

Public Document Pack

Cabinet

Tuesday, 17th November, 2020
at 4.30 pm

PLEASE NOTE TIME OF MEETING

VIRTUAL MEETING

Members

Leader – Councillor Hammond

Deputy Leader and Cabinet Member for Customer and Organisation – Councillor Rayment

Cabinet Member for Culture and Homes – Councillor Kaur

Cabinet Member for Finance & Income Generation – Councillor Barnes-Andrews

Cabinet Member for Health and Adults – Councillor Fielker;

Cabinet Member for Green City and Place – Councillor Leggett

Cabinet Member for Stronger Communities – Councillor Shields

(QUORUM – 3)

Contacts

Cabinet Administrator

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BACKGROUND AND RELEVANT INFORMATION

The Role of the Executive

The Cabinet and individual Cabinet Members make executive decisions relating to services provided by the Council, except for those matters which are reserved for decision by the full Council and planning and licensing matters which are dealt with by specialist regulatory panels.

The Forward Plan

The Forward Plan is published on a monthly basis and provides details of all the key executive decisions to be made in the four month period following its publication. The Forward Plan is available on request or on the Southampton City Council website, www.southampton.gov.uk

Implementation of Decisions

Any Executive Decision may be “called-in” as part of the Council’s Overview and Scrutiny function for review and scrutiny. The relevant Overview and Scrutiny Panel may ask the Executive to reconsider a decision, but does not have the power to change the decision themselves.

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

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.

Municipal Year Dates (Tuesdays)

2020	2021
16 June	19 January
14 July	9 February
18 August	23 Feb (budget)
15 September	16 March
20 October	20 April
17 November	
15 December	

Executive Functions

The specific functions for which the Cabinet and individual Cabinet Members are responsible are contained in Part 3 of the Council’s Constitution. Copies of the Constitution are available on request or from the City Council website, www.southampton.gov.uk

Key Decisions

A Key Decision is an Executive Decision that is likely to have a significant:

- financial impact (£500,000 or more)
- impact on two or more wards
- impact on an identifiable community

Procedure / Public Representations

At the discretion of the Chair, members of the public may address the meeting 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.

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

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

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

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

CONDUCT OF MEETING

TERMS OF REFERENCE

The terms of reference of the Cabinet, and its Executive Members, are set out in Part 3 of the Council's Constitution.

RULES OF PROCEDURE

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

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.

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 3.

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.

AGENDA

1 **APOLOGIES**

To receive any apologies.

2 **DISCLOSURE OF PERSONAL AND PECUNIARY INTERESTS**

In accordance with the Localism Act 2011, and the Council's Code of Conduct, Members to disclose any personal or pecuniary interests in any matter included on the agenda for this meeting.

EXECUTIVE BUSINESS

3 **STATEMENT FROM THE LEADER**

4 **RECORD OF THE PREVIOUS DECISION MAKING** (Pages 1 - 2)

Record of the decision making held on 20th October, 2020 attached.

5 **MATTERS REFERRED BY THE COUNCIL OR BY THE OVERVIEW AND SCRUTINY MANAGEMENT COMMITTEE FOR RECONSIDERATION (IF ANY)**

There are no matters referred for reconsideration.

6 **REPORTS FROM OVERVIEW AND SCRUTINY COMMITTEES (IF ANY)**

There are no items for consideration

7 **EXECUTIVE APPOINTMENTS**

To deal with any executive appointments, as required.

ITEMS FOR DECISION BY CABINET

8 **BUDGET MATTERS - FINANCIAL MONITORING FOR THE PERIOD TO THE END OF SEPTEMBER 2020** (Pages 3 - 68)

Report of the Cabinet Member for Finance and Income Generation detailing the financial monitoring for the period to the end of September, 2020.

9 **INCREASE IN PUPIL NUMBERS AT THE CEDAR SPECIAL SCHOOL AND THE POLYGON SPECIAL SCHOOL** □ (Pages 69 - 102)

Report of Cabinet Member for Health and Adults seeking a decision on increasing the published admission number at The Cedar Special School and The Polygon Special

School following statutory consultation.

10 PLANNING FOR THE END OF THE EU EXIT TRANSITION PERIOD (Pages 103 - 112)

Report of the Leader of the Council outlining planning activity for the end of the EU Exit Transition Period on 31st December 2020.

11 JOINT COMMISSIONING BOARD - TERMS OF REFERENCE REVIEW (Pages 113 - 126)

Report of the Director of Quality and Integration detailing the Terms of Reference Review for the Joint Commissioning Board.

Monday, 9 November 2020

Service Director – Legal and Business Operations

SOUTHAMPTON CITY COUNCIL
EXECUTIVE DECISION MAKING

RECORD OF THE DECISION MAKING HELD ON 20 OCTOBER 2020

Present:

Councillor Hammond	-	Leader of the Council
Councillor Rayment	-	Deputy Leader and Cabinet Member for Customer and Organisation
Councillor Fielker	-	Cabinet Member for Health and Adults
Councillor Kaur	-	Cabinet Member for Culture and Homes
Councillor Leggett	-	Cabinet Member for Green City and Place
Councillor Shields	-	Cabinet Member for Stronger Communities
Councillor Barnes-Andrews	-	Cabinet Member for Finance & Income Generation

15. EXECUTIVE APPOINTMENTS

Cabinet approved the appointment of Councillor Mitchell to the MAST Board with immediate effect for the remainder of the Municipal Year.

16. TEMPORARY STAFF CONTRACT

DECISION MADE: (CAB 20/21 29476)

On consideration of the report of the Cabinet Member for Customer and Organisation, Cabinet agreed the following:-

- (i) Subject to approval of Council recommendations (i), that approval is given for the procurement of a Neutral Vendor contract for the supply of temporary agency staff.
- (ii) That authority is delegated to the Service Director Human Resources and Organisational Development to carry out a procurement process for the delivery of a Neutral Vendor contract for temporary agency staff as set out in this report, and to enter into a contract for the delivery of the service in accordance with the Contract Procedure Rules.
- (iii) To authorise the Service Director Human Resources and Organisational Development to take all necessary actions to implement the proposals contained in this report.

17. COMMISSIONING A STOP SMOKING SUPPORT/DEVELOPMENT TEAM

DECISION MADE: (CAB 20/21 30577)

On consideration of the report of the Cabinet Member for Health and Adults, Cabinet agreed the following:

- (i) To approve expenditure of £165,000 to commission a Stop Smoking Support & Development Team (to support a reduction in smoking prevalence in Southampton), to be funded from April 2021 for 1 year.
- (ii) To delegate authority to the Executive Director (Health and Adults) in consultation with the Executive Director Finance and Commercialisation to approve any future year's spending.
- (iii) To delegate the decision to Executive Director (Health and Adults) in consultation with the portfolio lead for Health and Adults to award the contract and to take all necessary steps to affect the proposals in this report.

Agenda Item 8

DECISION-MAKER:	CABINET		
SUBJECT:	FINANCIAL MONITORING FOR THE PERIOD TO THE END OF SEPTEMBER 2020		
DATE OF DECISION:	17 NOVEMBER 2020		
REPORT OF:	CABINET MEMBER FOR FINANCE & INCOME GENERATION		
<u>CONTACT DETAILS</u>			
AUTHOR:	Name:	Steve Harrison	Tel: 0739 2864525
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STATEMENT OF CONFIDENTIALITY

N/A

BRIEF SUMMARY

The Council meeting on 16th September 2020 approved Cabinets proposals on current year budget monitoring and in particular the impact of COVID 19.

This report is a combined financial monitoring report for revenue and capital and updates the latest position for 2020/21.

Cabinet continue to proactively manage the impact of COVID 19 and are delivering against the overall resource limits. The position has improved as a result of the risk the council was carrying on the lack of government Covid 19 funding, which has now reduced by £6M following the latest tranche of funding announced. This reduces the risk to around £4M. This does not improve on the impact of Covid on the budget which still requires the council to utilise around £10m of its own resources with £1.5M in-year savings in addition.

The report summarises the General Revenue Fund, Housing Revenue Account (HRA) and Collection Fund financial position for the Council as at the end of September 2020, and informs Cabinet of any major changes in the overall General Fund and HRA capital programme for the period 2020/21 to 2024/25. It also provides an update on the impact of COVID-19 on the Council's financial position and how the budget pressures are being addressed.

