID-19 pressures and confirmed funding will be available to meet some fees and charges income losses, as well as providing some ring-fenced grant funding for specific measures e.g. testing and tracing.</li> </ul>	Possible	Significant
FR8.	The cost of implementing the Care Act 2014 is greater than anticipated.	Unlikely	Moderate	<ul style="list-style-type: none"> <li>• Current assumption is for the cost of this new burden to be met by the funding allocation provided within the Better Care Fund and the new Carers and Care Act Implementation grant</li> <li>• The main implications of the Care Act have been deferred beyond 2020/21.</li> </ul>	Unlikely	Moderate
FR9.	CCG could seek to reduce its level of contribution to the 'pooled budgeting' arrangement with SCC	Possible	Significant	<ul style="list-style-type: none"> <li>• Ongoing relationship and dialogue with CCG re shared objectives and outcomes.</li> </ul>	Unlikely	Moderate
FR10.	The council is unable to quantify the financial impact on both vulnerable individuals and key council services arising from implementation of welfare reforms	Possible	Moderate	<p>The impact of Welfare Reform on all service areas will be difficult to monitor or to mitigate against.</p>	Possible	Moderate
FR11.	Inflation increases at a higher rate than anticipated	Possible	Moderate	<ul style="list-style-type: none"> <li>• Assumptions have been made in the estimates about the likely level of general inflation that will apply in 2020/21. CPI is currently running at 1.0%, well below the anticipated level.</li> <li>• Market intelligence provided by Alnicos - independent treasury advisors</li> <li>• An amount is included in the MTFS to cover key elements of inflation.</li> <li>• Beyond this provision, it would be managed as an 'in year' issue and services would be expected to absorb the difference.</li> </ul>	Unlikely	Minor
FR12.	Exiting the European Union - Uncertainty and economic forces, at least in the short term, within both the local business and wider business sector may have an adverse impact on investment decisions and local employment which, in turn, would impact on business rate income.	Likely	Moderate	<ul style="list-style-type: none"> <li>• National and local modelling in respect of the future approach to business rate retention will need to reflect changes in the financial environment.</li> <li>• There may be either pressure or incentives for non UK owned business to move operations back to within an EU country.</li> <li>• Treasury Management advisors are regularly updating the Council on the economic impact of exiting the European Union, the strength of the pound, inflation and interest rates.</li> </ul>	Likely	Moderate
FR13.	There are unplanned and unforeseen consequences (and costs) arising from the implementation of new, or changed, systems and processes across service areas within the organisation	Possible	Moderate	<ul style="list-style-type: none"> <li>• A Projects and Change Team has been established. A full programme management process is in place including planning and risk assessment, with significant support to major projects.</li> </ul>	Unlikely	Moderate
FR14.	New accounting rules for financial investments may result in adverse valuation movements being charged to the General Fund in the year that they occur.	Possible	Moderate	<ul style="list-style-type: none"> <li>• New accounting rules require gains/losses from valuation movements for certain types of financial investments to be recognised in the year they occur, rather than when the investments are sold. The Risk Reserve will be used to manage the volatility that the timing difference may cause.</li> </ul>	Possible	Moderate
FR15	Impact of COVID-19 on budgets	Almost certain	Extreme	<p>COVID is having ongoing financial effects, as well as introducing significant uncertainty for future financial projects. Major income streams are likely to be impacted, such as council tax and business rates, as well as numerous service costs rising as demand increases e.g. for social care. The situation is being closely monitored each month, by the finance team and the impact captured. The Council set a prudent budget in Feb 2020, with inbuilt financial resilience from a solid reserves position and with corporate contingency budget. The MTFS will be used to model the potential effects and ensure the authority continues to plan ahead with robust estimates. Corporately, a further risk register is maintained for all COVID related risks, including financial, which is monitored frequently</p>	Almost certain	Significant



## FINANCIAL HEALTH INDICATORS – QTR 1 2020/21

### Prudential Indicators Relating to Treasury

	<u>Maximum</u>	<u>Forecast</u>	<u>Status</u>
Maximum Level of External Debt £M	£770M	£360M	Green
As % of Authorised Limit	100%	46.71%	Green
	<u>Maximum</u>	<u>Highest YTD</u>	<u>Status</u>
Authorised Limit for external debt £M	£770M	£360M	Green
Operational Limit for external debt £M	£730M	£360M	Green
Maximum external borrowing year to date		£292M	Green
Limit of fixed interest debt %	100%	83.7%	Green
Limit of variable interest debt %	50%	16.3%	Green
Limit for Non-specified investments £M	£100M	£33M	Green

### Other Treasury Performance Indicators

	<u>Target</u>	<u>Actual YTD</u>	<u>Status</u>
Average % Rate Long Term New Borrowing	3.00%	N/A	Green
Average % Rate Existing Long Term Borrowing	3.50%	2.81%	Green
Average Short Term Investment Rate - Cash	0.06%	0.26%	Green
Average Short Term Investment Rate – Fixed	0.06%	0.11%	Green
Average Long Term Investment Rate - Bonds	2.00%	5.30%	Green
Average Return on Property Fund	3.00%	3.71%	Green

### Minimum Level of General Fund Balances

		<u>Status</u>
Minimum General Fund Balance	£10.1M	
Forecast Year End General Fund balance	£10.1M	Green

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**HOUSING REVENUE ACCOUNT FORECAST OUTTURN POSITION FOR 2020/21**

	<b>Budget July 2020</b>	<b>BAU* Annual Forecast as at July 2020</b>	<b>BAU* Forecast Variance July 2020</b>	<b>COVID-19 Forecast Pressures July 2020</b>
	<b>£M</b>	<b>£M</b>	<b>£M</b>	<b>£M</b>
<b>Expenditure</b>				
Responsive repairs	13.26	13.26	0.00	0.00
Housing investment	5.19	4.79	0.40 F	0.00
Rents payable	0.10	0.10	0.00	0.00
Debt management	0.09	0.09	0.00	0.00
Supervision & management	22.52	22.43	0.08 F	1.25 A
Interest & principal repayments	5.09	5.09	0.00	0.00
Depreciation	20.47	20.47	0.00	0.00
Direct revenue financing of capital	8.89	8.89	0.00	0.00
<b>Total Expenditure</b>	<b>75.60</b>	<b>75.12</b>	<b>0.48 F</b>	<b>1.25 A</b>
<b>Income</b>				
Dwelling rents	(70.24)	(70.30)	0.06 F	0.04 A
Other rents	(1.22)	(1.22)	0.00	0.00
Service charge income	(3.25)	(3.25)	0.00	0.00
Leaseholder service charges	(0.88)	(0.88)	0.00	0.00
Interest received	(0.01)	(0.01)	0.00	0.00
<b>Total Income</b>	<b>(75.60)</b>	<b>(75.66)</b>	<b>0.06 F</b>	<b>0.04 A</b>
<b>(SURPLUS)/DEFICIT</b>	<b>0.00</b>	<b>(0.54)</b>	<b>0.54 F</b>	<b>1.29 A</b>

NB Numbers are rounded

\*Business as usual

**The SIGNIFICANT business as usual issues for the HRA are:**

Service Area	BAU Forecast Variance July 2020 £M	Explanation
Housing investment (Cyclical Maintenance)	0.40 F	Based on the cyclical maintenance 2019/20 outturn favourable variance of £0.70M, and taking into account a slow start to works in the current year in part due to COVID-19, a forecast estimate has been made that Cyclical Maintenance will be underspent by £0.40M.

**The SIGNIFICANT COVID pressures for the HRA are:**

Service Area	COVID Forecast Pressures July 2020 £M	Explanation
Supervision & Management	1.25 A	<p>Due to COVID-19 there is estimated to be increases in arrears for residential / commercial rent &amp; service charges which is represented by an increase in provision for bad debts amounting to £1.10M. This will continue to be monitored throughout the COVID-19 crisis period as the likelihood of debt recovery will be largely dependent on the aftermath of the lockdown period and the subsequent economic impact on jobs and tenant finances.</p> <p>In addition, extra Personal Protective Equipment for HRA staff is expected to be required, at a cost of £0.15M.</p>

**COLLECTION FUND REVENUE ACCOUNT**  
**FOR YEAR ENDED 31ST MARCH 2021**

	Current Budget 2020/21 £M	Forecast 2020/21 £M	Variance Adverse / (Favourable) 2020/21 £M
<b>Council Tax</b>			
<b><u>Income</u></b>			
Total Council Tax Income	(124.42)	(122.34)	2.08
<b><u>Expenditure</u></b>			
Total Council Tax Expenditure (incl. precepts)	124.13	123.16	(0.97)
<b>Council Tax Deficit/(Surplus) for the Year</b>	<b>(0.30)</b>	<b>0.82</b>	<b>1.11</b>
Council Tax Deficit/(Surplus) Brought Forward	0.30	2.63	2.33
<b>Council Tax Deficit/(Surplus) Carried Forward</b>	<b>(0.00)</b>	<b>3.45</b>	<b>3.45</b>
<b>Business Rates</b>			
<b><u>Income</u></b>			
Total Business Rates Income	(114.30)	(62.27)	52.04
<b><u>Expenditure</u></b>			
Total Business Rates Expenditure	114.81	112.85	(1.96)
<b>Business Rates Deficit/(Surplus) for the Year</b>	<b>0.50</b>	<b>50.58</b>	<b>50.08</b>
Business Rates Deficit/(Surplus) Brought Forward	(0.50)	(0.68)	(0.18)
<b>Business Rates Deficit/(Surplus) Carried Forward</b>	<b>0.00</b>	<b>49.90</b>	<b>49.90</b>
<b>Total Collection Fund (Surplus)/Deficit</b>	<b>0.00</b>	<b>53.35</b>	<b>53.35</b>
<b>Council Tax (Surplus)/Deficit</b>			
Contribution (to)/ from SCC		2.92	
Contribution (to)/ from HPA		0.39	
Contribution (to)/ from F&RS		0.13	
Council Tax Collection Fund Balance c/f		3.45	
<b>NDR (Surplus)/Deficit</b>			
Contribution (to)/ from SCC		24.41	
Contribution (to)/ from MHCLG		24.99	
Contribution (to)/ from HF&R		0.50	
NDR Collection Fund Balance c/f		49.90	
<b>Total SCC (Surplus)/Deficit</b>		<b>27.33</b>	
LESS: Grant estimated as due from Government (General Fund)		24.55	
<b>NET SCC deficit for future budget purposes at Period 4</b>		<b>2.78</b>	

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<b><u>CAPITAL FINANCIAL MONITORING FOR THE PERIOD TO JULY 2020</u></b>																																															
1.	<p>Table 1 shows the changes to the individual portfolio programmes. The updated programme for the General Fund is £654.95M and £210.98M for the HRA. Details of changes made since the start of the year, totalling £17.60M can be found in annex 2.1.</p> <p>The £17.60M removed from the programme, is an adjustment to reflect the addition of Future Transport Zone spending plus replacing the estimated funding for the Connected Southampton works with a (lesser) actual amount following confirmation of the grant actually available.</p>																																														
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	<b>SLIPPAGE/REPHASING</b>																																														
2.	<p>Following a review to ensure that all projects are accurately profiled and budgets are suitably aligned to anticipated works and spend, there is £178.66M of General Fund anticipated work in 2020/21 being slipped into later years. And £4.98M of HRA anticipated work scheduled for 2021/22 being rephased to 2020/21. Details are provided in annex 2.3.</p>																																														
3.	<p>Table 2 below summarises resulting slippage and rephasing by individual capital programmes. There is zero net effect to the budgets over the 5 year capital programme.</p>																																														

<u>Table 2 – Net Slippage</u>		<b>Movement £M</b>	<b>Annexe. 2.3 Ref</b>	
Health & Adults		0.00		
Children & Learning		(19.55)	1-4	
Finance & Income Generation		(150.00)	5	
Stronger Communities		(2.85)	6	
Culture & Homes		(0.07)		
Green City & Place		(6.06)	7-9	
Customer & Organisation		(0.12)		
<b>Total General Fund</b>		<b>(178.66)</b>		
Housing Revenue Account		4.98	10	
<b>Total Capital Programme</b>		<b>(173.67)</b>		
NB. there may be small arithmetic variations in the table as figures have been rounded				
<b>2020/21 MONITORING POSITION</b>				
4.	The forecast performance of individual capital programmes in 2020/21 is summarised in table 3 below.			
<u>Table 3 – Summary of the General Fund &amp; HRA Capital Forecast 2020/21</u>				
	<b>Revised Programme £M</b>	<b>Forecast £M</b>	<b>Forecast Variance £M</b>	<b>Forecast Variance %</b>
Health & Adults	0.22	0.22	0.00	0.00
Children & Learning	29.91	29.91	0.00	0.00
Finance & Income Generation	50.00	50.00	0.00	0.00
Stronger Communities	2.89	2.89	0.00	0.00
Culture & Homes	2.93	2.93	0.00	0.00
Green City & Place	61.70	61.70	0.00	0.00
Customer & Organisation	8.54	8.54	0.00	0.00
<b>Total General Fund</b>	<b>156.20</b>	<b>156.20</b>	<b>0.00</b>	<b>0.00</b>
Housing Revenue Account	59.40	37.95	(21.46)	(36.12)
<b>Total Capital Programme</b>	<b>215.60</b>	<b>194.15</b>	<b>(21.46)</b>	<b>(9.96)</b>
<b><u>Financed by</u></b>				
*CR - GF Borrowing	(81.58)	(81.58)	0.00	0.00
*CR - HRA Borrowing	(15.38)	(6.33)	(9.05)	(58.85)
Capital Receipts	(18.59)	(18.59)	0.00	0.00
Direct Revenue Financing	(10.04)	(6.20)	(3.84)	(38.24)
Capital Grants	(55.69)	(55.69)	0.00	0.00