RECOMMENDATIONS:

<u>General Revenue Fund</u>	
It is recommended that Cabinet:	
i)	Note the forecast outturn position for business as usual activities is a £3.12M underspend after applying corporate funds, as outlined in paragraph 4 and in paragraph 1 of appendix 1.

	ii)	Note the performance of treasury management, and financial outlook in paragraphs 10 to 14 of appendix 1.
	iii)	Note the Key Financial Risk Register as detailed in paragraph 17 of appendix 1.
	iv)	Note the performance against the financial health indicators detailed in paragraphs 21 and 22 of appendix 1.
	v)	Note the performance outlined in the Collection Fund Statement detailed in paragraphs 26 to 30 of appendix 1.
	vi)	Notes the financial position arising from COVID-19, as outlined in paragraphs 4 to 8 of Appendix 1.
<u>Housing Revenue Account</u>		
It is recommended that Cabinet:		
	vii)	Note the forecast outturn position on business as usual activities is an overspend of £0.27M as outlined in paragraph 5 and paragraphs 23 and 24 of appendix 1.
	viii)	Notes the financial position arising from COVID-19, as outlined in paragraph 25 of Appendix 1.
<u>Capital Programme</u>		
It is recommended that Cabinet:		
	ix)	Notes the revised General Fund Capital Programme, which totals £657.05M as detailed in paragraph 1 of appendix 2.
	x)	Notes the HRA Capital Programme remains at £210.98M as detailed in paragraph 1 of appendix 2.
	xi)	Notes that the overall forecast position for 2020/21 at quarter 2 is £180.79M, resulting in a potential underspend of £7.37M, as detailed in paragraphs 5 and 6 of appendix 2.
	xii)	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.
	xiii)	Notes that £1.42M has been added to the programme with relevant approvals. These changes are detailed in annex 2.1 to appendix 2.
	xiv)	Approves slippage and rephasing as detailed in paragraph 3 and 4 of appendix 2. Noting that the movement has zero net movement over the 5 year programme.
	xv)	Approves the addition and spend of £0.80M in 2020/21 to the Customer & Organisation programme. As detailed in annex 2.6 to appendix 2.
	xvi)	Approves the addition and spend of £0.53M in 2020/21 to the Green City & Place programme. As detailed in annex 2.6 to appendix 2.
	xvii)	Approves the addition and spend of £0.94M in 2021/22 to the Stronger Communities programme. As detailed in annex 2.6 to appendix 2.
	xviii)	Approves the reduction of £1.60M in 2020/21 to the Children & Learning programme. As detailed in annex 2.6 to appendix 2.

	xix) Notes changes to the capital programme arising from COVID-19 as detailed in paragraphs 7 and 8 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.
ALTERNATIVE OPTIONS CONSIDERED AND REJECTED	
2.	Not Applicable.
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 September 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 £3.12M underspend after applying corporate funds.
5.	The forecast General Fund shortfall relating to pressures from COVID-19 as at the end of September 2020 is £4.04M, after receiving an allocation of £6.05M for tranche 4 of Government Grant funding.
6.	The forecast position for the HRA on business as usual activities is an overspend of £0.27M against an expenditure budget of £75.60M. There is no change to the forecast £1.29M COVID-19 pressures for the HRA.
	<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 since the last reported position in July 2020. The report also notes the major forecast variances against the approved estimates.
8.	The current forecast position for 2020/21 at quarter 2 is £180.79M, resulting in a potential underspend of £7.37M, as detailed in paragraphs 4 and 5 of appendix 2.
RESOURCE IMPLICATIONS	
<u>Capital/Revenue</u>	
9.	The revenue and capital implications are contained in the report.
<u>Property/Other</u>	
10.	There are no specific property implications arising from this report other than the schemes already referred to within appendix 2 of the report.
LEGAL IMPLICATIONS	
<u>Statutory power to undertake proposals in the report:</u>	
11.	Financial reporting is consistent with the Section 151 Officer's duty to ensure good financial administration within the Council.
<u>Other Legal Implications:</u>	

12.	None.
RISK MANAGEMENT IMPLICATIONS	
13.	See comments within report.
POLICY FRAMEWORK IMPLICATIONS	
14.	The update of the Capital Programme forms part of the overall Budget Strategy of the Council.

KEY DECISION? No

WARDS/COMMUNITIES AFFECTED:	All
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SUPPORTING DOCUMENTATION

Appendices

1.	Revenue Financial Monitoring
2.	Capital Financial Monitoring

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 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.	Financial Monitoring for the Period to the end of July 2020 and COVID-19 Budget	

	Matters (Council 16 September 2020)	
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Agenda Item 8

Appendix 1

REVENUE FINANCIAL MONITORING FOR THE PERIOD TO SEPTEMBER 2020

FINANCIAL POSITION

'Business as Usual' and General Fund Budget 2020/21

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 £3.12M underspend after applying corporate funds. The forecast for portfolios net expenditure has improved by £0.42M compared to the position as at the end of July 2020. Use of corporate funds has increased by £4.16M following the application of funding from the Social Care Demand Reserve to meet budget pressures in the Children & Learning portfolio as noted at Council on 16 September 2020.
- The overall BAU financial position is summarised in Table 1 below.

Table 1 – General Revenue Fund Business as Usual Forecast 2020/21

	Budget Sept 2020 £M	BAU Annual Forecast Sept 2020 £M	BAU Forecast Variance Sept 2020 £M	BAU Forecast Variance July 2020 £M	BAU Variance Movement from July 2020 £M
Portfolios Net Expenditure	172.05	176.87	4.83 A	5.25 A	0.42 F
Non-Portfolio Net Expenditure	18.78	18.78	0.00	0.00	0.00
Net Revenue Expenditure	190.82	195.65	4.83 A	5.25 A	0.42 F
Financing	(190.82)	(190.82)	0.00	0.00	0.00
Net Overspend / (Underspend)	0.00	4.83	4.83 A	5.25 A	0.42 F
Use of Corporate Funds	0.00	(7.94)	7.94 F	3.78 F	4.16 F
(Surplus) / Deficit for the year	0.00	(3.12)	3.12 F	1.46 A	4.58 F

NB Numbers are rounded

2. More detail, including explanations of significant movements in BAU variances between July 2020 and September 2020 (in excess of £0.2M) is provided in Annex 1.1.
3. The most significant adverse variance on business as usual activities continues to be in the Children & Learning portfolio, which is forecast to overspend by £4.37M, an increase of £0.21M from the £4.16M forecast as at July 2020. 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.

COVID-19 and General Fund Budget 2020/21

4. The forecast shortfall relating to pressures from COVID-19 as at the end of September 2020 and the movement since July 2020 is summarised in Table 2 below. This does not take into account the adverse impact on Council Tax and Business Rates income, which will be met in 2021/22 onwards under Collection Fund accounting arrangements, as outlined in paragraphs 27 to 29 below.

Table 2 – General Revenue Fund COVID-19 Pressures Forecast 2020/21

	COVID-19 Forecast Pressures Sept 2020 £M	COVID-19 Forecast Pressures July 2020 £M	COVID-19 Pressures Movement from July 2020 £M
Portfolios Net Expenditure	45.35 A	44.96 A	0.39 A
Non-Portfolio Net Expenditure	16.14 F	16.14 F	0.00
Net Revenue Expenditure	29.21 A	28.83 A	0.39 A
Financing	0.00	0.00	0.00
Net Overspend / (Underspend)	29.21 A	28.83 A	0.39 A
Use of Corporate Funds	9.61 F	9.61 F	0.00
Estimated income loss compensation	4.90 F	4.17 F	0.73 F
BAU underspend	3.12 F	2.70 F	0.42 F
In-year savings	1.50 F	1.50 F	0.00
Tranche 4 Government Grant	6.05 F	0.00	6.05 F
Sub-total: additional measures/Government support	25.17 F	17.98 F	7.19 F
At risk shortfall	4.04 A	10.85 A	6.81 F

NB Numbers are rounded

5. At its meeting on 16 September 2020, Council agreed to address the in-year COVID-19 shortfall through applying £9.6M corporate contingency and risk budgets, £1.5M of in-year savings and the £2.7M forecast BAU underspend as at July 2020 (after use of the Social Care Demand Reserve to meet the Children & Learning overspend). This left £10.9M relating to costs directly attributable to areas for which government funding had previously been allocated as at risk subject to further government support.

6. The at risk shortfall has reduced by £6.81M from the position forecast at July 2020 as follows:
- Forecast costs have increased by £0.39M
 - Following receipt of detailed guidance on the income loss compensation scheme, the estimated claim for the year has increased by £0.73M to £4.90M
 - The Government has announced an additional £1Bn funding for local authorities nationally. Allocations notified by Government on 22 October (and after the

	<p>quarter 2 end) have been taken into account to present the latest picture, with a £6.05M share for Southampton City Council. .</p> <p>This leaves an estimated £4.04M shortfall that will need to be met from uncommitted earmarked reserves if no further Government support is forthcoming.</p>
7.	More detail, including explanations of significant movements in COVID-19 pressures between July 2020 and September 2020 (in excess of £0.2M) is provided in Annex 1.1.
8.	In June, Council agreed that in order to help respond quickly to the pandemic, agreeing significant grants and associated spending could be delegated to the S151 officer, following consultation with senior members of the cabinet. Annexe 1.7 reports on all grants received which are COVID-19 related, for information.
	<u>Implementation of Savings Proposals</u>
9.	Of the £11.84M savings plans included within the 2020/21 budget £4.82M have been achieved or are on track to be achieved before the end of this financial year. £6.12M of the remaining £7.02M have not been progressed because of the COVID-19 pandemic and are included within the COVID forecast pressures reported in Table 2 above.
	<u>Treasury Management</u>
10.	Borrowing and investment balances as at 30 September 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 £128.45M for 2020/21. This is less than previously reported as a number of schemes have been deferred to 2021/22.
11.	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 are being considered. New HRA loans continue to be discounted at 1% below the usual PWLB borrowing rate. A consultation on the future direction of the PWLB was announced alongside the Chancellor's March 2020 Budget. The consultation closed on 31 July 2020 and an announcement on revised lending terms is expected later in the year or early next year.
12.	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 2019/20 year end investment balances were higher than expected and have remained so during the first half of 2020/21 but are expected to fall throughout the year.
13.	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.
14.	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 6 months of the year and is forecast to do so for the remainder of the year.
	<u>Reserves & Balances</u>
15.	The General Fund Balance is currently £10.07M with no planned drawdown during the year.

16.	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 £55.43M plus Schools Balances forecast to be £0.79M in deficit (including a £0.02M loan for a school minibuses).
	<u>Key Financial Risks</u>
17.	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.
	<u>Schools</u>
18.	<p>As at 30 September 2020 there were 15 schools reporting a deficit balance totalling £4.96M. This is an increase of 2 schools compared to the position reported at 31 July 2020. There are also 32 schools reporting a surplus totalling £4.2M. The net position is therefore an overall deficit of £0.77M. 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.</p> <p>Schools are bearing additional costs due to COVID-19 which are adversely affecting their forecast outturns. The Government has provided some funding to mitigate the additional expenditure which was for the summer term only (see below). Schools are however continuing to incur additional costs such as backfilling staff who are having to isolate and continuing additional cleaning costs.</p>
19.	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. 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. The current 3-year deficit recovery timetable for schools in deficit to get back to a balanced budget may be extended to 5 years if necessary for schools with significant Covid-19 pressures.
	Dedicated Schools Grant (DSG) 2020/21
20.	<p>The Forecast outturn for the Dedicated Schools Grant (DSG) is an £9.42M overspend. The DSG Grant is ring-fenced and the overspend will not impact on the General Fund and non-school services the council provides.</p> <p>This overspend is being driven by significant annual increases in numbers and complexity of 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 manage demand for SEND services. 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. High Needs funding will also increase by about 12% for the next 2 years which will help the deficit recovery plan.</p> <p>£0.3M of the DSG overspend is due to COVID-19 pressures for loss of income from cancelled training courses, lost room lettings income and reduced parental fee income paid directly to maintained nursery settings.</p>
	<u>Financial Health Indicators</u>
21.	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 2 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.
22.	As part of its COVID-19 response, the council temporarily ceased debt recovery activity. This coupled with the financial impact of COVID-19 on residents and businesses means some are struggling to pay. This is shown in the average day sales outstanding and debt more than 12 months old figures. Due to the challenge of setting targets for income collection figures these will be reviewed in January 2021 against actual performance and amended if necessary.
	<u>Housing Revenue Account</u>
	'Business as Usual' and HRA Budget 2020/21
23.	The forecast position for the Housing Revenue Account on business as usual (BAU) activities for the year is projected to be a £0.27M overspend as summarised in Table 3 below.

Table 3 – Housing Revenue Account Business as Usual Forecast 2020/21

	Budget Sept 2020 £M	BAU Forecast Sept 2020 £M	BAU Forecast Variance Sept 2020 £M	BAU Forecast Variance July 2020 £M	BAU Variance Movement from July 2020 £M
Expenditure	75.60	75.93	0.32 A	0.48 F	0.80 A
Income	(75.60)	(75.66)	0.05 F	0.06 F	0.01 A
(Surplus) / Deficit for the year	0.00	0.27	0.27 A	0.54 F	0.81 A

NB Numbers are rounded

24. The most significant movement on business as usual activities since the position as at July 2020 is a £1.32M adverse variance on Responsive Repairs. Further details are provided in Annex 1.5.

COVID-19 and HRA Budget 2020/21

25. The forecast pressures from COVID-19 as at the end of September 2020 are summarised in Table 4 below. There has been no movement to the position as at July 2020.

Table 4 – HRA COVID-19 Pressures Forecast 2020/21

	COVID-19 Forecast Pressures Sept 2020 £M	COVID-19 Forecast Pressures July 2020 £M	COVID-19 Pressures Movement from July 2020 £M
Expenditure	1.25 A	1.25 A	0.00
Income	0.04 A	0.04 A	0.00
(Surplus) / Deficit for the year	1.29 A	1.29 A	0.00

NB Numbers are rounded

Collection Fund (covering business rates and council tax collection)

26. Annex 1.6 shows the forecast outturn position for the Collection Fund at the end of September 2020, with the position summarised in Table 5. The Collection Fund operates on behalf of not only Southampton City Council (SCC) but also Hampshire Police, Hampshire Fire and Rescue Authority and the Ministry of Housing, Communities and Local Government 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 5.

Table 5 – Collection Fund Forecast 2020/21

	Council Tax £M	Business Rates £M	Total £M
Distribution of previous year's estimated Surplus/(Deficit)	(0.30)	0.51	0.21
Other income and expenditure	0.94	53.33	54.27
Deficit for the year	0.64	53.84	54.48
Deficit/(Surplus) brought forward from 2019/20	2.63	(0.68)	1.95
Overall Deficit/(Surplus) Carried Forward	3.27	53.16	56.42
SCC Share of Deficit/(Surplus)	2.77	26.00	28.77
LESS: SCC - additional Government Grant for business rates reliefs		(24.74)	(24.74)
SCC Net Share of Deficit/(Surplus) after additional Government Grant	2.77	1.27	4.04

NB Numbers are rounded

27. The table shows the net impact for SCC only as a forecast £4.04M deficit, once additional Government Grant to fund extra business rates reliefs is factored in. This forecast is based on bills raised for 2020/21 as at the end of September 2020. The biggest factor in this forecast arises from a reduction in council tax income from taxpayers, due to factors such as an increase in local council tax support scheme claimants. This is met, in part, by Government Hardship Fund grant.
28. The Government has stated that the period over which collection fund deficits must be recovered will be extended from one year to three years, although details have yet to be confirmed. Initial indications are that the spreading of deficits will only apply to the 2020/21 in-year position and that the difference between the 2019/20 outturn and the surplus/deficit estimated in January 2020 for distribution in 2020/21 will have to be budgeted for in full in 2021/22. Of the £4.04M SCC share of the net deficit shown above, £1.85M relates to 2019/20.
29. There is a high level of uncertainty about the impact of COVID-19 on the Collection Fund and a downside risk that the position will worsen significantly during the remainder of the year as the economic downturn takes effect. The SCC share of the deficit could increase in the order of £4M to £8M, if these risks start to fully materialise, though there remains considerable uncertainty as yet.
30. The position on the Collection Fund as a whole is a deficit to be carried forward of £56.42M before extra Government Grant. The vast majority of the deficit relates to the Government's expansion of the business rates 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 £50.45M additional relief compared to the original estimate. These additional reliefs are being funded by Government as grant (known as S31 grant).

	Future Budgets
31.	<p>The adverse financial impact and uncertainty reflected in this report arising from COVID-19 is almost certain to continue into 2021/22. The economic effects are also likely to transmit through to the funding position of the authority, for example through its major income streams such as council tax and business rates. This will make for a very challenging time as the authority looks to make budget decisions for 2021/22 and beyond.</p> <p>The Council has a track record of sound financial management and has sums set aside to guard against risks, both in terms of contingency within its budget and in relation to a prudent approach to reserves. Whilst this will stand the authority in good stead, all councils are facing unprecedented pressures coupled with major uncertainty over their longer term costs and income. The Council will continue to press Government for financial support, both in and beyond the current year, in recognition of the difficulties faced ahead and also the central role local authorities are playing in combating the pandemic.</p>

Annexes

1. General Revenue Fund Forecast Qtr 2 2020/21
2. Treasury Management Qtr 2 2020/21
3. Key Financial Risk Register Qtr 2 2020/21
4. Health Indicators Qtr 2 2020/21
5. HRA Forecast Qtr 2 2020/21
6. Collection Fund Forecast Qtr 2 2020/21
7. COVID-19 Government Grants