	Contributions	(10.91)	(10.91)	0.00	0.00
	HRA – MRA	(23.42)	(14.86)	(8.57)	(36.57)
	<b>Total Funding</b>	<b>(215.60)</b>	<b>194.15</b>	<b>(21.46)</b>	<b>(9.96)</b>
	*CR – Council Resources NB there may be small arithmetic variations in the table as figures have been rounded				
5.	The programme is currently forecast to be underspent by £21.46M. The reasons for the major forecast variances changes since the last report are detailed in Annex 2.2.				
	<b>CAPITAL RESOURCES</b>				
6.	The resources which can be used to fund the capital programme are as follows: <ul style="list-style-type: none"> <li>• Central Government Grants and from other bodies</li> <li>• Contributions from third parties</li> <li>• Council Resources - Capital Receipts from the sale of HRA assets</li> <li>• Council Resources - Capital Receipts from the sale of General Fund assets</li> <li>• Revenue Financing</li> <li>• Council Resources – Borrowing</li> </ul>				
7.	Capital Receipts from the sale of Right to Buy (RTB) properties are passed to the General Fund capital programme to support the Private Sector Housing schemes.				
8.	It should be noted that the revised General Fund Capital Programme is based on prudent assumptions of future Government grants to be received. The majority of these grants relate to funding for schools and transport and are unringfenced. However, in 2020/21 these grants have been passported to these areas.				
9.	Annex 2.4 details the current level of available resources. This shows that the largest resource currently available is CIL developer contributions. A review has been undertaken of all S106 and CIL monies to ensure that programmes of work are matched to the appropriate funding and to identify areas where business cases are required for new projects. This work will be ongoing as part of the monitoring process.				
10.	It should be noted that there has been no variation to the expected capital receipts since the last reported position.				
	<b>OVERALL CAPITAL PROGRAMME AND FINANCING</b>				
11.	The revised overall programme by year, including amendments that are being requested as part of this report and use of resources, can be found in annex 2.5.				
12.	The most significant amount of funding for the General Fund programme is provided by Council Resources, which at present, is mainly through borrowing. Borrowing costs are in the main met within a central provision. The HRA programme is primarily funded by Major Repairs Allowance (direct revenue contribution).				
	<b><u>SUPPORTING DOCUMENTATION</u></b>				
	<b>Annexes</b>				
1.	GF & HRA Programme Changes Since Last Reported Position.				

2.	GF & HRA Major Forecast Variance Changes Since Last Reported Position.
3.	GF & HRA Slippage & Rephasing as at July 20.
4.	GF Capital Resources Available as at July 20.
5.	GF & HRA Revised 5 Year Programme and Use of Resources.

Annexe 2.1

**GENERAL FUND: PROGRAMME AMENDMENTS SINCE LAST REPORTED POSITION**

Portfolio	Scheme	£M	*Council/Cabinet **Delegated Approval	Funding Source
<b><u>Additions to the Programme</u></b>				
Green City & Place	Furture Transport Zone	28.76	*	Capital Grants
	<b>TOTAL GF</b>	<b><u>28.76</u></b>		
<b><u>Reductions to the Programme</u></b>				
Green City & Place	Connected Southampton Transport Schemes Match Funding	(43.96) (2.40)	* *	Capital Grants Council Resources - GF Borrowing
	<b>TOTAL GF</b>	<b><u>(46.36)</u></b>		
<b>Total Variations to the Overall Programme</b>		<b><u>(17.60)</u></b>		
		£M		
	* - Approved By Council/Cabinet	(17.60)		
	** - Approved under Delegated Powers	0.00		
<b>Total Variations to the Overall Programme</b>		<b><u>(17.60)</u></b>		

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**HRA Major Forecast Variance Since Last Reported Position**

	<b>HRA</b>																												
1.	<p><b><u>HRA Programme (2020/21: Under spend of £21.46M)</u></b></p> <p>The Covid 19 outbreak has resulted in almost all planned HRA capital projects being paused for a period by contractors and Housing Operations and the subsequent change in working practices resulting from government guidance has led to an overall review of the existing programme and what it is possible to deliver this financial year under the current restrictions. As a result an under spend been declared and the programme for future years will be re-aligned within the existing resources to pick up this work as required.</p> <p>Projects with major variances as a result of this are:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 85%;">Scheme</th> <th style="width: 15%;">£M</th> </tr> </thead> <tbody> <tr> <td>Townhill Park Regeneration</td> <td style="text-align: right;">5.16 F</td> </tr> <tr> <td>Energy Company Obligations - Canberra Towers</td> <td style="text-align: right;">3.25 F</td> </tr> <tr> <td>Right to Buy - Satisfactory Purchase Scheme</td> <td style="text-align: right;">2.33 F</td> </tr> <tr> <td>Disabled Adaptations</td> <td style="text-align: right;">1.06 F</td> </tr> <tr> <td>Lift Refurbishment - Shirley Towers</td> <td style="text-align: right;">1.04 F</td> </tr> <tr> <td>External Windows and Doors</td> <td style="text-align: right;">0.90 F</td> </tr> <tr> <td>Albion Towers Heating</td> <td style="text-align: right;">0.84 F</td> </tr> <tr> <td>Estate Regeneration Woodside/Wimpson</td> <td style="text-align: right;">0.80 F</td> </tr> <tr> <td>Block Modernisation Programme</td> <td style="text-align: right;">0.80 F</td> </tr> <tr> <td>Roofing Lot 2 East- Pitched Roofs</td> <td style="text-align: right;">0.76 F</td> </tr> <tr> <td>Roofing Lot 1 West- Flat Roofs</td> <td style="text-align: right;">0.71 F</td> </tr> <tr> <td>Total Mobile</td> <td style="text-align: right;">0.55 F</td> </tr> <tr> <td>Renew Warden Alarm</td> <td style="text-align: right;">0.50 F</td> </tr> </tbody> </table>	Scheme	£M	Townhill Park Regeneration	5.16 F	Energy Company Obligations - Canberra Towers	3.25 F	Right to Buy - Satisfactory Purchase Scheme	2.33 F	Disabled Adaptations	1.06 F	Lift Refurbishment - Shirley Towers	1.04 F	External Windows and Doors	0.90 F	Albion Towers Heating	0.84 F	Estate Regeneration Woodside/Wimpson	0.80 F	Block Modernisation Programme	0.80 F	Roofing Lot 2 East- Pitched Roofs	0.76 F	Roofing Lot 1 West- Flat Roofs	0.71 F	Total Mobile	0.55 F	Renew Warden Alarm	0.50 F
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#### Major GF & HRA Slippage & Rephasing as at July 2020

	<b>CHILDREN &amp; LEARNING</b>
1.	<p><u>St Marks (Budget Rephasing of £12.0M from 2020/21 to 2021/22 £2.3M, 2022/23 £7.7M &amp; 2023/24 £2.0M)</u></p> <p>The completion date for the school is Sept 2022. The original profile has now been extended to include the period between April and September 2022 and to also allow for retention payments due in the year following completion. The budget has been re-aligned <u>but</u> in keeping with the planned timescales of the build. Upon receipt of the main contract sum and details of expected cash flows which are expected in August, a further re-profiling exercise planned and the outcome will be provided at Qtr2.</p>
2.	<p><u>Chamberlayne Refurbishment (Slippage of £5.00M from 2020/21 to 2021/22)</u></p> <p>The planned transfer date to academy status is January 2021. It is intended that the Hamwic trust will carry out the refurbishment works and a draw down schedule will be agreed as part of the transfer agreement. The trust will be only be able to draw down funding once work has been undertaken or milestones achieved which is likely to be in the new financial year.</p>
3.	<p><u>St Georges Expansion (Slippage of £1.74M from 2020/21 to 2021/22)</u></p> <p>Feasibility is now complete which allows more accurate budget profiling and the budget has been re-aligned accordingly. Further re-profiling is expected during 2020/21 once the procurement strategy is finalised.</p>
4.	<p><u>Repair and Maintenance (Slippage of £0.65M from 2020/21 to 2021/22)</u></p> <p>It was not possible to gain access to a number of schools to undertake required surveys or progress tendering of works due to the impact of Covid19. This has resulted in delays in obtaining tenders for work that was to be undertaken during the summer holidays. The surveys and tenders will be under taken when possible and works rescheduled to the summer holidays in 2021/22.</p>
	<b>FINANCE &amp; INCOME GENERATION</b>
5.	<p><u>Property Investment Fund (Slippage of £150.00M from 2020/21 to 2021/22)</u></p> <p>Due to the current economic situation caused by Covid19, it is not prudent to invest in property at this time. It is not expected that the situation will improve in this financial year. Budget has been slipped waiting for a more economically stable time.</p>
	<b>STRONGER COMMUNITIES</b>
6.	<p><u>Disabled Facilities Grants (DGF) (Slippage of £2.25M from 2020/21 to 2021/22)</u></p> <p>There has been a slowdown in receipt of new DFG claims since the outbreak of Covid19 resulting in expenditure at approximately 50% of normal levels to date. The forecast represents an increase back to 2019/20 levels between July and September. There is also a build-up of historic underspend which has been slipped from prior years. A review has been commissioned to identify how this can be utilised.</p>

	<b>GREEN CITY &amp; PLACE</b>
7.	<u>Connected Southampton (Slippage of £3.33M from 2020/21 to 2021/22)</u> The Connected Southampton scheme is a large-scale project to rebuild the road bridge over the railway line in Northam. The project is subject to a further funding bid to the DfT, it is likely that due to other government priorities the confirmation of a successful bid will be delayed. A residual budget remains in 2020/21 to fund feasibility and development work the remainder has been slipped into later years.
8.	<u>Green City - Salix Clean Growth Fund (Slippage of £1.50M from 2020/21 to 2021/22)</u> Detailed proposals for planned expenditure under this scheme are still being developed. These proposals will require Council approval which will not be agreed until November 2020. Once approval to spend is granted it is likely that only limited feasibility works will be carried out on 2020/21 with major capital expenditure being delayed until the new financial year.
9.	<u>Green City - Action Plan (Slippage of £0.75M from 2020/21 to 2021/22)</u> Planned works within this scheme have been impacted by lock down and social distancing as a result of Covid19. As much of the planned works as possible is being carried out in 2020/21 within the COVID limitations.
	<b>HRA</b>
10.	<u>Oaklands Site (Rephase £4.98M from 2021/22 to 2020/21)</u> The straight line spend profile for this scheme has been updated, based on revised cash flow forecasts reflecting front loaded spend on the project due to infrastructure investment etc. Although there is increased spend this year the overall project spend is forecast to remain within budget.



# Agenda Item 9

Appendix 12

## Annexe 2.4

### Capital Resources Available as at July 20 (Capital Receipts; Community Infrastructure Levy and Section 106 funds)

<b>Resource</b>	<b>Balance Fwd £M</b>	<b>Received to Date 2020/21 £M</b>	<b>Allocated To Current Programme £M</b>	<b>Ear- marked £M</b>	<b>Available Funding £M</b>	<b>Anticipated Receipts 2020/21 £M</b>
Capital Receipts	(9.31)	(0.00)	8.77	4.44	3.91	(3.91)
CIL	(15.60)	(0.34)	5.24	10.75	0.05	(1.50)
S106	(7.73)	(0.56)	6.07	0.00	(2.22)	(0.38)
	<b>(32.63)</b>	<b>(0.90)</b>	<b>20.09</b>	<b>15.19</b>	<b>(1.74)</b>	<b>(5.79)</b>

NB. there may be small arithmetic variations in the table as figures have been rounded

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### Annexe 2.5

#### GF & HRA: Revised 5 Year Programme Totals and Use of Resources

<b>Programme</b>	<b>2020/ 2021 £M</b>	<b>2021/ 2022 £M</b>	<b>2022/ 2023 £M</b>	<b>2023/ 2024 £M</b>	<b>2024/ 2025 £M</b>	<b>Total £M</b>
Health & Adults	0.22	0.10	0.10	0.10	0.10	0.62
Children & Learning	29.91	25.39	49.39	3.36	0.00	108.05
Finance & Income Generation	50.00	150.00	0.00	0.00	0.00	200.00
Stronger Communities	2.89	5.42	0.00	0.00	0.00	8.31
Culture & Homes	2.93	4.72	8.15	4.10	0.05	19.96
Green City & Place	61.70	88.35	103.22	36.30	15.80	305.37
Customer & Organisation	8.54	1.12	1.00	1.00	1.00	12.66
<b>Total General Fund</b>	<b>156.20</b>	<b>275.09</b>	<b>161.85</b>	<b>44.86</b>	<b>16.95</b>	<b>654.95</b>
Housing Revenue Account	59.40	42.06	42.02	36.86	30.64	210.98
<b>Total Capital Programme</b>	<b>215.60</b>	<b>317.15</b>	<b>203.87</b>	<b>81.72</b>	<b>47.59</b>	<b>865.94</b>
<b>Previous Programme</b>	405.65	169.02	181.33	79.95	47.59	883.54
<b>Movement</b>	<b>(190.05)</b>	<b>148.14</b>	<b>22.54</b>	<b>1.77</b>	<b>0.00</b>	<b>(17.60)</b>