Agenda Item 8

Appendix 2

OVERALL GENERAL REVENUE FUND FORECAST OUTTURN POSITION FOR 2020/21

Portfolio	Budget Sept 2020 £M	BAU* Annual Forecast Sept 2020 £M	BAU* Forecast Variance Sept 2020 £M	BAU* Forecast Variance July 2020 £M	BAU* Variance Movement from July 2020 £M
Children & Learning	48.99	55.36	4.37 A	4.16 A	0.21 A
Culture & Homes	8.90	9.03	0.13 A	0.10 A	0.03 A
Customer & Organisation	27.74	28.14	0.41 A	0.51 A	0.10 F
Finance & Income Generation	(3.39)	(2.07)	1.32 A	0.06 F	1.38 A
Green City & Place	23.16	24.46	1.30 A	1.20 A	0.10 A
Health & Adults	63.81	61.17	2.64 F	0.84 F	1.80 F
Stronger Communities	2.84	2.78	0.07 F	0.18 A	0.25 F
Total Portfolios	172.05	176.87	4.83 A	5.25 A	0.42 F
Levies & Contributions	0.09	0.09	0.00	0.00	0.00
Capital Asset Management	9.92	9.92	0.00	0.00	0.00
Other Expenditure & Income	8.77	8.77	0.00	0.00	0.00
Net Revenue Expenditure	190.82	195.65	4.83 A	5.25 A	0.42 F
Draw from Balances	0.00	0.00	0.00	0.00	0.00
Council Tax	(102.28)	(102.28)	0.00	0.00	0.00
Business Rates	(54.57)	(54.57)	0.00	0.00	0.00
Non-Specific Government Grants	(33.97)	(33.97)	0.00	0.00	0.00
Total Financing	(190.82)	(190.82)	0.00	0.00	0.00
Net Overspend / (Underspend)	0.00	4.83	4.83 A	5.25 A	0.42 F
Use of Corporate Funds	0.00	(7.94)	7.94 F	3.78 F	4.16 F
(Surplus) / Deficit for the year	0.00	(3.12)	3.12 F	1.46 A	4.58 F

NB Numbers are rounded

*Business as usual

EXPLANATIONS BY PORTFOLIO

1. CHILDREN & LEARNING PORTFOLIO

KEY REVENUE ISSUES – SEPTEMBER 2020

The Portfolio is currently forecast to **overspend** by **£4.37M** at year-end on business as usual (BAU) activities, which represents a percentage overspend against budget of **9%**. The Portfolio forecast variance has moved adversely by **£0.21M** from the position reported at July 2020.

In addition, **£4.08M** of pressures arising from the COVID-19 pandemic are forecast for the year.

	Forecast Variance Sept 20 £M	Forecast Variance July 20 £M	Movement from July 20 £M	Sept 20 % of budget
Portfolio Outturn business as usual	4.37 A	4.16 A	0.21 A	9.0
COVID-19 Pandemic	4.08 A	3.97 A	0.11 A	

A summary of the Portfolio business as usual forecast variance and movement since July 2020 is shown in the table below:

Service Area	BAU Forecast Variance Sept 20 £M	BAU Forecast Variance July 20 £M	BAU Movement from July 20 £M
Divisional Management & Legal	0.17 A	0.17 A	0.00
Looked After Children	3.18 A	3.18 A	0.00
Multi Agency Safeguarding Hub & Children in Need	0.82 A	0.68 A	0.14 A
Quality Assurance Business Unit	0.08 A	0.08 A	0.00
Specialist Core Services	0.13 A	0.03 A	0.10 A
Other	0.01 F	0.02 A	0.03 F
Total	4.37 A	4.16 A	0.21 A

The SIGNIFICANT business as usual movements between July and September 2020 for the Portfolio are:

Service Area	Movement in BAU Forecast Variance Between July and Sept 2020 £M	Explanation
Multi Agency Safeguarding Hub & Children in Need	0.14 A	The adverse variance movement of £0.14M relates to the increased estimated additional agency staff requirement due to pressures within this service as well as not achieving vacancy management targets. The numbers of agency staff are constantly under review with a view to ending these agency contracts where possible.

A summary of the Portfolio COVID-19 pressures and movement since July 2020 is shown in the table below:

Service Area	COVID-19 Pressures Sept 20 £M	COVID-19 Pressures July 20 £M	COVID-19 Pressures Movement from July 20 £M
Divisional Management & Legal	0.06 A	0.06 A	0.00
Education - Early Years & Asset Mgt	1.25 A	1.19 A	0.06 A
Education - High Needs & Schools	0.22 A	0.22 A	0.00
Looked After Children & Provision	1.96 A	1.96 A	0.00
Multi Agency Safeguarding Hub & Children in Need	0.46 A	0.46 A	0.00
Targeted and Restorative Services	0.06 A	0.00	0.06 A
Other	0.07 A	0.08 A	0.01 F
Total	4.08 A	3.97 A	0.11 A

The are no SIGNIFICANT COVID-19 pressures movements between July and September 2020 for the Portfolio.

2. CULTURE & HOMES PORTFOLIO

KEY REVENUE ISSUES – SEPTEMBER 2020

The Portfolio is currently forecast to **overspend** by **£0.13M** at year-end on business as usual activities, which represents a percentage overspend against budget of **0.01%**. The Portfolio forecast variance has moved adversely by **£0.03M** from the position reported at July 2020.

In addition, **£2.25M** of pressures arising from the COVID-19 pandemic are forecast for the year.

	Forecast Variance Sept 20 £M	Forecast Variance July 20 £M	Movement from July 20 £M	Sept 20 % of budget
Portfolio Outturn business as usual	0.13 A	0.10 A	0.03 A	0.01
COVID-19 Pandemic	2.25 A	2.01 A	0.14 A	

A summary of the Portfolio business as usual forecast variance and movement since July 2020 is shown in the table below:

Service Area	BAU Forecast Variance Sept 20 £M	BAU Forecast Variance July 20 £M	BAU Movement from July 20 £M
City of Culture	0.05 F	0.00	0.05 F
Cultural Services	0.08 A	0.00	0.08 A
Leisure Client	0.10 A	0.10 A	0.00
Total	0.13 A	0.10 A	0.03 A

The are no SIGNIFICANT business as usual movements between July and September 2020 for the Portfolio.

A summary of the Portfolio COVID-19 pressures and movement since July 2020 is shown in the table below:

Service Area	COVID-19 Pressures Sept 20 £M	COVID-19 Pressures July 20 £M	COVID-19 Pressures Movement from July 20 £M
Cultural Services	1.19 A	0.95 A	0.24 A
Housing Need	0.52 A	0.52 A	0.00
Leisure Client	0.34 A	0.34 A	0.00
Private Sector Housing	0.20 A	0.20 A	0.00
Total	2.25 A	2.01 A	0.24 A

The **SIGNIFICANT COVID-19 pressures movements between July and September 2020 for the Portfolio are:**

Service Area	Movement in COVID-19 Pressures Between July and Sept 2020 £M	Explanation
Cultural services	0.24 A	Income projections from venues has been revised based on a continuation of current social distancing measures until the end of the financial year which reduces capacity and impacts on income levels.

3. CUSTOMER & ORGANISATION PORTFOLIO

KEY REVENUE ISSUES – SEPTEMBER 2020

The Portfolio is currently forecast to **overspend** by **£0.41M** at year-end on business as usual activities, which represents a percentage overspend against budget of **1.43%**. The Portfolio forecast variance has moved favourably by **£0.10M** from the position reported at July 2020.

In addition, **£0.35M** of pressures arising from the COVID-19 pandemic are forecast for the year.

	Forecast Variance Sept 20 £M	Forecast Variance July 20 £M	Movement from July 20 £M	Sept 20 % of budget
Portfolio Outturn business as usual	0.41 A	0.51 A	0.10 F	1.43
COVID-19 Pandemic	0.35 A	0.33 A	0.02 A	

A summary of the Portfolio business as usual forecast variance and movement since July 2020 is shown in the table below:

Service Area	BAU Forecast Variance Sept 20 £M	BAU Forecast Variance July 20 £M	BAU Movement from July 20 £M
Customer Services	0.17 F	0.13 F	0.04 F
IT Services	0.75 A	0.90 A	0.15 F
Projects, Policy & Performance	0.17 F	0.29 F	0.12 A
Other	0.00	0.03 A	0.03 F
Total	0.41 A	0.51 A	0.10 F

The **SIGNIFICANT** business as usual movements between July and September 2020 for the Portfolio are:

Service Area	Movement in BAU Forecast Variance Between July and Sept 2020 £M	Explanation
IT Services	£0.15 F	A previously reported adverse position for a savings target on Major IT projects of £0.90M has now reduced by £0.15M, following identified savings. Further plans are being drawn up to identify further savings for this financial year.

A summary of the Portfolio COVID-19 pressures and movement since July 2020 is shown in the table below:

Service Area	COVID-19 Pressures Sept 20 £M	COVID-19 Pressures July 20 £M	COVID-19 Pressures Movement from July 20 £M
IT Services	0.12 A	0.12 A	0.00
Land Charges	0.10 A	0.10 A	0.00
HR Services	0.07 A	0.07 A	0.00
Other	0.06 A	0.04 A	0.02 A
Total	0.35 A	0.33 A	0.02 A

The are no **SIGNIFICANT COVID-19 pressures movements** between July and September 2020 for the Portfolio.

4. FINANCE & INCOME GENERATION PORTFOLIO

KEY REVENUE ISSUES – SEPTEMBER 2020

The Portfolio is currently forecast to **overspend** by **£1.32M** at year-end on business as usual activities, which represents a percentage underspend against budget of **0.0%**. The Portfolio forecast variance has moved adversely by **£1.38M** from the position reported at July 2020.

In addition, **£4.85M** of pressures arising from the COVID-19 pandemic are forecast for the year.

	Forecast Variance Sept 20 £M	Forecast Variance July 20 £M	Movement from July 20 £M	Sept 20 % of budget
Portfolio Outturn business as usual	1.32 A	0.06 F	1.38 A	0.00
COVID-19 Pandemic	4.85 A	4.82 A	0.03 A	

A summary of the Portfolio business as usual forecast variance and movement since July 2020 is shown in the table below:

Service Area	BAU Forecast Variance Sept 20 £M	BAU Forecast Variance July 20 £M	BAU Movement from July 20 £M
Accounts Payable	0.13 F	0.15 F	0.02 A
Corporate Planning	0.21 A	0.19 A	0.02 A
Local Taxation & Benefits Service	0.12 F	0.00	0.12 F
Property Portfolio Management	1.50 A	0.00	1.50 A
Accounts Receivable	0.08 F	0.05 F	0.03 F
Other	0.06 F	0.06 F	0.00
Total	1.32 A	0.06 F	1.38 A

The **SIGNIFICANT** business as usual movements between July and September 2020 for the Portfolio are:

Service Area	Movement in BAU Forecast Variance Between July and Sept 2020 £M	Explanation
Property Portfolio Management	£1.50 A	Additional costs and loss of income associated with the Council occupying One Guildhall Square rather than renting the space out.

A summary of the Portfolio COVID-19 pressures and movement since July 2020 is shown in the table below:

Service Area	COVID-19 Pressures Sept 20 £M	COVID-19 Pressures July 20 £M	COVID-19 Pressures Movement from July 20 £M
Commercialisation	0.30 A	0.30 A	0.00
Corporate Planning	2.75 A	2.81 A	0.06 F
Local Taxation & Benefits Service	0.51 A	0.39 A	0.12 A

Property Portfolio Management	1.29 A	1.29 A	0.00
Other	0.01 A	0.04 A	0.03 F
Total	4.85 A	4.82 A	0.03 A

The SIGNIFICANT COVID-19 pressures movements between July and September 2020 for the Portfolio are:

Service Area	Movement in COVID-19 Pressures Between July and Sept 2020 £M	Explanation
Local Taxation & Benefits Service	£0.12 A	The movement is due to £0.06M reclassification of costs from elsewhere within the portfolio and an expected increase of £0.06M in the costs of overtime and weekend working.

5. GREEN CITY & PLACE PORTFOLIO

KEY REVENUE ISSUES – SEPTEMBER 2020

The Portfolio is currently forecast to **overspend** by **£1.30M** at year-end on business as usual activities, which represents a percentage overspend against budget of **5.65%**. The Portfolio forecast variance has moved adversely by **£0.10M** from the position reported at July 2020.

In addition, **£6.04M** of pressures arising from the COVID-19 pandemic are forecast for the year.

	Forecast Variance Sept 20 £M	Forecast Variance July 20 £M	Movement from July 20 £M	Sept 20 % of budget
Portfolio Outturn business as usual	1.30 A	1.20 A	0.10 A	5.65
COVID-19 Pandemic	6.04 A	5.09 A	0.95 A	

A summary of the Portfolio business as usual forecast variance and movement since July 2020 is shown in the table below:

Service Area	BAU Forecast Variance Sept 20 £M	BAU Forecast Variance July 20 £M	BAU Movement from July 20 £M
City Services – Waste Operations	0.34 A	0.49 A	0.15 F
City Services – District Operating Areas	0.43 A	0.43 A	0.00
City Services – Commercial Services	0.20 A	0.19 A	0.01 A
Planning	0.11 A	0.00	0.11 A
Transportation	0.07 A	0.00	0.07 A
Green City & Place Trading	0.10 A	0.03 A	0.07 A
Others	0.05 A	0.06 A	0.01 F
Total	1.30 A	1.20 A	0.10 A

There are no SIGNIFICANT business as usual movements between July and September 2020 for the Portfolio.

A summary of the Portfolio COVID-19 pressures and movement since July 2020 is shown in the table below:

Service Area	COVID-19 Pressures Sept 20 £M	COVID-19 Pressures July 20 £M	COVID-19 Pressures Movement from July 20 £M
Parking & Itchen Bridge	4.35 A	3.93 A	0.42 A
City Services – Waste Operations	0.82 A	0.30 A	0.52 A
City Services – District Operating Areas	0.33 A	0.33 A	0.00
City Services – Commercial Services	0.17 A	0.17 A	0.00
Transportation	0.26 A	0.26 A	0.00
Others	0.11 A	0.11 A	0.00
Total	6.04 A	5.09 A	0.95 A

The SIGNIFICANT COVID-19 pressures movements between July and September 2020 for the Portfolio are:

Service Area	Movement in COVID-19 Pressures Between July and Sept 2020 £M	Explanation
Parking & Itchen Bridge	0.42 A	The adverse movement reflects the trend of continued working from home, with traffic reduction being within the peak periods and reduced commuter parking impacting on income levels.
City Services - Waste Operations	0.52 A	The adverse movement reflects an extension of pressure identified on trade waste income. Initial assumptions were that a recovery in income would be seen over the course of 6 months, however income has 'plateaued' at about 80% of normal levels.

6. HEALTH & ADULTS PORTFOLIO

KEY REVENUE ISSUES – SEPTEMBER 2020

The Portfolio is currently forecast to **underspend** by **£2.64M** at year-end on business as usual activities, which represents a percentage underspend against budget of **4.14%**. The Portfolio business as usual forecast variance has moved favourably by **£1.80M** from the position reported at July 2020.

In addition, **£26.68M** of pressures arising from the COVID-19 pandemic are forecast for the year.

	Forecast Variance Sept 20 £M	Forecast Variance July 20 £M	Movement from July 20 £M	Sept 20 % of budget
Portfolio Outturn business as usual	2.64 F	0.84 F	1.80 F	4.14
COVID-19 Pandemic	26.68 A	27.64 A	0.96 F	

A summary of the Portfolio business as usual forecast variance and movement since July 2020 is shown in the table below:

Service Area	BAU Forecast Variance Sept 20 £M	BAU Forecast Variance July 20 £M	BAU Movement from July 20 £M
Long Term	2.27 F	0.46 F	1.81 F
ICU Provider Relationships	0.09 F	0.00	0.09 F
Public Health	0.29 F	0.35 F	0.06 A
Other	0.01 A	0.03 F	0.04 A
Total	2.64 F	0.84 F	1.80 F

The **SIGNIFICANT** business as usual movements between July and September 2020 for the Portfolio are:

Service Area	Movement in BAU Forecast Variance Between July and Sept 2020 £M	Explanation
Long Term	1.81 F	Since July there has been a £2.36M favourable credit entry to offset savings non achievement that is reported in the COVID position. This is offset by an adverse variance movement of £0.55M, due to increases in Nursing, Residential and Learning Disabilities package costs. The NHS has continued to pick up the majority of hospital discharge costs since April 2020, due to COVID-19 protocols. These packages are in the process of being transferred to the City Council which may affect the position depending on the date of transfer.

A summary of the Portfolio COVID-19 pressures and movement since July 2020 is shown in the table below:

Service Area	COVID-19 Pressures Sept 20 £M	COVID-19 Pressures July 20 £M	COVID-19 Pressures Movement from July 20 £M
Long Term	23.33 A	24.26 A	0.93 F
Provider Services	0.15 A	0.42 A	0.27 F
ICU Provider Relationships	0.55 A	0.72 A	0.17 F
Reablement & Hospital Discharge	0.85 A	0.98 A	0.13 F
Public Health	0.29 A	0.35 A	0.06 F
Safeguarding Adult Mental Health and Out of Hours	1.48 A	0.88 A	0.60 A
Other	0.03 A	0.03 A	0.00
Total	26.68 A	27.64 A	0.96 F

The SIGNIFICANT COVID-19 pressures movements between July and September 2020 for the Portfolio are:

Service Area	Movement in COVID-19 Pressures Between July and Sept 2020 £M	Explanation
Long Term	0.93 F	Favourable movement mainly due to the forecast payments to providers, to cover COVID-19 costs during the crisis period, being revised down (£0.80M) due to a further analysis of the payments expected to the end of the financial year. There is also an ongoing review of the forecast numbers of clients being discharged from hospital which has led to a reduced forecast in this area.
Provider Services	0.27 F	Favourable movement due to a revision of expected staffing requirements over the COVID-19 crisis period.
Safeguarding Adult Mental Health and Out of Hours	0.60 A	The £0.60M adverse variance since Period 4 is due to the ongoing review of the response to the crisis including additional contract uplift to providers, additional staffing cost and increased pressure upon the Adult Social Care system which is still subject to change.