<b>Use of Resources</b>	<b>2020/ 2021 £M</b>	<b>2021/ 2022 £M</b>	<b>2022/ 2023 £M</b>	<b>2023/ 2024 £M</b>	<b>2024/ 2025 £M</b>	<b>Total £M</b>
*CR - GF Borrowing	(81.58)	(215.72)	(96.26)	(17.00)	(11.78)	(422.34)
*CR - HRA Borrowing	(15.38)	(12.17)	(7.76)	(2.71)	(1.23)	(39.24)
Capital Receipts	(18.59)	(3.92)	(5.10)	(4.03)	(3.33)	(34.96)
Direct Revenue Financing	(10.04)	(6.81)	(7.63)	(8.07)	(3.50)	(36.05)
Capital Grants	(55.69)	(51.30)	(60.35)	(24.36)	(2.67)	(194.36)
Contributions	(10.91)	(6.34)	(5.25)	(3.50)	(2.50)	(28.50)
HRA – MRA	(23.42)	(20.90)	(21.53)	(22.06)	(22.59)	(110.49)
<b>Total Financing</b>	<b>(215.60)</b>	<b>(317.15)</b>	<b>(203.87)</b>	<b>(81.72)</b>	<b>(47.59)</b>	<b>(865.94)</b>

\*CR – Council Resources

NB. there may be small arithmetic variations in the tables as figures have been rounded

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<b>Financial Impact of COVID-19</b>	
	<b>Background</b>
1.	<p>This report follows on from the financial monitoring report to the end of July 2020 and highlights the budget challenges arising out of the COVID-19 crisis in-particular.</p> <p>The financial pressures being experienced are unprecedented, which will be the case at many authorities. COVID-19 has had an impact across services on many budgets, in terms of demand for support in areas such as both Adults and Children’s social care as well as many other services producing much higher than expected costs. At the same time, income has fallen significantly in many areas such as car parking and commercial property rental income. The impact from COVID-19 has also meant planned budget savings for 2020/21 could not be implemented.</p>
2.	<p>This report looks at the forecast impact and summarises the budget shortfall arising directly from COVID-19 pressures. It also looks at what areas Government have and may yet fund, what is ‘at risk’ without further funding and makes proposals to address the current estimated shortfall.</p>
	<b><u>Revenue: COVID-19 Shortfall</u></b>
3	<p>The budget pressure arising out of the additional costs, loss of income and unachieved savings due to COVID-19 are set out in detail at Appendix 1 of this report. They are further summarised in Annexe 3.1 to this report, which also provides information on the total costs including those incurred from 2019/20. The timing of the lock down starting in late March meant that costs were incurred towards the end of the last financial year. Council services are doing all they can to minimise and manage the costs arising, but inevitably there are major impacts across the authority, especially for social care related services.</p>
4	<p>The costs incurred in 2019/20 of £0.5M were covered by applying part of the Government grant received, resulting in no net additional cost. Correspondence from Government relating to the three tranches of general grant support announced so far stated that funding would support:</p> <ul style="list-style-type: none"> <li>• Meeting the increased demand for adult social care and enable councils to provide additional support to social care providers.</li> <li>• Meeting the extra demand and higher business as usual costs of providing children’s social care.</li> <li>• Providing additional support for the homeless and rough sleepers.</li> <li>• Providing support to those at higher risk of severe illness from COVID-19</li> <li>• Meeting the demand pressures from other services.</li> </ul>
5	<p>Government has also brought out a compensation scheme for lost sales, fees and charges arising from COVID-19. This makes it clear that certain types of income loss will not be covered, such as commercial property rental income. Also, in the draft scheme a 5% ‘top slice’ from budgets for sales fees and charges would be deducted for authorities to absorb, to reflect normal volatility in budgets. Eligible losses would then be split 25% for the authority to bear and 75% to be compensated. At the time of writing, the final compensation proposals have only just been issued by Government, and officers are still working through its implications.</p>

6	Annexe 3.1 shows that the total gross impact is estimated at £45.2M from COVID-19 in 2020/21. This total impact is split between areas where Government has supported or there is reason to think will further support with extra funding, and areas we know Government has made clear it will not support with extra funding.																																				
7	<p>After allowing for the balance of £16.4M from the general government grant support already announced and which can be applied to offset the £45.2M total shortfall, the net shortfall remaining is £28.8M (as reported in Appendix 1).</p> <p>Given the significant uncertainty about the ongoing impact of COVID-19, and the timing of when circumstances might return to normal, the base assumption applied is that an impact will continue to be felt this financial year across most areas, but with no allowance made for a potential second wave or a further local or national level lock down. Should such events occur, further costs are probable. The impacts beyond the current financial year are still being systematically assessed.</p>																																				
<b>Addressing the Budget Shortfall</b>																																					
8	Table 1 below summarises how the shortfall identified above of £28.8M will be addressed.																																				
9	<p><b>Table 1: Reducing the COVID Shortfall 2020/21</b></p> <table border="1" data-bbox="268 882 1497 1447"> <thead> <tr> <th data-bbox="268 882 336 936"></th> <th data-bbox="336 882 1366 936">Item</th> <th data-bbox="1366 882 1497 936">£M</th> </tr> </thead> <tbody> <tr> <td data-bbox="268 936 336 990">a</td> <td data-bbox="336 936 1366 990">Shortfall (per appendix 1)</td> <td data-bbox="1366 936 1497 990">28.8</td> </tr> <tr> <td colspan="3" data-bbox="268 990 1497 1043">LESS:</td> </tr> <tr> <td data-bbox="268 1043 336 1122">b</td> <td data-bbox="336 1043 1366 1122"><u>Potential</u> Government grant for expenses falling under areas supported (NB this sum is at risk without further support from Government)</td> <td data-bbox="1366 1043 1497 1122">-10.9</td> </tr> <tr> <td data-bbox="268 1122 336 1176">c</td> <td data-bbox="336 1122 1366 1176">SCC estimate of potential income loss compensation from Government</td> <td data-bbox="1366 1122 1497 1176">-4.1</td> </tr> <tr> <td colspan="3" data-bbox="268 1176 1497 1229"><b>Revised total</b></td> </tr> <tr> <td data-bbox="268 1229 336 1283">d</td> <td data-bbox="336 1229 1366 1283">Corporate budget including contingency</td> <td data-bbox="1366 1229 1497 1283">-6.6</td> </tr> <tr> <td data-bbox="268 1283 336 1361">e</td> <td data-bbox="336 1283 1366 1361">Initiatives from improved management of staffing costs (e.g. temporary staff and vacancies) and lower capital financing costs</td> <td data-bbox="1366 1283 1497 1361">-1.5</td> </tr> <tr> <td data-bbox="268 1361 336 1415">f</td> <td data-bbox="336 1361 1366 1415">Period 4 net underspend (after use of social care demand reserve)</td> <td data-bbox="1366 1361 1497 1415">-2.7</td> </tr> <tr> <td data-bbox="268 1415 336 1469">g</td> <td data-bbox="336 1415 1366 1469">Leaving the balance to be met from Corporate contingency budget</td> <td data-bbox="1366 1415 1497 1469">-3.0</td> </tr> <tr> <td colspan="3" data-bbox="268 1469 1497 1523"><b>Net balance</b></td> </tr> <tr> <td colspan="3" data-bbox="268 1523 1497 1554" style="text-align: right;"><b>0.0</b></td> </tr> </tbody> </table>		Item	£M	a	Shortfall (per appendix 1)	28.8	LESS:			b	<u>Potential</u> Government grant for expenses falling under areas supported (NB this sum is at risk without further support from Government)	-10.9	c	SCC estimate of potential income loss compensation from Government	-4.1	<b>Revised total</b>			d	Corporate budget including contingency	-6.6	e	Initiatives from improved management of staffing costs (e.g. temporary staff and vacancies) and lower capital financing costs	-1.5	f	Period 4 net underspend (after use of social care demand reserve)	-2.7	g	Leaving the balance to be met from Corporate contingency budget	-3.0	<b>Net balance</b>			<b>0.0</b>		
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10	The assumption has been made (on line 9b) that Government will support further costs of £10.9M, which is beyond the grants to SCC announced to date, provided those costs relate to the areas specified in paragraph 4 above and are cited by Government as being areas funding is intended to support. Should this extra funding not occur, it would mean such costs also falling on the council. Therefore, we need to be clear, this is a risk and it will fall to the Council without further Government action. The authority continues to make the case to Government that the funding provided so far is inadequate for the actual and anticipated costs of providing the support Government has outlined it wants from authorities.																																				
11	An estimate of £4.1M has been made (on line 9c) as to the likely amount of compensation for loss of income. This is under review now the final Government scheme on how this will be determined has been published. These assumptions produce a revised total of £13.8M to be sought to meet the in-year shortfall.																																				
12	£6.6M will be found from Corporate budgets (line 9d), which hold sums for contingency and to manage risks and will be applied to cover (i) unachievable Adults' and Children's savings & loss of income due to COVID-19 (£2.80M), (ii) unachievable savings for property investment (£2.75M) and (iii) all non-Adults/Children's savings unable to be implemented (£1.05M).																																				

13	The £1.5M (line 9e) will be found from in-year savings as a result of pro-active management of temporary staffing and other staffing costs. A stock take of the capital programme has also resulted in lower expected borrowing this year, which will produce capital financing savings in the revenue budget that will contribute to this saving (see below).
14	As noted in Appendix 1 paragraph 3 the council holds a total of £7.0M in a social care demand reserve. As reported at period 4, an overspend of £4.16M is forecast in Children & Learning, in large part to due to additional demand arising from looked after children. Applying that reserve to underwrite the overspend in full (as proposed) means at period 4 the net position for the whole council then becomes an underspend of £2.70M (i.e. £1.46M overspend less £4.16M applied from reserves to match the Children's overspend equals an underspend of £2.70M). This underspend can then reduce the shortfall arising from COVID-19 (as per line 9f in the table above).
15	The balance needed to eliminate the shortfall is found from corporate budgets at £3.00M (line 9g). This takes the total from corporate budgets used to £9.6M with the remaining sum left in the corporate budgets covering contingency and other risks would amount to around £2.3M in 2020/21.  £2.8M would also be left in the social care demand reserve as uncommitted. This provides a prudent buffer against other social care costs arising given we are only reporting at as period 4 i.e. four months into the financial year.
16	The above proposals to address the shortfall would have no impact on the uncommitted sum within the Medium Term Financial Risk Reserve, which would remain at £25.8M and be available for any further risks, COVID-19 related or otherwise. The balance on the General Fund (of £10.1M), regarded as a safe minimum, is also unaffected.
<b>Council Tax and Business Rates – Impact from COVID-19</b>	
17	The £45.2M financial pressures for 2020/21 do not include anything for shortfalls in council tax or business rates income from COVID-19. The forecast for the Collection Fund as at the end of July 2020 is provided in paragraphs 29 to 34 of Appendix 1. Early indications are these could prove to be significant costs with a potential for a medium term adverse impact on the council's income.
18	Any losses arising will be carried forward as a deficit on the Collection Fund to be recovered in future years. The Government has set out an intention to allow local authorities to recover the deficit over 3 years, however it will not be providing details of the scheme until the Autumn and this mechanism would merely spread the adverse financial impact, not provide additional funding.  The council will need to take the Collection Fund deficit into account in setting its 2021/22 budget and over the medium term. There is a major risk that if the income from business rates and council tax remains relatively 'flat' the levels of growth assumed for future budgets won't be achieved, adding to future budget shortfalls.
<b><u>Capital</u></b>	
19	A considered stock take has taken place of all major items in the capital programme to review the impact of COVID-19 on their timescale due to its practical impact, for example in the construction industry with social distancing slowing timescales down. A part of the review has also been to determine which projects could be re-prioritised with a review to reducing borrowing needed to fund capital in 2020/21. Reducing borrowing means a lower cost of capital financing with savings compared to budget being the outcome.
20	<u>No decision</u> has yet been taken to remove any item from the capital programme. However, a list provided in Annexe 3.2 of programme items where it is proposed to delay some expenditure previously planned for 2020/21 until 2021/22 or after.  <ul style="list-style-type: none"> <li>• Areas where expenditure is proposed to be slipped total £5.0M (with £4.9M of</li> </ul>

	<p>associated borrowing). The slippage with capital schemes forecast in Appendix 2 of this report is likely to also produce a reduction in borrowing, though for prudence this is not yet estimated as a saving as the schemes may yet progress more quickly than expected.</p> <ul style="list-style-type: none"> <li>• Additional grant funding of £2M from Government (School Condition Allocation) has been received recently for 2020/21. It is proposed that £1M of this would be applied to Sholing Technical College renovation work in place of borrowing by the council.</li> <li>• A further £0.75M of new developer contributions has been received and it is proposed to apply this funding for Transport Schemes in the programme, again saving the council from borrowing an equal sum.</li> </ul> <p>By delaying this spending, the anticipated need for borrowing will be reduced and a total budget saving of around £0.11M would be expected in-year. The final sum saved for 2020/21 will only be confirmed once the borrowing takes place, as the authority minimises its costs by not borrowing sums in advance. The expected saving contributes to the £1.5M target to be found from initiatives mentioned in table 1 above and paragraph 13.</p>
21	A full review of the total capital programme will take place which will be reported to the February 2021 Council meeting on the budget, when changes to the capital programme are agreed.
	<b>Next Steps – Budget and Financial Planning 2021/22 and beyond</b>
22	The Council continues to be required to submit monthly returns to Government on its COVID costs and other financial impact arising from the crisis. The return made for the end of July is attached at Annexe 3.3 for information.
23	<p>It is recognised that COVID-19 will have continuing and significant implications for the council's budget in the short, medium and longer term. As is already evident above, the crisis is impacting on costs, income streams and on the capacity and ability to implement planned savings. It therefore will have implications for the financial sustainability of the council over the longer term.</p> <p>Work is underway to enable the council to fulfil its statutory duty of agreeing a balanced budget for 2021/22, and for that to be part of a refresh of the council's medium term financial strategy. However, more risk and uncertainty than ever before will inevitably be a part of the background to that work and deliberations and ensuring a secure financial position for the council over the medium term will be a serious challenge.</p>
24	The current Medium Term Financial Strategy (MTFS), as agreed in February 2020, will be assessed in detail with assumptions previously made for 2021/22 re-assessed in the light of COVID-19 and any additional cost pressures taken into account. A further uncertainty is the absence of any Spending Review from Government, or any indication of future funding or multi-year funding settlement. The Government has announced that a Spending Review will take place in the Autumn, however it is unclear what period this will cover. As a reminder, in February the MTFS estimated a budget shortfall of £3.9M in 2021/22 rising to £10.2M in 2022/23. Should Government support not align to the new budget pressures felt via COVID-19, then the financial challenge of delivering a balanced budget will only increase.
25	Equally important will be reviewing the capital programme as the effects of COVID-19 will almost certainly have an impact on the delivery of the capital schemes included in the HRA and General Fund. There is a potential for difficulties in procuring contractors at expected prices and timescales. Issues around social distancing and capital schemes will also need to be reviewed, in terms of working practices and any practical effect if this is needed as a feature in planned spend on new or existing infrastructure or improvement works.