7. STRONGER COMMUNITIES PORTFOLIO

KEY REVENUE ISSUES – SEPTEMBER 2020

The Portfolio is currently forecast to **underspend** by **£0.05M** at year-end on business as usual activities, which represents a percentage overspend against budget of **1.7%**. The Portfolio forecast variance has moved favourably by **£0.23M** from the position reported at July 2020.

In addition, **£1.10M** of pressures arising from the COVID-19 pandemic are forecast for the year.

	Forecast Variance Sept 20 £M	Forecast Variance July 20 £M	Movement from July 20 £M	Sept 20 % of budget
Portfolio Outturn business as usual	0.05 F	0.18 A	0.23 F	1.7%
COVID-19 Pandemic	1.10 A	1.10 A	0.00 A	

A summary of the Portfolio business as usual forecast variance and movement since July 2020 is shown in the table below:

Service Area	BAU Forecast Variance Sept 20 £M	BAU Forecast Variance July 20 £M	BAU Movement from July 20 £M
Bereavement Services	0.10 A	0.10 A	0.00
Environmental Health	0.17 F	0.00	0.17 F
Registration Services	0.07 A	0.07 A	0.00
Other	0.05 F	0.01 A	0.06 F
Total	0.05 F	0.18 A	0.23 F

The SIGNIFICANT business as usual movements between July and September 2020 for the Portfolio are:

Service Area	Movement in BAU Forecast Variance Between July and Sept 2020 £M	Explanation
Environmental Health	0.17 F	The favourable movement in environmental health relates to ongoing vacancy savings across Environmental Health and Scientific Services.

A summary of the Portfolio COVID-19 pressures and movement since July 2020 is shown in the table below:

Service Area	COVID-19 Pressures Sept 20 £M	COVID-19 Pressures July 20 £M	COVID-19 Pressures Movement from July 20 £M
Bereavement Services	0.46 A	0.46 A	0.00
Port Health & Trading Standards	0.15 A	0.15 A	0.00
Registration Services	0.45 A	0.45 A	0.00
Stronger Communities	0.04 A	0.04 A	0.00
Total	1.10 A	1.10 A	0.00

The are no SIGNIFICANT COVID-19 pressures movements between July and September 2020 for the Portfolio.

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Treasury Management

Borrowing and Investments

1. The table below shows the year's opening balance of borrowing and investments, current levels and those predicted for year-end. Forecast borrowing is currently based on month 6 capital monitoring and will be subject to review during the year.

Lower official interest rates have lowered the cost of short-term, temporary loans and investment returns from cash assets that can be used in lieu of borrowing. The Authority continued its strategy of keeping borrowing and investments below their underlying levels in order to reduce risk and make a net saving.

2.

	31-Mar-20 Actual £M	31-Mar-20 Average %	30-Sep-20 Actual £M	30-Sep-20 Average %	31-Mar-21 Forecast £M	31-Mar-21 Forecast %
Long Term Borrowing						
Public Works Loan	257.87	2.88	250.10	2.70	368.60	2.72
LOBO Loans from Banks	9.00	4.89	9.00	4.86	9.00	4.86
	266.87	2.95	259.10	2.73	377.60	2.78
Short Term Borrowing						
Other Local Authorities	10.00	0.92	0.00	0.39	10.00	0.64
Other	0.36	0.92	0.36	0.39	0.36	0.64
Total External Borrowing	277.23	2.85	259.46	2.73	387.96	2.71
Other Long Term Liabilities						
PFI Schemes	54.00	9.01	52.48	8.82	50.96	9.16
Deferred Debt Charges (HCC)	13.83	2.66	13.64	2.61	13.46	2.70
Total Gross External Debt	345.06	3.87	325.59	4.08	452.38	3.62
Investments:						
Managed In-House						
Government & Local Authority	0.00	0.00	(10.00)	0.11		
Cash (Instant access)	(31.11)	0.34	(28.80)	0.07	(10.00)	0.03
Cash (Notice Account)	0.00	0.00	(2.01)	0.00	0.00	0.00
Long Term Bonds	(3.01)	5.30	(3.03)	5.30	(3.00)	5.30
Managed Externally						
Pooled Funds (CCLA) & Shares	(27.02)	4.35	(27.02)	3.84	(27.02)	3.00
Total Investments	(61.15)	4.44	(70.86)	3.89	(40.02)	2.43
Net Debt	283.91		254.73		412.36	

3. After taking into account maturing and new debt requirements in year and a reduction in investment balances, there is a current estimated increase in net borrowing of £128.45M for the year, this is less than previously reported as a number of schemes have been deferred to 2021.

4. The interest cost of financing the council's long term and short term loan debt is charged to the general fund revenue account and is detailed below together with a summary of performance to date.

Borrowing

5. The forecast cost of financing the council's loan debt is £15.75M of which £4.94M relates to the HRA, however this will be subject to movement as the need for further borrowing during the year becomes more certain.

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

	<p>margin on loans has increased from 0.8% to 1.8% an increase of 100 base points or £10k 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> <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 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> <p>The consultation includes developing a system whereby PWLB loans can be made available at improved margins to support qualifying projects. It contains proposals to allow authorities that are not involved in "debt for yield" activity to borrow at lower rates as well as stopping local authorities using PWLB loans to buy commercial assets primarily for yield. The consultation also broaches the possibility of slowing, or stopping, individual authorities from borrowing large sums in specific circumstances.</p> <p>The consultation closed on 31st July 2020 with the announcement and implementation of the revised lending terms expected in later in the year or early next year. Depending on the outcome of the consultation there may be a need to revisit plans to invest in property.</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 an opportunity arises to secure a long term loan at advantageous rates.</p> <p>Although we currently do not have any short term debt we anticipate borrowing from November onwards 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 year to date 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 year and are currently £71M.</p> <p>Continued downward pressure on short-dated cash brought net returns on money market funds close to zero even after some managers have temporarily lowered their fees. At this stage net negative returns are not the central case of most MMF managers over the short-term, and fee waivers should maintain positive net yields, but the possibility cannot be ruled out.</p>

	<p>On 25th September the overnight, 1- and 2-week deposit rates on Debt Management Account Deposit Facility (DMADF) deposits dropped below zero percent to -0.03%, the rate was 0% for 3-week deposits and 0.01% for longer maturities.</p> <p>This supports our decision to only borrow for cash flow purposes at this stage as savings on borrowing costs more than offset the loss on short term investments.</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 (90 days), 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 was suspended by the fund in March 2020.</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> <p>Since then conditions in the property market have stabilised and valuation clarity and certainty have improved across its various segments, to the extent that valuers, with guidance from the Royal Institute of Chartered Surveyors, believe that the uncertainty around valuation is no longer applicable. The dealing suspension was lifted in September 2020.</p>
12.	<p>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.</p>
13.	<p>During 2019/20 this investment returned £1.2M at an average yield of 3.84% 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 £25.37M, £1.63M 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>

The estimated return for the year has improved from the last quarter and is now expected to be about 85% of that for 2019/20, £1.03M.

Financial Review and Outlook for 2020/21

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.

	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23
Official Bank Rate													
Upside risk	0.00	0.00	0.00	0.15	0.15	0.15	0.15	0.30	0.30	0.30	0.30	0.30	0.30
Arlingclose Central Case	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
Downside risk	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50

15. The medium-term global economic outlook is weak. While the strict initial lockdown restrictions have eased, coronavirus has not been suppressed and second waves have prompted more restrictive measures on a regional and national basis. This ebb and flow of restrictions on normal activity will continue for the foreseeable future, at least until an effective vaccine is produced and importantly, distributed. The global central bank and government responses have been significant and are in many cases on-going, maintaining more stable financial, economic and social conditions than otherwise. This has supported a sizeable economic recovery in Q3.
16. However, the scale of the economic shock to demand, on-going social distancing measures, regional lock downs and reduced fiscal support will mean that the subsequent pace of recovery is limited. Early signs of this are already evident in UK monthly GDP and PMI data, even before the latest restrictions.
17. This situation will result in central banks maintaining low interest rates for the medium term. In the UK, Brexit is a further complication. Bank Rate is therefore likely to remain at low levels for a very long time, with a distinct possibility of being cut to zero. Money markets have priced in a chance of negative Bank Rate.
18. Longer-term yields will also remain depressed, anchored by low central bank policy rates, expectations for potentially even lower rates and insipid inflation expectations. There is a chance yields may follow a slightly different path in the medium term, depending on investor perceptions of growth and inflation, or if the UK leaves the EU without a deal.
19. Arlingclose expects Bank Rate to remain at the current 0.10% level and additional monetary loosening in the future most likely through further financial asset purchases (QE). While Arlingclose's central case for Bank Rate is no change from the current level of 0.1%, further cuts to Bank Rate to zero or even into negative territory cannot be completely ruled out.
20. Gilt yields are expected to remain very low in the medium term. Shorter-term gilt yields are currently negative and will remain around zero or below until either the Bank of England expressly rules out negative Bank Rate or growth/inflation prospects improve. Downside risks remain in the near term, as the government dials down its fiscal support measures, reacts to the risk of a further escalation in infection rates and the Brexit transition period comes to an end.