## **SUPPORTING DOCUMENTATION**

### **Annexes**

3.1	Summary of COVID-19 budget pressures
3.2	Amendments to the Capital Programme
3.3	Government Return (as at end of July 2020) on financial impact of COVID-19

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#### Summary of Covid Budget pressures

ITEM	2019/20 £M	2020/21 £M	Total £M
<b>Funded supported/potential supported by Government:</b>			
Spending	0.5	27.1	27.6
Loss of income		4.2	4.2
<b>Sub total:</b>		<b>31.3</b>	<b>31.8</b>
<b>Not funded by Government:</b>			
Unachieved savings		6.1	6.1
Additional spend		2.7	2.7
Non fees and charges income lost		1.6	1.6
Fees and Charges lost income - portion not covered:			
(i) Top slice of 5% of total fees/charges budgeted income not covered		2.1	2.1
(ii) 25% of estimated losses not covered		1.4	1.4
<b>Overall Gross Shortfall*</b>	<b>0.5</b>	<b>45.2</b>	<b>45.7</b>
<b>LESS:</b>			
(a) Government grant support already announced	0.5	16.4	16.9
<b>Sub total: Net Impact as reported period 4 monitor</b>	<b>0</b>	<b>28.8</b>	<b>28.8</b>
<b>LESS:</b>			
(b) <u>Potential</u> Government grant for expenses falling under areas supported		10.9	10.9
(c) SCC estimate of potential income loss compensation from Government		4.1	4.1
<b>Net Shortfall - balance remaining</b>	<b>0</b>	<b>13.8</b>	<b>13.8</b>

\*Note: the £45.2m includes a £0.2M of non-portfolio estimated loss of income from investment properties, in addition to the £45M budget pressure arising from COVID from portfolio budgets as reported in Appendix 1 (table 1).

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66,702,000

**ANNEXE 3.2**

Project Description	2020/21 Budget £M	2020/21 Budget Of Which Is Borrowing £M	Total Scheme Budget £M	Total Budget Scheme Of Which Is Borrowing £M	Comment	Total Proposed Slippage to 2021/22 £M	Proposed Slippage of Which is Borrowing £M
Purchase of vehicles	3.80	3.80	12.17	12.17	Not all committed. Spend linked to greener initiatives, but an element can be slipped a year.	0.50	0.50
Smarter Ways Of Working	2.15	2.15	6.15	6.15	Full business case to be made for phase 2 where full agreement to spend still needed. An element can therefore be slipped.	1.15	1.15
Regent Park Sports Facility	1.40	1.40	1.40	1.40	No tender yet process completed - spend delay until 2021/22 can be accommodated	1.00	1.00
QE2 Mile - Bargate Square	0.96	0.93	0.96	0.93	Proposed to be retained but moved into 2021/22	0.96	0.93
City Services - Depots	0.72	0.72	0.72	0.72	Some spend required this year for Health and Safety issues and addressing overcrowded depots and COVID changes, but balance can be moved to 2021/22	0.22	0.22
Royal Pier	0.41	0.31	0.41	0.31	Proposed to delay	0.41	0.31
Bitterne Community Hub	0.30	0.30	32.90	31.67	Scheme to be reviewed and new business case considered	0.30	0.30
Former Toys R Us Site Development	0.15	0.15	26.96	26.96	Business case under review and some preliminary spend can be moved to 2021/22	0.10	0.10
Outdoor Leisure	0.15	0.15	16.85	10.00	Leisure projects impacted by COVID - proposed spend moved to 2021/22 whilst project reviewed	0.15	0.15
Ancient Scheduled Monuments	0.15	0.15	0.15	0.15	Spend delayed until 2021/22	0.15	0.15
PA System	0.06	0.06	0.06	0.06	Not started, can be delayed as chamber not currently in regular use	0.06	0.06
<b>TOTAL</b>						<b>5.00</b>	<b>4.86</b>

<b>NOT SLIPPED BUT NEW FUNDING ASSUMED INSTEAD OF BORROWING</b>					<b>Substitution of funding (£M)</b>	
Sholing Technical College Renovation	2.03	2.02	2.03	2.02	Scheme is a commitment and likely to be made as part of an agreement with the College this year. However, an additional Government grant of £2m has been received and it is proposed to use £1m on this to replace some of the borrowing	1.00
Transport Schemes Match Funding	1.50	1.50	6.80	6.80	developer contributions received for £0.75M, proposed to apply this rather than borrowing	0.75
<b>TOTAL</b>						<b>1.75</b>
<b>NOTE ITEM</b>						
Property Investment Fund	50.00	50.00	200.00	200.00	£150M slipped under BAU due to market uncertainty. £50M left in programme if opportunities exist	

## Covid-19 LA financial monitoring - July

COVID-19 local authority financial management  
information

## You are reporting on behalf of:

## Billing or precepting authority:

This is Round 4 of a data collection designed to help departments across central government understand the impact of the COVID-19 pandemic on local authority finances. This collection is for planning purposes; to help us identify where the greatest pressures are likely to be going forward and to inform our ongoing assessment of likely future costs. The information you provide will not be used for monitoring or auditing purposes. We will share a summary of the findings with you in due course. We may also publish, as a management information release, selected results at national, class-type, and potentially local authority-level. Please note that information provided could be the subject of a request under the Freedom of Information Act.

As outlined in previous rounds, we recognise that the situation your authority faces is continually changing and we will continue to repeat and refine this collection on a regular, rolling basis. For Round 4, you are asked to restate your June 2020 estimates based on actual/outurn data where available, alongside projected estimates for July 2020 and the full 2020-21 financial year (1 April 2020 to 31 March 2021).

**Where full financial year estimates are requested, please estimate these using government announcements to date and your authority's own current planning assumptions for the continued easing of lockdown restrictions.**

We appreciate that you might not have precise figures, but your estimates are extremely useful in the absence of robust data. However please ensure to exercise accurate, professional judgement when submitting your estimates. All submissions should be agreed by your authority's S151 Officer but do not require official certification.

As with previous rounds, you may need to liaise with relevant colleagues in your authority in order to complete the form.

Please submit your response through DELTA by **11pm on Friday 31 July 2020**. We cannot accept returns after the closing deadline. You must hit submit on completing the form otherwise your return will not be counted.

For enquiries, please use the contact details below:

For DELTA registration and collection access enquiries: [DELTAadmin@communities.gov.uk](mailto:DELTAadmin@communities.gov.uk)

For general enquiries relating to this collection: [Igfcoviddata@communities.gov.uk](mailto:Igfcoviddata@communities.gov.uk)

## Section A: Allocation of £3.7bn grant funding by service area

On 19 March 2020, £1.6bn emergency funding was announced to help local authorities respond to the COVID-19 pandemic. On 18 April 2020, a further £1.6bn funding for local authorities was announced. On 2 July 2020, a further £500m funding for local authorities was announced as part of a new funding package for councils to address coronavirus pressures. This section relates specifically to your combined allocation from this £3.7bn funding and not any other additional funding which your authority might be receiving to respond to COVID-19.

## Of this £3.7bn funding, your authority has received:

## Question A1: What proportion of your grant funding have you allocated to the following service areas?

We recognise that some COVID-19-related activities may be cross-cutting, and that you may not have formally allocated the additional funding separately across service areas. However, please provide updated estimates as best you can. This should be done using notional allocations to reflect your priority areas of spending pressure if you do not yet have more reliable data or formal allocation plans available. You should only populate the 'Not yet allocated' category if you are certain that your authority does not have plans to use this funding.

Please provide percentage figures for each service area ensuring that they sum to 100%. If your authority does not provide a service or has not allocated any of this grant funding to a particular service area, you must enter 0%.

You may wish to refer to your Round 3 June submission which can be found in the DELTA datastore.

For additional guidance and information, where available, please click the information (i) button.

The summary RAG rating asks for your assessment of the confidence you have in the accuracy of the figures provided. This uses a standard RAG rating system where red reflects estimates based on limited evidence/weak assumptions, and green reflects strong evidence and clearer assumptions.

Service Area	Estimated proportion of grant funding likely to be deployed in this area (%)
1 - Adult Social Care – additional demand	38.2 %
2 - Adult Social Care - supporting the market	28.7 %
3 - Adult Social Care - workforce pressures	8.3 %
4 - Adult Social Care - PPE	0.1 %
5 - Adult Social Care - other	0.1 %
<b>Adult Social Care - sub total</b>	75.4%
6 - Children's Social Care – workforce pressures	3.8 %
7 - Children's Social Care – residential care	10.5 %
8 - Children's Social Care – care leavers	0.1 %
9 - Children Social Care - other	0.3 %
<b>Children's Social Care - sub total</b>	14.7%
10 - Education - SEND	0.0 %



11 - Education - home to school transport

0.0 %

12 - Education - other

0.0 %

**Education - sub total**

0%

13 - Highways and Transport

0.0 %

14 - Public Health - Testing, contact tracing and outbreak planning

0.0 %

15 - Public Health - Other

2.1 %

**Public Health - sub total**

2.1%

16 - Housing - homelessness services

0.0 %

17 - Housing - rough sleeping

3.1 %

18 - Housing - other

0.0 %

**Housing - sub total**

3.1%

19 - Cultural & related - Sports, leisure and community facilities

0.0 %

20 - Cultural & related - other

0.0 %

**Cultural & related - sub total**

0%

21 - Environment & regulatory - cremation, cemetery and mortuary services

2.3 %

22 - Environment & regulatory - waste management

0.3 %

23 - Environment & regulatory - other

0.0 %

2.6%

**Environment & regulatory - sub total**

24 - Planning & development

0.0 %

25 - Police, fire and rescue services

0.0 %

26 - Finance & corporate - ICT & remote working

0.0 %

27 - Finance & corporate - revenue & benefits

0.0 %

28 - Finance & corporate - other

0.0 %

**Finance & corporate - sub total**

0%

29 - Other - shielding

0.3 %

30 - Other - PPE (non-Adult Social Care)

0.0 %

31 - Other - forgone savings/delayed projects

0.0 %

32 - Other – lockdown compliance and reopening costs (incl. enforcement)

1.5 %

33 - Other - Domestic Abuse Services

0.3 %

34 - Other - excluding service areas listed above

0.0 %

**Other - sub total**

2.1%

35 - Not yet allocated

0.0 %

**Total Percentage Check**

100%

Confidence in accuracy of allocation estimates (RAG rating)

AMBER

**Question A2: You have allocated funding to 'Other services' or a specific service area suffixed '-other', excluding the subcategories listed (i.e. shielding, PPE, forgone savings/delayed projects), please specify what this represents.** Page 98

Expected cost alone exceeds grant. Cost adjusted to ensure the total allocation is no more than 100% of the grant funding.

## Section B: Additional spending pressures due to COVID-19

### Question B1: Compared to what you had budgeted prior to the COVID-19 pandemic, please estimate how much additional money you have spent, and plan to spend, on the following service areas due to pressures caused by COVID-19, irrespective of how it is funded.

Your additional spending should be reported:

1) Gross of any additional funding you have received - do not deduct any grant funding for COVID-19 costs or any other payments. For example, you should include all your additional expenditure to be funded or reimbursed by your Clinical Commissioning Group (CCG) partners, payments to care providers funded through the Infection Control Fund, and Test and Trace Service funded expenditure.

2) Net of any savings that may have arisen from changes in activity due to the COVID-19 pandemic e.g. due to use of the furlough scheme or reduced numbers of care users or care activities.

As in Section A, we recognise that COVID-19 activities may be cross-cutting across service areas, and it may not be possible to apportion additional spend due to COVID-19 with complete accuracy. However, please estimate as best you can.

Where money has been committed, but not actually spent (for example invoices expected/not yet fulfilled), beyond the months of this survey, please include this within your estimates of full financial year impacts.

You should report your additional spend estimates in millions, though you can provide figures to the nearest thousand pounds (up to 3 decimal places) if you are able to do so. If your authority does not provide a service or you have not spent any more as a result of COVID-19, you must enter 0 (zero).

You may wish to view your Round 3 June form which can be found in the DELTA datastore. For Round 4, please use actual expenditure/outturn-based estimates where possible for June.

Where full financial year estimates are requested, please estimate these using government announcements to date and your authority's own current planning assumptions for the continued easing of lockdown restrictions.

Where your authority has outsourced service provision, please record any additional costs beyond what was originally budgeted for under the relevant service line below. Management fees and costs that were included in pre-COVID-19 budgets should not be recorded below, regardless of whether or not any service has been received.

For additional information, where available, please click the information (i) button.

Service Area	Estimated additional spending pressure due to Covid-19		
	June 2020 (£m)	July 2020 (£m)	Full financial year 2020-21 (£m)
1 - Adult Social Care – additional demand	June 2020 £ 0.250 m	July 2020 £ 0.250 m	Full year 2020-21 £ 17.370 m
2 - Adult Social Care - supporting the market	June 2020 £ 0.000 m	July 2020 £ 2.850 m	Full year 2020-21 £ 4.840 m
3 - Adult Social Care - workforce pressures	June 2020 £ 0.140 m	July 2020 £ 0.140 m	Full year 2020-21 £ 1.410 m

<b>4 - Adult Social Care - Personal protective equipment (PPE)</b>	June 2020	July 2020	Full year 2020-21
	£ 0.000 m	£ 0.000 m	£ 0.020 m
<b>5 - Adult Social Care - other</b>	June 2020	July 2020	Full year 2020-21
	£ 0.010 m	£ 0.010 m	£ 0.020 m
<b>ASC sub total</b>	<b>June 2020</b>	<b>July 2020</b>	<b>Full year 2020-21</b>
	£ 0.400 m	£ 3.250 m	£ 23.660 m
<b>6 - Children's Social Care – workforce pressures</b>	June 2020	July 2020	Full year 2020-21
	£ 0.070 m	£ 0.070 m	£ 0.640 m
<b>7 - Children's Social Care – residential care</b>	June 2020	July 2020	Full year 2020-21
	£ 0.110 m	£ 0.120 m	£ 1.760 m
<b>8 - Children's Social Care – care leavers</b>	June 2020	July 2020	Full year 2020-21
	£ 0.000 m	£ 0.000 m	£ 0.010 m
<b>9 - Children Social Care - other</b>	June 2020	July 2020	Full year 2020-21
	£ 0.000 m	£ 0.000 m	£ 0.060 m
<b>CSC sub total</b>	<b>June 2020</b>	<b>July 2020</b>	<b>Full year 2020-21</b>
	£ 0.180 m	£ 0.190 m	£ 2.470 m
<b>10 - Education - SEND</b>	June 2020	July 2020	Full year 2020-21
	£ 0.000 m	£ 0.000 m	£ 0.000 m
<b>11 - Education - Home to school transport</b>	June 2020	July 2020	Full year 2020-21
	£ 0.010 m	£ 0.000 m	£ 1.310 m
<b>12 - Education - other</b>	June 2020	July 2020	Full year 2020-21
	£ 0.000 m	£ 0.000 m	£ 0.000 m
<b>Education sub total</b>	<b>June 2020</b>	<b>July 2020</b>	<b>Full year 2020-21</b>
	£ 0.010 m	£ 0.000 m	£ 1.310 m
<b>13 - Highways and Transport</b>	June 2020	July 2020	Full year 2020-21
	£ 0.000 m	£ 0.000 m	£ 0.000 m
<b>14 - Public Health - Testing, contact tracing and outbreak planning</b>	June 2020	July 2020	Full year 2020-21
	£ 0.000 m	£ 0.000 m	£ 1.570 m
<b>15 - Public Health - other</b>	June 2020	July 2020	Full year 2020-21
	£ 0.040 m	£ 0.040 m	£ 0.350 m
<b>Public Health sub total</b>	<b>June 2020</b>	<b>July 2020</b>	<b>Full year 2020-21</b>
	£ 0.040 m	£ 0.040 m	£ 1.920 m
<b>16 - Housing - homelessness services</b>	June 2020	July 2020	Full year 2020-21
	£ 0.000 m	£ 0.000 m	£ 0.000 m

<b>17 - Housing - rough sleeping</b>	June 2020	July 2020	Full year 2020-21
	£ 0.080 m	£ 0.080 m	£ 0.520 m
<b>18 - Housing - other (excluding HRA)</b>	June 2020	July 2020	Full year 2020-21
	£ 0.000 m	£ 0.000 m	£ 0.000 m
<b>Housing sub total (excluding HRA)</b>	<b>June 2020</b>	<b>July 2020</b>	<b>Full year 2020-21</b>
	£ 0.080 m	£ 0.080 m	£ 0.520 m
<b>19 - Cultural &amp; related - Sports, leisure and community facilities</b>	June 2020	July 2020	Full year 2020-21
	£ 0.050 m	£ 0.080 m	£ 0.370 m
<b>20 - Cultural &amp; related - other</b>	June 2020	July 2020	Full year 2020-21
	£ 0.000 m	£ 0.000 m	£ 0.000 m
<b>Cultural &amp; related sub total</b>	<b>June 2020</b>	<b>July 2020</b>	<b>Full year 2020-21</b>
	£ 0.050 m	£ 0.080 m	£ 0.370 m
<b>21 - Environment &amp; regulatory - cremation, cemetery and mortuary services</b>	June 2020	July 2020	Full year 2020-21
	£ 0.060 m	£ 0.060 m	£ 0.440 m
<b>22 - Environment &amp; regulatory - waste management</b>	June 2020	July 2020	Full year 2020-21
	£ 0.030 m	£ 0.030 m	£ 0.060 m
<b>23 - Environment &amp; regulatory - other</b>	June 2020	July 2020	Full year 2020-21
	£ 0.000 m	£ 0.020 m	£ 0.140 m
<b>Environment &amp; regulatory sub total</b>	<b>June 2020</b>	<b>July 2020</b>	<b>Full year 2020-21</b>
	£ 0.090 m	£ 0.110 m	£ 0.640 m
<b>24 - Planning &amp; development</b>	June 2020	July 2020	Full year 2020-21
	£ 0.000 m	£ 0.000 m	£ 0.000 m
<b>25 - Police, fire and rescue services</b>	June 2020	July 2020	Full year 2020-21
	£ 0.000 m	£ 0.000 m	£ 0.000 m
<b>26 - Finance &amp; corporate - ICT &amp; remote working</b>	June 2020	July 2020	Full year 2020-21
	£ 0.010 m	£ 0.000 m	£ 0.030 m
<b>27 - Finance &amp; corporate - revenue &amp; benefits</b>	June 2020	July 2020	Full year 2020-21
	£ 0.010 m	£ 0.010 m	£ 0.030 m
<b>28 - Finance &amp; corporate - other</b>	June 2020	July 2020	Full year 2020-21
	£ 0.010 m	£ 0.010 m	£ 0.030 m
<b>Finance &amp; corporate sub total</b>	<b>June 2020</b>	<b>July 2020</b>	<b>Full year 2020-21</b>
	£ 0.030 m	£ 0.020 m	£ 0.090 m
	June 2020	July 2020	Full year 2020-21
	£ 0.010 m	£ 0.010 m	£ 0.040 m

<b>29 - Other - shielding</b>			
<b>30 - Other - PPE (non-Adult Social Care)</b>	June 2020	July 2020	Full year 2020-21
	£ 0.020 m	£ 0.020 m	£ 0.340 m
<b>31 - Other - unachieved savings/delayed projects</b>	June 2020	July 2020	Full year 2020-21
	£ 0.510 m	£ 0.500 m	£ 6.060 m
<b>32 - Other – lockdown compliance and reopening costs (incl. enforcement)</b>	June 2020	July 2020	Full year 2020-21
	£ 0.020 m	£ 0.020 m	£ 0.250 m
<b>33 - Other - Domestic Abuse Services</b>	June 2020	July 2020	Full year 2020-21
	£ 0.000 m	£ 0.030 m	£ 0.040 m
<b>34 - Other - excluding service areas listed above</b>	June 2020	July 2020	Full year 2020-21
	£ 0.000 m	£ 0.000 m	£ 0.000 m
<b>Other sub total (includes Shielding)</b>	<b>June 2020</b>	<b>July 2020</b>	<b>Full year 2020-21</b>
	£ 0.560 m	£ 0.580 m	£ 6.730 m
<b>TOTAL ESTIMATED SPENDING PRESSURE (General Fund)</b>	<b>June 2020</b>	<b>July 2020</b>	<b>Full year 2020-21</b>
	£ 1.440 m	£ 4.350 m	£ 37.710 m

**Additional Housing Revenue Account (HRA) Pressures:**

<b>32 - HRA - workforce pressures</b>	June 2020	July 2020	Full year 2020-21
	£ 0.000 m	£ 0.000 m	£ 0.000 m
<b>33 - HRA - supplies and materials including PPE</b>	June 2020	July 2020	Full year 2020-21
	£ 0.010 m	£ 0.010 m	£ 0.150 m
<b>34 - HRA - other</b>	June 2020	July 2020	Full year 2020-21
	£ 0.000 m	£ 0.000 m	£ 0.000 m
<b>HRA total</b>	<b>June 2020</b>	<b>July 2020</b>	<b>Full year 2020-21</b>
	£ 0.010 m	£ 0.010 m	£ 0.150 m

**Question B2: You have allocated spending pressures to ‘Other services’, excluding the subcategories listed (i.e. shielding, PPE, forgone savings/delayed projects), please specify what this represents.**

Adults - incidental purchase card items  
 Children's - Holiday provision for vulnerable children  
 Public Health - Additional staffing

Environment - Staffing, Security and cleansing costs for Registration services  
 Finance - urgent temporary accommodation for staff

**Question B3: Using the RAG rating below, please assess the confidence you have in the accuracy of the additional expenditure figures provided. This uses a standard RAG rating system where red reflects estimates based on limited evidence/weak assumptions, and green reflects strong evidence and clearer assumptions.**

Confidence in accuracy of spend pressure estimates (RAG rating)

RED

Questions B4 - B8 refer to your additional Adult Social Care expenditure.

**Question B4: Has your local authority come to an agreement with your CCG partner(s) about the reimbursement and funding of some of your additional COVID-19 related costs including those relating to hospital discharge?**

This can include a formal Section 75 agreement or any other type of agreement you have with your CCG partners about the funding or reimbursement of additional COVID-related costs.

Please select Yes or No

No

**Question B5: What proportion of your total additional spend on adult social care will be funded by your CCG partner(s) to cover discharge costs?**

Please express this proportion as a percentage of your total additional adult social care spending pressure as reported in B1.

If you have not come to an agreement with your CCG partner(s), please estimate as best as possible what proportion of your spend pressure will be funded. This should include monies from the £1.3bn NHS funding made available for enhanced hospital discharge. If you are unable to provide an estimate or are not expecting any CCG funding / reimbursement to cover some of your COVID-related gross costs you should enter 0 (zero).

Service Area	June 2020	July 2020	Full financial year 2020-21
Proportion of total adult social care additional spend to be funded by CCG(s)	0.0 %	0.0 %	0.0 %
Total adult social care additional spending	£ 0.400 m	£ 3.250 m	£ 23.660 m
Additional adult social care spending to be funded or reimbursed by CCG(s)	£ 0.000 m	£ 0.000 m	£ 0.000 m
	£ 0.400 m	£ 3.250 m	£ 23.660 m

Additional adult social care spending not funded or reimbursed by CCG(s)

**Question B6: What proportion of your total additional spending on adult social care (ASC) and ASC- PPE is going directly to external providers?**

Please express your answers as a percentage. Your additional adult social care expenditure from B1 is shown below, and the equivalent amounts going directly to providers have been calculated as a guide.

Service Area	June 2020	July 2020	Full financial year 2020-21
Proportion of total ASC additional spend going to external providers	64.0 %	96.0 %	94.0 %
Total ASC additional spending	£ 0.400 m	£ 3.250 m	£ 23.660 m
ASC additional spending going to external providers	£ 0.256 m	£ 3.120 m	£ 22.240 m
ASC additional spending <u>not</u> going to external providers	£ 0.144 m	£ 0.130 m	£ 1.420 m
Proportion of ASC - PPE additional spending going to external care providers	0.0 %	0.0 %	0.0 %
Total additional ASC PPE spending	£ 0.000 m	£ 0.000 m	£ 0.020 m
Additional ASC PPE spend going to external providers	£ 0.000 m	£ 0.000 m	£ 0.000 m
Additional ASC PPE spend <u>not</u> going to external providers	£ 0.000 m	£ 0.000 m	£ 0.020 m

**Question B7: You have reported ASC spending that is not going directly to external care providers, please provide an explanation of the types of activity and costs this includes.**

Workforce costs £1.37M  
 PPE £0.02M  
 Other £0.02M, purchase card spend



**Question B8: What proportion of additional ASC spending going to external care providers is being spent on covering the lost income to care providers from reduced occupancy by the self-funding sector?**

Please provide estimates as best you can, if you are unable to provide an estimate or have not reported any ASC expenditure as going to external providers in question B6, please enter zero.

Service Area	June 2020	July 2020	Full financial year 2020-21
Proportion being spent on covering the lost income to care providers from reduced occupancy by the self-funding sector	0.0 %	0.0 %	0.0 %
Additional ASC spend going to external care providers	£ 0.256 m	£ 3.12 m	£ 22.2404 m
Amount going to providers being spent on covering the lost income to care providers from reduced occupancy by the self-funding sector	£ 0.000 m	£ 0.000 m	£ 0.000 m
Amount going to providers <u>not</u> being spent on covering the lost income to care providers from reduced occupancy by the self-funding sector	£ 0.256 m	£ 3.120 m	£ 22.240 m

**Question B9: Of your annual Adult Social Care spend estimate in B1, how much is money that has been committed, but not actually spent in the months specified above, for example from invoices expected or not yet fulfilled.**

This should exclude pressures you have already budgeted for in your 20-21 baseline.