	<u>Credit background</u>
21.	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, this then stabilised, and it has been relatively quiet for credit changes for the names on our counterparty list. Fitch assigned a AA- deposit rating to Netherlands lender Rabobank with a negative outlook and prior to that, while not related to our counterparty list but quite significant, revised the outlook on the US economy to Negative from Stable while also affirming its AAA rating.
22.	There continues to remain much uncertainty around the extent of the losses banks and building societies will suffer due to the impact from the coronavirus pandemic and for the UK institutions on our list there is the added complication of the end of the Brexit transition period on 31st December and what a trade deal may or may not look like. The institutions on Arlingclose's counterparty list and recommended duration remain under constant review, but at the end of the period no changes had been made to the names on the list or the recommended maximum duration of 35 days.
23.	<u>Investment Performance</u>
24.	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.
25.	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.
26.	As detailed in paragraph 9 our cash balances have continued to be higher than usual. As a result, we had £41M 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.
27.	Investments managed internally are currently averaging a return of 0.43% which is higher than the average of 0.27% whilst still maintaining the average credit rating of AA-. Total income return at 1.79% is also higher than the average for both unitary (0.88%) and LA's (0.90%). However due to a fall in the capital value of our external funds of -6.72% (an improvement from last quarter at -7.49%) our total investment return at -0.67% is slightly lower than both the average unitary (-0.63%) and LA's (-0.46%) across Arlingclose's client base, but as previously reported it is the income return at 4.14% on NAV (Net Asset Value) that is the driver to invest plus they are deemed less risky than buying individual properties and do not constitute capital spend.

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KEY FINANCIAL RISKS

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)		
5 - Very Likely	>95%	Is expected to occur in most circumstances
4 - Likely	↑	Will probably occur in most circumstances
3 - Possible	50%	Might occur at some time
2 - Unlikely	↓	Could occur at some time
1 - Very Unlikely	<5%	May only occur in exceptional circumstances

IMPACT	1 - Minor	2 - Moderate	3 - Significant	4 - Major	5 - Critical
Service delivery/ key priorities	No noticeable effects	Some temporary disruption to a single service area / delay in delivery of one of the council's	Regular disruption to one or more services / a number of corporate objectives would be delayed or not	Severe service disruption on a directorate level / many corporate priorities delayed or not delivered	Unable to deliver most priorities / statutory duties not delivered
Financial Impact	Loss or loss of income < £10k	Loss or loss of income £10k - £499k	Loss or loss of income £500k - £4.99m	Loss or loss of income £5m - £9.99m	Loss or loss of income > £10m
Reputation	Internal review	Internal scrutiny required to prevent escalation	Local media interest. Scrutiny by external committee or body	Intense public and media scrutiny	Public inquiry or adverse national media attention

• Robustness of estimates

Key Financial Risk	INHERENT RISK		Comments/Mitigating Actions in place	RESIDUAL RISK	
	Likelihood	Impact		Likelihood	Impact
FE1. Interest rates are underestimated.	Likely	Major	<ul style="list-style-type: none"> 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. PWLB rates discounted by 1% for new HRA loans in March 2020 Budget. Market intelligence provided by Treasury Management advisors. 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. 	Possible	Significant
FE2. Existing fees and charges: Projected levels of income within the period are not achieved and/or maintained.	Possible	Significant	<ul style="list-style-type: none"> 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. 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. 	Possible	Significant
FE3. New income streams: Projected levels of income within the period are not achieved.	Possible	Significant	<ul style="list-style-type: none"> 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. Higher risk as it is based on new sources of income. Implementation of new income generation proposals has been delayed due to the impact of COVID-19 and economic downturn. 	Possible	Significant
FE4. Volatility of Business Rates funding given the uncertainty around impact of successful appeals.	Likely	Major	<ul style="list-style-type: none"> 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. 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. The appeals window for the 2010 rating list has been closed. More appeals may be forthcoming as a consequence of measures to control COVID-19. 	Possible	Significant

• **Robustness of estimates**

Key Financial Risk		INHERENT RISK		Comments/Mitigating Actions in place	RESIDUAL RISK	
		Likelihood	Impact		Likelihood	Impact
FE5.	Increase in demand led spending pressures (including impact of Welfare Reform, social care, safeguarding) over and above the current budget provision.	Possible	Major	<ul style="list-style-type: none"> Annual budget setting process developed in consultation with service managers Monitoring of capital (quarterly) and revenue (monthly) budgets, reported to EMT and Cabinet (Quarterly). 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 Action plans intended to manage/reduce the number of Looked After Children 	Possible	Significant
FE6a.	Third party provider costs will increase as a result of the introduction of the National Living Wage	Almost certain	Significant	<ul style="list-style-type: none"> As each contract is procured any impact of this will need to be assessed and addressed to ensure services are procured within budget. 	Possible	Significant
FE6b.	Third party provider costs increase as result of SCC having to 'step in' in the event of potential provider failure (social care providers)	Possible	Significant	<ul style="list-style-type: none"> ICU contract monitoring arrangements and general market oversight and intelligence 	Unlikely	Moderate
FE7.	Legal challenge to savings proposals that could result in the proposal being either discontinued or revised.	Possible	Significant	<ul style="list-style-type: none"> Robust budget consultation process in place. 	Unlikely	Moderate
FE8.	Pressure on returns from investment properties in both the short and longer term.	Possible	Major	<ul style="list-style-type: none"> There is a full and robust process around the financial and legal analysis of the individual investments. Investments are diversified between sectors. 	Possible	Significant
FE9.	Voluntary sector is either unwilling or unable to support the delivery of certain services or activities	Possible	Major	<ul style="list-style-type: none"> Review the overall expectation and co-ordination of the services required of the voluntary sector. Consideration is given to this risk in deciding whether to design services around the voluntary sector 	Possible	Significant
FE10.	The council's service delivery partners 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	Major	<ul style="list-style-type: none"> Central Contracts Team monitors and work closely with the council's significant service delivery partners. Contractual obligations on both parties that set out the respective roles and responsibilities. 	Possible	Significant
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	Major	<ul style="list-style-type: none"> The Council will plan for any proposed changes through the Medium Term Financial Strategy process. 	Possible	Major

• Adequacy of proposed financial reserves

Key Financial Risk		INHERENT RISK		Comments/Mitigating Actions	RESIDUAL RISK	
		Likelihood	Impact		Likelihood	Impact
FR1.	Business Rate Retention & Council Tax Growth - the council fails to collect, retain and grow business rate income	Possible	Major	<ul style="list-style-type: none"> The assumption built into the MTFs is based on an annualised CPI Rate reflecting the uplift set by government. 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. Reserves can be used to offset the impact of shortfalls in estimated business rates, giving time to adapt the budget and service planning. 	Possible	Significant
FR2.	Delivery of all of the agreed savings is not achieved.	Likely	Significant	<ul style="list-style-type: none"> 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. EMT review the validity and achievability of projects and provide approval (or not) to projects. 2020/21 is exceptional year with organisation capacity used for CV-19, with reduced time to devote to realising savings causing a particular impact in this year. These are kept under constant review as part of the monthly budget monitor work and will be re-assessed as part of the budget work for 2021/22 and beyond. In year- savings of £1.5M are planned as part of the package to offset additional COVID costs. 	Possible	Significant
FR3.	The Government could impose a lower Council Tax referendum threshold and/or reduce or remove the Adult Social Care Levy	Possible	Significant	<ul style="list-style-type: none"> 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. 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 & 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. Given the national recognition of pressures within the Adult Social Care system it is unlikely that the ASC Levy will be removed or reduced. 	Unlikely	Significant
FR4.	Slippage in capital receipts (not accompanied by a slippage in spend).	Possible	Significant	<ul style="list-style-type: none"> 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. Impact reflects the cost of borrowing in short term (the interest payments). 	Possible	Moderate
FR5.	If building inflation was to exceed general inflation over a prolonged period, this would have a significant adverse impact on HRA balances and, in turn, the business model in respect of the redevelopment and refurbishment of the SCC Housing stock.	Possible	Major	<ul style="list-style-type: none"> 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. Monitoring and assessment of potential impact with business model sufficiently flexible to allow for reassessment of priority outcomes against available budget 	Possible	Significant
FR6.	The level of funds within the internal insurance provisions is inadequate to meet current or future demand	Possible	Significant	<ul style="list-style-type: none"> The adequacy of the provision is informed by the output from periodical (at least triennial) external actuarial reviews of the funds. 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. 	Unlikely	Significant