Service Area	Full financial year 2020-21
Total adult social care additional spending sub total	£ 23.660 m
Proportion that has been committed but not yet spent	5.5 %
Total adult social care additional spending committed	£ 1.301 m

Questions B10 and B11 refer to your additional homelessness and rough sleeping expenditure.

**Question B10: Of your total additional expenditure on homelessness services, as reported in B1, how much is being recovered through housing benefit/Universal Credit?**

Please report your answer in £m

Service Area	June 2020 (£m)	July 2020 (£m)	Full financial year 2020-21 (£m)
Additional homelessness service spend reported in B1	£ 0.000 m	£ 0.000 m	£ 0.000 m
Amount recovered through housing benefit /Universal Credit	£ 0.000 m	£ 0.000 m	£ 0.000 m

**Question B11: Of your total additional expenditure on rough sleeping services, as reported in B1, how much is being recovered through housing benefit/Universal Credit?**

Please report your answer in £m

Service Area	June 2020 (£m)	July 2020 (£m)	Full financial year 2020-21 (£m)
Additional rough sleeping service spend reported in B1	£ 0.080 m	£ 0.080 m	£ 0.520 m
Amount recovered through housing benefit /Universal Credit	£ 0.028 m	£ 0.028 m	£ 0.182 m

Section C: Income reductions due to COVID-19

**Question C1: Compared to what you budgeted prior to the COVID-19 pandemic, how much have the following sources of income been reduced due to pressures caused by COVID-19?**

As with Spending Pressures, please provide income loss estimates as best you can. You should report your losses in millions, though you can provide figures to the nearest thousand pounds (up to 3 decimal places) if you are able to do so. Please report your loss estimates using positive figures. In all cases, losses should be reported as the difference between the actual/projected cash amount to be collected post COVID-19 (including the impact of the business rate measures announced at and since Budget 2020) compared to what was originally expected to be collected in cash terms prior to COVID-19 and prior to Budget 2020.

If your income has not been affected by COVID-19, you must enter 0 (zero). Additionally, if you are a Precepting authority (shire county in a two-tier area), you do not have to enter your share of Business Rates and Council Tax losses as these will be reported by the respective Billing authority. Billing authorities should show all council tax and business rates losses, including those that will be attributable to preceptors and the central share.

You may wish to view your Round 3 June form which can be found in the DELTA datastore. Please use actual outturn-based income losses where possible for June 2020.

**Where full financial year estimates are requested, please estimate these using government announcements to date and your authority's own current planning assumptions for the continued easing of lockdown restrictions.**

Only drops in revenue that your authority budgeted to collect at the start of the year should be recorded here. Where your authority has provided additional financial support to external providers to recompense their lost income, this should be recorded as an expenditure pressure in section B.

For additional information, where available, please click the information (i) button.

Note: As reported in MHCLG's NNDR additional reliefs data release published in May 2020, the total value of expanded retail discount and nursery discount for 2020-21 is shown to the right.

**NNDR published BR reliefs 2020/21:**

£ 46.045 m

This is the figure taken from columns K + L of the datasheet at the below link:

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/883615/Revised\\_NNDR1\\_2020-21\\_Additional\\_reliefs\\_exercise.xlsx](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/883615/Revised_NNDR1_2020-21_Additional_reliefs_exercise.xlsx)

Please note this figure is different to the one used in Round 3, you may wish to update this figure with your latest estimate, although we would expect the revised estimate to be close to the pre-populated amount.

Billing authorities should show all council tax and business rates cash losses, including those that will be attributable to preceptors and the central share, and are to report 'losses' as the difference between the tax cash income they expected to receive and what they have actually received at each point in time.

<b>Estimated income losses £m pressure due to Covid-19</b>			
<b>Income source</b>	<b>June 2020 (£m)</b>	<b>July 2020 (£m)</b>	<b>Full financial year 2020-21 (£m)</b>
<b>1 - Business rates losses- COVID-19 Reliefs</b>	June 2020 £ 4.119 m	July 2020 £ 4.119 m	Full year 2020-21 £ 49.422 m
<b>2 - Business rates losses - Deferrals</b>	June 2020 £ 0.500 m	July 2020 £ 0.000 m	Full year 2020-21 £ 0.000 m
<b>3 - Business rates losses - other</b>	June 2020 £ 0.466 m	July 2020 £ 0.466 m	Full year 2020-21 £ 5.590 m
<b>Business Rates losses subtotal (cash receipts)</b>	<b>June 2020</b> £ 5.085 m	<b>July 2020</b> £ 4.585 m	<b>Full year 2020-21</b> £ 55.012 m
<b>Business rates losses subtotals (after reliefs)</b>	<b>June 2020</b> £ 0.966 m	<b>July 2020</b> £ 0.466 m	<b>Full year 2020-21</b> £ 5.590 m
<b>4 - Council Tax receipt losses - working age LCTS</b>	June 2020 £ 0.282 m	July 2020 £ 0.495 m	Full year 2020-21 £ 5.939 m
<b>5 - Council Tax receipt losses - payment failure</b>	June 2020 £ 0.114 m	July 2020 £ 0.114 m	Full year 2020-21 £ 1.363 m
<b>6 - Council Tax receipt losses - other</b>	June 2020 £ 0.078 m	July 2020 £ 0.078 m	Full year 2020-21 £ 0.940 m
<b>Council Tax receipt losses total</b>	<b>June 2020</b> £ 0.474 m	<b>July 2020</b> £ 0.687 m	<b>Full year 2020-21</b> £ 8.242 m
<b>Collection Fund Losses - Total</b>	<b>June 2020</b> £ 1.440 m	<b>July 2020</b> £ 1.153 m	<b>Full year 2020-21</b> £ 13.832 m
	June 2020 £ 0.661 m	July 2020 £ 0.422 m	Full year 2020-21 £ 3.864 m

**7 - Highways and Transport Sales, Fees & Charges (SFC) - Parking services losses**

<b>8 - Highways and Transport Sales, Fees &amp; Charges (SFC) losses - other</b>	June 2020	July 2020	Full year 2020-21
	£ 0.232 m	£ 0.196 m	£ 1.686 m
<b>9 - Cultural &amp; Related (SFC) - Recreation and sport losses</b>	June 2020	July 2020	Full year 2020-21
	£ 0.000 m	£ 0.000 m	£ 0.000 m
<b>10 - Cultural &amp; Related (SFC) losses - other</b>	June 2020	July 2020	Full year 2020-21
	£ 0.080 m	£ 0.080 m	£ 0.775 m
<b>11 - Planning &amp; Development SFC losses</b>	June 2020	July 2020	Full year 2020-21
	£ 0.035 m	£ 0.030 m	£ 0.135 m
<b>12 - Other SFC income losses</b>	June 2020	July 2020	Full year 2020-21
	£ 0.380 m	£ 0.375 m	£ 3.416 m
<b>Sales, Fees &amp; Charges income losses total</b>	<b>June 2020</b>	<b>July 2020</b>	<b>Full year 2020-21</b>
	£ 1.388 m	£ 1.103 m	£ 9.876 m
<b>13 - Commercial income losses</b>	June 2020	July 2020	Full year 2020-21
	£ 0.134 m	£ 0.134 m	£ 1.499 m
<b>14 - Other income losses</b>	June 2020	July 2020	Full year 2020-21
	£ 0.008 m	£ 0.008 m	£ 0.100 m
<b>Non-collection Fund Losses Total</b>	<b>June 2020</b>	<b>July 2020</b>	<b>Full year 2020-21</b>
	£ 1.530 m	£ 1.245 m	£ 11.475 m
<b>TOTAL ESTIMATED INCOME LOSS</b>	<b>June 2020</b>	<b>July 2020</b>	<b>Full year 2020-21</b>
	£ 2.970 m	£ 2.398 m	£ 25.307 m
<b>Additional Housing Revenue Account (HRA) losses:</b>			
<b>15 - HRA - residential rent arrears</b>	June 2020	July 2020	Full year 2020-21
	£ 0.081 m	£ 0.081 m	£ 0.972 m
<b>16 - HRA - commercial rent arrears</b>	June 2020	July 2020	Full year 2020-21
	£ 0.007 m	£ 0.007 m	£ 0.080 m
<b>17 - HRA - losses from voids</b>	June 2020	June 2020	Full year 2020-21
	£ 0.013 m	£ 0.013 m	£ 0.040 m
<b>18 - HRA - other</b>	June 2020	July 2020	Full year 2020-21
	£ 0.004 m	£ 0.004 m	£ 0.048 m
<b>HRA total</b>	<b>June 2020</b>	<b>July 2020</b>	<b>Full year 2020-21</b>
	£ 0.105 m	£ 0.105 m	£ 1.140 m

**Question C2: Your 2020-21 Business Rates loss attributable to reliefs is now different to the value of your published reliefs, please explain why.**

The forecast for reliefs has been updated using business rates system data as at the end of June 2020

**Question C3: You have recorded income reduction under 'Other' or a specific income loss line suffixed '- other' please specify what this represents.**

BR - Other: empty property relief; payment failure; loss of growth from commercial developments  
 CT - Other: loss of taxbase growth from housing developments  
 Highways - Tolls from Itchen Bridge and Bus Lane penalty notices  
 Cultural - Venue income loss  
 SFC - Adult Social Care income loss, service income loss like registration ceremonies and nurseries.

**Question C4: Using the RAG rating below, please assess the overall confidence you have in the accuracy of the income reduction figures provided. This uses a standard RAG rating system where red reflects estimates based on limited evidence/weak assumptions, and green reflects strong evidence and clearer assumptions.**

Confidence in accuracy of income reduction estimates (RAG rating)

RED

**Question C5. We are interested in understanding income losses which are irrecoverable and you know will impact on your financial position. Of the income losses specified below (and as you have reported in C1), what proportion is already known/deemed to be irrecoverable in that it will permanently impact on your financial position?**

Income loss estimates should be attributed to the time period when the loss occurred e.g. if income was lost in June but will be recovered at a later date, this should be reflected in the June column.

Losses should be recorded as irrecoverable if they can not be recovered at any point.

Please express your estimate as a percentage of the given source of income loss. For each income type, your loss as reported in C1 is shown below, and the equivalent amounts deemed irrecoverable and recoverable have been calculated as a guide.

Sales, fees and charges	June 2020	July 2020	Full financial year 2020-21
Proportion of Sales, fees and charges income deemed irrecoverable	100.0 %	100.0 %	100.0 %
	£ 1.388 m	£ 1.103 m	£ 9.876 m

Total sales, fees and charges loss

Irrecoverable sales, fees and charges losses	£ 1.388 m	£ 1.103 m	£ 9.876 m
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Recoverable sales, fees and charges losses	£ 0.000 m	£ 0.000 m	£ 0.000 m
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<b>Commercial Income</b>	<b>June 2020</b>	<b>July 2020</b>	<b>Full financial year 2020-21</b>
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Proportion of commercial income deemed irrecoverable	100.0 %	100.0 %	100.0 %
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Total commercial income loss	£ 0.134 m	£ 0.134 m	£ 1.499 m
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Irrecoverable commercial income losses	£ 0.134 m	£ 0.134 m	£ 1.499 m
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Recoverable commercial income losses	£ 0.000 m	£ 0.000 m	£ 0.000 m
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<b>Other Income</b>	<b>June 2020</b>	<b>July 2020</b>	<b>Full financial year 2020-21</b>
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Proportion of other income deemed irrecoverable	100.0 %	100.0 %	100.0 %
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Total other income loss	£ 0.008 m	£ 0.008 m	£ 0.100 m
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Irrecoverable other income losses	£ 0.008 m	£ 0.008 m	£ 0.100 m
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Recoverable other income losses	£ 0.000 m	£ 0.000 m	£ 0.000 m
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Confidence in accuracy of irrecoverable loss estimates (RAG rating)

AMBER
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The government recognises that there might be a limited number of cases in which it is appropriate for local authorities to furlough workers and claim funding through the Coronavirus Job Retention Scheme (CJRS). This would be in exceptional cases: where staff salaries are largely funded by sales, fees and charges, where there is a significant reduction in these revenue streams which are not already offset by additional grant funding from central government, where these staff cannot be redeployed, and where the alternative would be redundancy.

**Question C6: If you are considering, or have already furloughed staff and made a claim through the CJRS, please include an estimate of the extent to which a reduction in sales, fees and charges are expected to be offset by the CJRS funding you will receive.**

You should report your figure in millions, though you can provide figures to the nearest thousand pounds (up to 3 decimal places)

£ 0.000 m

## Section D: Council Tax payment plans and Local Council Tax Support (LCTS)

**Question D1: How many households – if any – has your authority agreed alternative council tax payment plans with in 2020-21? Please estimate your responses in this section as best you can.**

1,500

**Question D2. If you have agreed alternative arrangements, please also provide further detail on what the alternative payments plans look like. This could include, for example, arrangements to defer payments or to vary the amounts of payments to be taken over different months.**

We allowed payees in both CTAX and Business Rates to move instalments from April 20 to January 21 to June 20 to March 21

The following question relates to your Local Council Tax Support (LCTS).

**Question D3. Please estimate the total number of working age LCTS caseload and compare this against the authority's expectations for 2020-21, as set out in pre-COVID -19 budget calculations.**

	As at 30 June 2020	As at 31 July 2020	Average of quarterly snapshots across the full Financial Year 2020-21
Total number of working age LCTS caseload	13,901	13,923	13,951
Total <i>expectation</i> of working age LCTS caseload (as set out in budget calculations pre COVID-19)	11,963	11,963	11,963

Confidence in accuracy of LCTS caseload estimates (RAG rating)

AMBER

## Section E: Allocation of £500m Covid-19 Council Tax hardship fund

*Please estimate your responses in this section as best you can. However, if for any question in the section you are unable to provide a rough working estimate, you can leave the box blank and continue to the next question.*

The Government has made COVID-19 Hardship Fund payments totalling £500m to local authorities.

As stated in the Hardship Fund guidance, published on 24 March 2020, it is expected that billing authorities will use the fund to provide all recipients of working age local council tax support ('LCTS') during the financial year 2020-21 with a further reduction of £150 in their annual council tax bill.

Where a taxpayer's liability for 2020-21 is, following the application of council tax support, less than £150, then their liability would be reduced to nil. Where a taxpayer's liability for 2020-21 is nil, no reduction to the council tax bill will be available.

Having allocated grant to reduce the council tax bill of working age LCTS recipients by a further £150, billing authorities should establish their own local approach to using any remaining grant to assist those in need.

Of this funding, your local authority allocation is:

£ 2.584 m

**Question E1: How many working-age LCTS recipients have been re-billed with a hardship fund discount applied to their council tax liability?**

14,299

**Question E2: What proportion of your working age Local Council Tax Support caseload does your answer to E1 represent?**

Please express as a percentage.

100.0 %

**Question E3: What proportion of your authority's Hardship Fund has been allocated to provide discounts to current working-age recipients of LCTS?**

The number provided should include actual and planned spend. Please express as a percentage.

82.6 %

In cash terms this is equivalent to:

£ 2.134 m

**Question E4: What proportion of your hardship grant funding have you allocated towards other council tax reductions or support outside of the council tax system? Please express as percentage.**

The number provided should include actual and planned spend. Please express as a percentage.

0.0 %

**Question E5: If you would like to provide some additional commentary on your authority's use of the Hardship Fund, please do so here.**

Awaiting trend on eligible numbers during easing of lock down, to then review early Autumn on take up and remaining sum.

**Section F: Availability of reserves and cashflow difficulties due to COVID-19**

In order to help us understand the impact of COVID-19 on financial sustainability, and on the basis of the funding provided to date, we would like you to provide us with some information on how you anticipate the shock will affect your authority's reserve levels and wider financial strategy.

Please provide information that is consistent with your input on income and expenditure.

**Question F1: Please provide a provisional estimate of your unringfenced reserves balance as of 1st April 2020. Please separate between unallocated and earmarked reserves.**

You should report your estimates in millions, though you can provide figures to the nearest thousand pounds (up to 3 decimal places) if you are able to do so, with a RAG rating for confidence in estimates.

Note: as reported in MHCLG's 2020-21 Local Authority Revenue Account data release published in July 2020, your 1 April 2020 reserves estimates are as shown below. For Question F1, you can provide more up-to-date estimates, if you wish to do so.



**Unallocated financial reserves - 20/21 RA**

£ 10.066 m

**Other earmarked reserves - 20/21 RA**

£ 67.317 m

**Unallocated financial reserves**

£ 10.066 m

**Other earmarked reserves**

£ 67.317 m

Confidence in accuracy of reserves estimates (RAG rating)

AMBER

**Question F2. What percentage of your unringfenced reserves would you not be able to reallocate to meet unforeseen budgetary pressures in order to balance your 20/21 budgets?**

For example: if earmarked funds are ringfenced or are attached to contractual commitments and/or unallocated balances would fall below the minimum level you are required to maintain.

	% of unringfenced reserves as at 1 Apr 2020 <u>unavailable</u> for unforeseen circumstances	Unringfenced reserves as at 1 Apr 2020 <u>unavailable</u> for unforeseen circumstances	Unringfenced reserves as at 1 Apr 2020 <u>available</u> for unforeseen circumstances
<b>Unallocated financial reserves</b>	100 %	£ 10.066 m	£ 0.000 m
<b>Other earmarked reserves</b>	100 %	£ 67.317 m	£ 0.000 m

Confidence in accuracy of reserves estimates (RAG rating)

RED

**Question F3: If, in the event, you are required to deploy reserves to meet COVID-19 pressures in 2020-21, what impact would using unallocated reserves and/or other earmarked reserves have on your wider financial strategy?**

Please select all that apply

- It would require you to add to reserves in 2021-22
- It would delay planned savings/improvement plans
- Other

**Question F4: If you have selected Other, please specify.**

Medium Term Financial Strategy to be reviewed, but will be pressure to replenish reserves given planned usage for budget issues and to meet further unknowns, including fresh waves of COVID. Re: F5 We are currently paying more in BR retail discount than compensated for by S31 grant - producing a cash flow cost

**Question F5: Do you anticipate any difficulties in meeting cash flow requirements over the next three months as a result of pressures caused by COVID-19?**

We are interested in any difficulties in meeting ongoing costs from your existing resources or through normal treasury management activity such as short-term borrowing. Please use the drop-down list provided.

No

Section G: Additional commentary

**Question G1. If you would like to provide some additional commentary on how the COVID-19 pandemic is impacting your authority's financial position, please do so here.**

The forecast impact (costs, loss of income and savings) for the year is £47.6m. This compares with the grant from Government of £16.9m, (with support for income still to be announced), producing a shortfall of £30.7m.

Any use of reserves to cover the impact would significantly weaken the authority's financial resilience and needing to restore a level needed for risks, any overspending and delays in implementation of savings etc. Uncertainty over the financial impact through the collection fund and business rate retention share makes it doubly important reserves are available to support anticipated budget shortfalls. Further Government funding is therefore urgently sought and clarity with longer term ways to help.

For Question B9, the figures are based on committed spend up to the end of July, as a percentage of the annual forecast.

Many thanks for completing this form, please remember to click submit when you have finished each section and have S151 officer agreement.

<b>DECISION-MAKER:</b>		FULL COUNCIL	
<b>SUBJECT:</b>		REVISIONS TO THE CONSTITUTION – MEMBERS’ QUESTIONS AT COUNCIL	
<b>DATE OF DECISION:</b>		16 <sup>TH</sup> SEPTEMBER 2020	
<b>REPORT OF:</b>		LEADER OF THE COUNCIL, CLLR CHRISTOPHER HAMMOND	
<b><u>CONTACT DETAILS</u></b>			
<b>AUTHOR:</b>	<b>Name:</b>	SERVICE DIRECTOR: LEGAL AND BUSINESS OPERATIONS, RICHARD IVORY	Tel: 023 8083 2794
	<b>E-mail:</b>	<a href="mailto:Richard.ivory@southampton.gov.uk">Richard.ivory@southampton.gov.uk</a>	
<b>Director</b>	<b>Name:</b>	DEPUTY CHIEF EXECUTIVE, MIKE HARRIS	Tel: 023 8083 2882
	<b>E-mail:</b>	Mike.harris@southampton.gov.uk	
<b>STATEMENT OF CONFIDENTIALITY</b>			
None			
<b>BRIEF SUMMARY</b>			
<p>At the Annual Council meeting on 20<sup>th</sup> May 2020 the Council resolved to urgently review the Constitution in respect of Members formally tabled questions before Council. The report was tabled at the July Council meeting but deferred without debate for further consideration. This report details the original discussions by the Members Task and Finish Group since then and its recommendations. In addition the Group will meet virtually on 8<sup>th</sup> September and subject to that it is intended a revised report be published prior to Council.</p>			
<b>RECOMMENDATIONS:</b>			
	(i)	The Council resolves to amend the Constitution’s Council Procedure Rules in relation to Members Questions as detailed in the report.	
<b>REASONS FOR REPORT RECOMMENDATIONS</b>			
1.	To accord with Members’ wishes on how they would like to consider Members Questions at Council		
<b>ALTERNATIVE OPTIONS CONSIDERED AND REJECTED</b>			
2.	Leave the process and Constitution as adopted currently. This would not accord with members wishes on how they wish to transact business at Council.		
<b>DETAIL (Including consultation carried out)</b>			
3.	At the Annual Council meeting on 20 <sup>th</sup> May 2020 the Council resolved to urgently review the Constitution in respect of Members’ formally tabled questions before Council. This report details the discussions by the Task and Finish Group since and its recommendations.		

4.	<p>By way of background Council last considered this matter and amended the Council Procedure Rules (CPR) in 2016. The current relevant part in contained in CPR 11 is as below:</p> <p><b><i>“Questions to the Mayor, Cabinet Members or Chairs</i></b>  <i>Subject to Rule 11.4, a Member of the Council may ask:</i></p> <ul style="list-style-type: none"> <li><i>i. the Mayor;</i></li> <li><i>ii. Cabinet Members; or</i></li> <li><i>iii. the Chair of any committee or sub-committee</i></li> </ul> <p><i>a question on any matter related to their role, responsibilities and/or office, subject to no minor issues being raised unless they have first been addressed to the appropriate officer, followed by the relevant Cabinet Member if the response was unsatisfactory and then only to Full Council if the Cabinet Member’s response remains unsatisfactory. If a question relates to a major project or significant policy concern, that may be submitted direct to Council.</i></p> <p><b><i>Notice of questions</i></b>  <i>A Member may only ask a question under Rule 11.1, 11.2 or 11.3 if:</i></p> <ul style="list-style-type: none"> <li><i>a. the question is given in writing to the Director of Legal &amp; Governance by noon eight Clear Days before the meeting. The Director of Legal &amp; Governance will acknowledge receipt of such questions; or</i></li> <li><i>b. if the question relates to urgent matters, they have the consent of the Mayor and the content of the question is given to the Service Director: Legal &amp; Business Operations prior to the commencement of the meeting. The Mayor must seek the advice of the Service Director: Legal &amp; Business Operations before deciding whether to permit the Question to be asked.</i></li> <li><i>c. for the Annual General Meeting in May each year, the question is given in writing to the Service Director: Legal &amp; Business Operations by noon six Clear Days before the meeting. Service Director: Legal &amp; Business Operations will acknowledge receipt of such questions;”</i></li> </ul>
5.	<p>Members Questions are seen as one of the core public opportunities given to members in order to hold the Administration to account. In addition, there are questions to the Executive following the Leader’s statement on Executive Business at Council, the opportunity to table questions to committee chairs and, of course, the separately the comprehensive statutory scrutiny function. However, formally tabled Questions form an integral and important part of full Council business and are transparent and public. They have been used extensively by members over the years and prior to 2016 given the volume had become somewhat unwieldy to manage by officers who are required to provide comprehensive draft answers for the relevant Cabinet Member. Accordingly the criteria above was introduced to refine the process and ensure a graduated procedure was applied in order that only significant matters were tabled at Council rather than operational ones.</p>
6.	<p>Accordingly, since then members and officers agree that the current criteria and process has not always been harmonious and has on occasions caused conflicting opinions with the Monitoring Officer ultimately ruling out some questions in accordance with the criteria. It is the view of all involved that this causes unnecessary conflict at times and as a result a revision of the process is required to ensure a more appropriate process is found.</p>
7.	<p>At the AGM Council resolved that the Monitoring Officer (MO) convene a small members task and finish group by July and make recommendations to July</p>

	Council. Accordingly, two members from each political group have met virtually with the Monitoring Officer and Deputy Chief Executive and reached an agreed set of recommendations which can now be presented to Council as below for consideration.
8.	Most importantly perhaps it was felt that there was a need for the Mayor to be the final arbiter on any “disputed” questions tabled. Accordingly, it is proposed the MO will now consult the Mayor in such circumstances.
9.	It was not felt that the criteria as above needed to be revised if members abided by it and ensured that only significant matters were tabled as Questions.
10.	Further, the task and finish group agreed that comprehensive written answers were not generally required and would recommend that no more than two sentences would be sufficient in the future with the Cabinet Member expending further verbally at the meeting. As a result the current deadline for tabling Questions could be reduced from eight (8) working days to five (5).
11.	<p>Lastly, the following core order of business is proposed for future meetings save that it may require linked items, not least when the public make deputations or there are petitions and/or Motions, to be heard together. The order of business on any agenda is ultimately up to the Mayor to decide.</p> <ul style="list-style-type: none"> <li>• Apologies</li> <li>• Announcements</li> <li>• Deputations</li> <li>• Executive Business including questions on the executive report</li> <li>• Any officer report that needs to be bought</li> <li>• Motions</li> <li>• Council Questions</li> </ul>
12.	If the proposals are adopted naturally Council can keep under review and revise as appropriate.
<b>RESOURCE IMPLICATIONS</b>	
<b><u>Capital/Revenue</u></b>	
13.	None
<b><u>Property/Other</u></b>	
14.	None
<b>LEGAL IMPLICATIONS</b>	
<b><u>Statutory power to undertake proposals in the report:</u></b>	
15.	Local Government Act 2000
<b><u>Other Legal Implications:</u></b>	
16.	None
<b>RISK MANAGEMENT IMPLICATIONS</b>	
17.	None
<b>POLICY FRAMEWORK IMPLICATIONS</b>	
18.	None

<b>KEY DECISION?</b>	<b>No</b>
<b>WARDS/COMMUNITIES AFFECTED:</b>	None
<u>SUPPORTING DOCUMENTATION</u>	
<b>Appendices</b>	
1.	None
<b>Documents In Members' Rooms</b>	
1.	None
<b>Equality Impact Assessment</b>	
<b>Do the implications/subject of the report require an Equality and Safety Impact Assessment (ESIA) to be carried out.</b>	<b>No</b>
<b>Data Protection Impact Assessment</b>	
<b>Do the implications/subject of the report require a Data Protection Impact Assessment (DPIA) to be carried out.</b>	<b>No</b>
<b>Other Background Documents</b>	
<b>Other Background documents available for inspection at:</b>	
<b>Title of Background Paper(s)</b>	<b>Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)</b>
1.	Constitution

<b>DECISION-MAKER:</b>	COUNCIL
<b>SUBJECT:</b>	SUPPORTING OUR CULTURAL AND CREATIVE INDUSTRIES THROUGH THE AWARD OF A LEASE AND GRANT TO MAYFLOWER ACADEMY LIMITED AS THE PROPOSED NEW TENANT AND OPERATOR FOR STUDIO 144 (NORTH)
<b>DATE OF DECISION:</b>	16 SEPTEMBER 2020
<b>REPORT OF:</b>	CABINET MEMBER FOR CULTURE AND HOMES

<u><b>CONTACT DETAILS</b></u>			
<b>Executive Director</b>	<b>Title</b>	Communities, Culture and Homes	
	<b>Name:</b>	Mary D’Arcy	Tel: 023 80834611
	<b>E-mail</b>	Mary.D’Arcy@southampton.gov.uk	
<b>Author:</b>	<b>Title</b>	Project Manager	
	<b>Name:</b>	Tom Tyler	Tel: 023 80 832695
	<b>E-mail</b>	<a href="mailto:Tom.Tyler@Southampton.gov.uk">Tom.Tyler@Southampton.gov.uk</a>	

<b>STATEMENT OF CONFIDENTIALITY</b>
Appendix 1 – the Heads of Terms document is confidential under the Constitution, Access to Information Procedure Rules, section 10.4, category 3 - Information relating to the financial or business affairs of any particular person (including the Authority holding that information). This document contains commercially sensitive information related to the proposed lease document for the Studio 144 North facility.
<b>BRIEF SUMMARY</b>
Nuffield Theatre Trust (NST) appointed administrators on 6 <sup>th</sup> May 2020 who subsequently announced the entering into administration of the NST company on the 2 <sup>nd</sup> July 2020.
Once the requirement for a new operator for Studio 144 was identified, a stakeholders panel was formed, consisting of colleagues from Southampton City Council (The Council), University of Southampton (UoS) and Arts Council England (ACE). The agreed process reviewed applications against a set criteria of; Strategy, Artistic Quality, Leadership and Business Sustainability, Collaboration, Community Involvement and Monitoring and Evaluation. Following a clear and coherent two stage process agreed by all stakeholders to assess potential operators against the agreed criteria, the Mayflower Theatre Trust was identified as a strong application and the only viable and commercially sustainable option. This application was based on the creation of a new company – Mayflower Academy Limited (MAL), to operate the Studio 144 North facility. The appointment of MAL as a key cultural partner within the city is important to the diverse cultural offering to Southampton’s communities, as well as Southampton’s UK City of Culture 2025 bid.
This report seeks a decision on entering into a new cultural partnership with MAL. Permission is requested to enter into a lease arrangement for the Studio 144 North facility and the awarding of a grant with MAL, to deliver cultural activities emanating from the facility that benefits Southampton’s communities.

<b>RECOMMENDATIONS:</b>		
1.	(i)	To grant delegated authority to the Head of Property Services, following consultation with the Service Director: Legal and Business Operations, to finalise the detailed terms and enter into a new 35 year lease with Mayflower Academy Limited for the Studio 144 North facility, subject to all standard processes and due diligence. This lease will be based on the heads of terms agreed between MAL and the Council in appendix 1.
2.	(ii)	To grant authority to the Head of Culture and Tourism to award a grant of £511,250 over two financial years (£221,250 for 20/21 and £290,000 for 21/22) to MAL to deliver community based cultural activity emanating from the Studio 144 north facility
<b>REASONS FOR REPORT RECOMMENDATIONS</b>		
3.		The Studio144 North building is an important cultural asset within the City and currently does not have an operator. Identification of a new operator of the building is vital to the cultural offering to Southampton's communities as well as the UK City of Culture 2025 bid.
4.		Southampton City Council (the Council) is responsible for the building, including all maintenance while no tenant is in place.
5.		Following the development of a shared criteria by the stakeholder group of the Council, UoS and ACE a two stage review process took place. Initial applications submitted to the administrator were reviewed and none of the returns were determined to meet the required criteria. Following a second round of applications and the detailed review of these submissions, Mayflower Theatre Trust's (MTT) submission was determined to be the only viable proposition. The MTT application demonstrated a history of sound financial management by MTT and provided a credible financial model for the future operation of Studio 144. It also showed a long standing track record of delivery and working with local communities within Southampton.
6.		MTT is a charitable trust which will have oversight of MAL. The new standalone company would be supported by and part of an experienced leadership team within the wider MTT group that recognises the need to balance artistic excellence with running a sound and financially sustainable organisation.
7.		The MTT bid demonstrated a strong understanding of and commitment to the strategic context of Southampton City Council and Arts Council England's requirements (strategic partners and grant funders to the Studio 144 operator), both in terms of existing track record and positioning for the future, and working collaboratively with Southampton partners, artists and communities. This bid has laid a strong foundation for MAL's application to ACE for grant funding to deliver a diverse cultural offer for Southampton's residents from the Studio 144 building.
8.		The MTT bid evidenced an artistic vision with experience of and plans for a mix of producing, presenting and co-creation across multiple art forms. This was supported by a deep understanding of marketing and audiences and long standing local, regional and national networks that add value and opportunity to local artists and to the city's cultural ambitions.



9.	MTT has a demonstrable track record of collaborative leadership, community engagement and contributions to Southampton Cultural Education Partnership (co-Chair) and youth theatre. Their bid was supported by numerous letters of support from local Southampton cultural organisations and institutions. It has demonstrated openness in its proposed approach to the running of the Mayflower Academy Limited company, to manage relationships with funders and partners with a clear understanding of performance data and monitoring, including diversity.
10.	The proposal to enter into partnership with MAL is supported by Arts Council England (ACE) and the University of Southampton who, as previously advised above, alongside the Council reviewed the submissions and agreed that MTT was the preferred operator and potential recipient of grant funding.
11.	<p>At the time that NST went into administration, ACE took the unprecedented step of confirming that they would ringfence the £1.9m grant funding previously allocated to NST, for Southampton. This is in recognition of the continued investment by the City into the arts, culture and creative sectors as well as the long term ambition the City, collaborating with national partners such as ACE, has to develop and grow a diverse and inclusive cultural offer, that engages with all of our communities.</p> <p>ACE are due to complete their formal sign off and allocation of the £1.9m grant funds to the new operator in parallel with this process, having already been satisfied that they meet their requirements through the assessment process. The ACE funding is contingent on the Council permitting the lease and continuing to provide match funding in the form of grant funding commitments in 20/21 and 21/22.</p>
12.	The grant funding proposed has already been budgeted for as part of the Medium-Term Financial Strategy and includes the grant not awarded to NST. As such this does not represent a new financial request from council funds but a reallocation of the existing budget.
13.	Grant funding awarded to MAL will be utilised to undertake cultural activity within the community. This work will support residents and continue to build on existing activity related to the City of Culture bid.
14.	The outstanding debt of the previous operator (NST), along with the cost of any dilapidations works to the building, is subject to potential reimbursement through the NST administration process. The Administrator's report stated that a distribution on unsecured debt was expected but this may not cover the full amount of outstanding debt. There is a risk that this will create a residual pressure on the revenue budget. This will be monitored closely throughout the administration process and appropriate mitigation measures will be taken to minimise any adverse impact on the revenue budget.
<b>ALTERNATIVE OPTIONS CONSIDERED AND REJECTED</b>	
15.	Closure or mothballing of the Studio 144 North facility
16.	The Council operates the Studio 144 North facility in full
17.	Undertake further rounds of assessment to identify an alternative operator
<b>DETAIL (Including consultation carried out)</b>	

18.	Closure or mothballing of Studio 144 North is not recommended. It would entail the return of the capital grant to ACE; leave an empty iconic and bespoke arts facility in the heart of the Cultural Quarter for which the Council would be responsible; deny artists and communities access to a purpose-built facility; generate significant reputational damage locally, nationally and internationally and compromise Southampton's UK City of Culture ambitions. The financial liabilities associated with the building would fall to the Council.
19.	The Council does not have the capacity or relevant expertise to be able to operate Studio 144 and deliver the outcomes expected by ACE. If it was considered as an option this would require considerable investment in resources by the Council to ensure success. The Council is better positioned to be a partner and enabler rather than the lead and delivery body for the facility.
20.	Three other applications to operate the Studio 144 were received (other than MTT). Following assessment, none of the three shortlisted organisations were found to meet the criteria sufficiently to be considered as viable options. The fundamental guiding principle was to find a sustainable and credible cultural solution that would not fail in the short or medium term. This is critical in the context of The Council's financial position, the cultural offering to Southampton's communities as well as the UK City of Culture 2025 bid.
<b>RESOURCE IMPLICATIONS</b>	
<b><u>Revenue</u></b>	
21.	Under these proposals a revenue grant of £221,250 in 2020/21 and £290,000 in 2021/22 is to be provided to the new operator. This expenditure is already budgeted for within the Medium-Term Financial Strategy as it had previously been awarded to NST, the former operator of the Studio 144 north facility but not drawn down. As a result, this grant funding does not require an additional budget allocation and can be met from existing resources.
22.	The commercial terms of the new lease agreement are set out in appendix 1. Currently no rental income from the Studio 144 north facility has been budgeted in the Medium-Term Financial Strategy so any rental income received will have a positive impact on the revenue budget.
23.	Financial arrangements for dilapidations and property costs incurred in the transition period between tenants are still to be finalised. The Council has also submitted a claim to the administrator for the unsecured debt owing by NST at the time it entered administration.
<b><u>Property/Other</u></b>	
24.	Authorisation to lease the Studio144 North facility to Mayflower Academy Limited. This request is in line with the designated use of the facility as a Cultural Arts venue.  It is worth noting that the proposed property terms are similar to those upon which NST previously occupied North Building and include a rent which could be considered to be 'below market value'. Therefore, if Council approves this proposal, it would be appropriate for the lease terms to be subject to a review of best consideration, pursuant to Section 123 of the Local Government Act 1972 and to ensure that there is no breach of State Aid rules before entering into the new lease.

	Such review would be carried out under the Head of Property's remit in consultation with the Service Director: Legal and Business Operations.
<b>LEGAL IMPLICATIONS</b>	
<b><u>Statutory power to undertake proposals in the report:</u></b>	
25.	Localism Act 2011 and Local Government Act 1972. S.123 of the 1972 Act permits the Council to dispose of property at less than best consideration in certain circumstances. The proposed use of the building appears to qualify for such a discretion.
<b><u>Other Legal Implications: _:</u></b>	
26.	None, the lease of the building to MAL will transfer all ongoing and residual operational liabilities to MAL as the new tenant. The Council will retain responsibility for maintaining the building plant and for procuring that the superior landlord (Grosvenor Developments Limited) complies with its obligations to maintain the exterior and structural parts of the building given in the superior lease between Grosvenor and the Council.
<b>RISK MANAGEMENT IMPLICATIONS</b>	
27.	To not appoint a new operator to Studio144 North facility, would mean that without considerable investment in capacity and expertise by the Council in order to run it, the facility would remain dormant. The implications of this would be extra facility costs to the Council; reduction in the city's cultural offering for residents and visitors and it would undermine Southampton's City of Culture bid which has cross-party support. It would not be possible to change the purpose of the facility to accommodate a different kind of provider without having to repay either in part or entirely ACE's capital investment of £7.3M, leaving the Council in a negative financial and reputational position.
28.	The Mayflower Academy Limited (MAL) company is a new entity and financially independent of the Mayflower Theatre Trust (MTT). This has the potential to increase the financial risk as it is not underwritten by the parent organisation. However, this risk is largely mitigated by: strategic and operational input by highly experienced and credible MTT leadership team; regular monitoring and partnership meetings with the Council and ACE as a major funding body. Additionally, MAL will provide a rent deposit as part of the terms of the lease.
<b>POLICY FRAMEWORK IMPLICATIONS</b>	
29.	The proposal fully accords and aligns with the Council's Corporate Plan 2020 - 2025, Communities, Culture and Homes – Developing a Cultural City

<b>KEY DECISION?</b>	<b>No</b>
<b>WARDS/COMMUNITIES AFFECTED:</b>	None
<b><u>SUPPORTING DOCUMENTATION</u></b>	
<b>Appendices</b>	
1.	Appendix 1: Heads of Terms for lease document – exempt

**Documents In Members' Rooms**

1.	None	
<b>Equality Impact Assessment</b>		
<b>Do the implications/subject of the report require an Equality and Safety Impact Assessment (ESIA) to be carried out.</b>		<b>No</b>
<b>Data Protection Impact Assessment</b>		
<b>Do the implications/subject of the report require a Data Protection Impact Assessment (DPIA) to be carried out.</b>		<b>No</b>
<b>Other Background Documents</b>		
Other Background documents available for inspection at: n/a		
<b>Title of Background Paper(s)</b>		<b>Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)</b>
	Provider submissions bundle, criteria and matrix.	Exempt under Southampton City Councils Constitution, Part 4 – Access to Information Procedure Rules, section 10.4, category 3 - Information relating to the financial or business affairs of any particular person (including the Authority holding that information). This is due to documents containing commercially sensitive material from 3 <sup>rd</sup> parties.

Document is Confidential

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