• 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	Critical	<ul style="list-style-type: none"> The Council's Reserves may be utilised in respect of the financial impact of such an event. Subject to the nature of the event alternative sources of funding might be available e.g. Bellwin Scheme. The Government has allocated 4 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. Use of reserves is being considered to meet COVID-19 expenditure pressure/income 	Possible	Major
FR8.	The cost of implementing the Care Act 2014 is greater than anticipated.	Unlikely	Significant	<ul style="list-style-type: none"> 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 The main implications of the Care Act have been deferred beyond 2020/21. 	Unlikely	Significant
FR9.	CCG could seek to reduce its level of contribution to the 'pooled budgeting' arrangement with SCC	Possible	Major	<ul style="list-style-type: none"> Ongoing relationship and dialogue with CCG re shared objectives and outcomes. 	Unlikely	Significant
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	Significant	<ul style="list-style-type: none"> The impact of Welfare Reform on all service areas will be difficult to monitor or to mitigate against. 	Possible	Significant
FR11.	Inflation increases at a higher rate than anticipated	Possible	Significant	<ul style="list-style-type: none"> 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 0.5%, well below the anticipated level. Market intelligence provided by Arlingclose - independent treasury advisors An amount is included in the MTFS to cover key elements of inflation. Beyond this provision, it would be managed as an 'in year' issue and services would be expected to absorb the difference. 	Unlikely	Moderate
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	Significant	<ul style="list-style-type: none"> National and local modelling in respect of the future approach to business rate retention will need to reflect changes in the financial environment. There may be either pressure or incentives for non UK owned business to move operations back to within an EU country. 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. 	Likely	Significant
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	Significant	<ul style="list-style-type: none"> 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. 	Unlikely	Significant
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	Significant	<ul style="list-style-type: none"> 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. The Government has put in place legislation to mitigate the impact on the General Fund for the five years 2018/19 to 2022/23. 	Unlikely	Significant

- Adequacy of proposed financial reserves

Key Financial Risk		INHERENT RISK		Comments/Mitigating Actions	RESIDUAL RISK	
		Likelihood	Impact		Likelihood	Impact
FR15	Impact of COVID-19 on budgets	Almost certain	Critical	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	Almost certain	Major

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FINANCIAL HEALTH INDICATORS – QTR 2

Prudential Indicators Relating to Treasury

	<u>Maximum</u>	<u>Forecast</u>	<u>Status</u>
Maximum Level of External Debt £M	£770M	£389M	Green
As % of Authorised Limit	100%	50.52%	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%	2.73%	Green
Average Short Term Investment Rate - Cash	0.06%	0.23%	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%	3.84%	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

Income Collection

	<u>2020/21 Target</u>	<u>Qtr2 YTD</u>	<u>Status</u>
Average days sales outstanding	60	64	Red
Outstanding debt more than 12 months old	<15%	17.81%	Red
Debt written off	<2%	0.17%	Green

Creditor Payments

	<u>2020/21 Target</u>	<u>Qtr2 YTD</u>	<u>Status</u>
Average payment days	14	9.8	Green
Valid and undisputed invoices paid within 30 days	95%	89.98%	Amber

Tax Collection rate

	<u>2019/20</u> <u>Actual</u> <u>Rate</u>	<u>Target</u> <u>Collection</u> <u>Rate</u>	<u>Qtr 2 Collection Rate</u>		<u>Status</u>
			<u>Last Year</u>	<u>This Year</u>	
Council Tax	94.4%	93.10%	53.92%	52.17%	Amber
National Non Domestic Rates	97.6%	97.56%	59.28%	58.37%	Amber

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Appendix 6

HOUSING REVENUE ACCOUNT FORECAST OUTTURN POSITION FOR 2020/21

The Housing Revenue Account (HRA) is currently forecast to **overspend** by **£0.27M** at year-end on business as usual activities, a **£0.81M** adverse movement from the position reported at July 2020.

In addition, **£1.29M** of pressures arising from the COVID-19 pandemic are forecast for the year.

	Budget Sept 2020 £M	BAU* Annual Forecast Sept 2020 £M	BAU* Forecast Variance Sept 2020 £M	BAU* Forecast Variance July 2020 £M	BAU* Variance Movement from July 2020 £M
Expenditure					
Responsive repairs	13.26	14.58	1.32 A	0.00	1.32 A
Housing investment	5.19	4.39	0.80 F	0.40 F	0.40 F
Rents payable	0.10	0.10	0.00	0.00	0.00
Debt management	0.09	0.09	0.00	0.00	0.00
Supervision & management	22.52	22.32	0.20 F	0.08 F	0.12 F
Interest & principal repayments	5.09	5.09	0.00	0.00	0.00
Depreciation	20.47	20.47	0.00	0.00	0.00
Direct revenue financing of capital	8.89	8.89	0.00	0.00	0.00
Total Expenditure	75.60	75.93	0.32 A	0.48 F	0.80 A
Income					
Dwelling rents	(70.24)	(70.29)	0.05 F	0.06 F	0.01 A
Other rents	(1.22)	(1.22)	0.00	0.00	0.00
Service charge income	(3.25)	(3.25)	0.00	0.00	0.00
Leaseholder service charges	(0.88)	(0.88)	0.00	0.00	0.00
Interest received	(0.01)	(0.01)	0.00	0.00	0.00
Total Income	(75.60)	(75.66)	0.05 F	0.06 F	0.01 A
(SURPLUS)/DEFICIT	0.00	0.27	0.27 A	0.54 F	0.81 A

NB Numbers are rounded

*Business as usual

The **SIGNIFICANT** business as usual movements between July and September 2020 for the Portfolio are:

Service Area	Movement in BAU Forecast Variance Between July and Sept 2020 £M	Explanation
Responsive Repairs	1.32 A	Changes to working practices due to COVID-19, and problems with property access have led to fewer jobs including capital works being completed, and correspondingly lower income to the trading operation. In addition, the inability to fully recover overheads from internal jobs has resulted in lower income.
Cyclical Maintenance	0.39 F	Continuing problems with property access and variations in working practices due to COVID-19 have resulted in a substantial month 6 underspend which is forecast to continue for the rest of the year.

A summary of the Portfolio COVID-19 pressures and movement since July 2020 is shown in the table below:

Service Area	COVID-19 Pressures Sept 20 £M	COVID-19 Pressures July 20 £M	COVID-19 Pressures Movement from July 20 £M
Supervision & Management	1.25 A	1.25 A	0.00
Dwelling Rents	0.04 A	0.04 A	0.00
Total	1.29 A	1.29 A	0.00

The are no SIGNIFICANT COVID-19 pressures movements between July and September 2020.

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Appendix 7

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
Council Tax			
<u>Income</u>			
Total Council Tax Income	(124.42)	(122.52)	1.90
<u>Expenditure</u>			
Total Council Tax Expenditure (incl. precepts)	124.13	123.16	(0.97)
Council Tax Deficit/(Surplus) for the Year	(0.30)	0.64	0.93
Council Tax Deficit/(Surplus) Brought Forward	0.30	2.63	2.33
Council Tax Deficit/(Surplus) Carried Forward	(0.00)	3.27	3.27
Business Rates			
<u>Income</u>			
Total Business Rates Income	(114.30)	(58.44)	55.87
<u>Expenditure</u>			
Total Business Rates Expenditure	114.81	112.28	(2.53)
Business Rates Deficit/(Surplus) for the Year	0.50	53.84	53.34
Business Rates Deficit/(Surplus) Brought Forward	(0.50)	(0.68)	(0.18)
Business Rates Deficit/(Surplus) Carried Forward	0.00	53.16	53.16
Total Collection Fund (Surplus)/Deficit	0.00	56.42	56.42
Council Tax (Surplus)/Deficit			
Contribution (to)/ from SCC		2.77	
Contribution (to)/ from HPA		0.37	
Contribution (to)/ from F&RS		0.12	
Council Tax Collection Fund Balance c/f		<u>3.27</u>	
NDR (Surplus)/Deficit			
Contribution (to)/ from SCC		26.00	
Contribution (to)/ from MHCLG		26.62	
Contribution (to)/ from HF&R		0.53	
NDR Collection Fund Balance c/f		<u>53.16</u>	
Total SCC (Surplus)/Deficit		<u>28.77</u>	
LESS: Grant estimated as due from Government (General Fund)		(24.74)	
NET SCC deficit for future budget purposes at Qtr 2		<u>4.04</u>	

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Grant Name

Local Authority support **tranche 1**
Business Rates Relief
Hardship Fund for economically vulnerable households
BEIS Business Support Grants for Small Business, Retail, Hospitality and Leisure
Rough Sleepers
Local Authority support **tranche 2**
Adult Social Care infection control fund round 1
Local Outbreak planning, for test and trace
Emergency Active Travel Funding
Reopening High Streets Safely Fund
Local Authority support **tranche 3**
Food and essential supplies
Local Authority Discretionary Grant Fund (LADGF)
New Burdens assessment
Additional school and college transport capacity funding
Compliance and enforcement activity
Contain Outbreak Management Fund
Local Governemnt **tranche 4**
ASC infection control fundround 2

The Local Authority general support has not be allocated to specific services but is held centri

General Grant support for COVID	Specific grant i.e. to support individual service or initiative	SCC to administer and allocate to third party	Total
£M	£M	£M	£M
7.40			
		22.56	
		2.58	
		43.74	
	0.01		
6.99			
		2.03	
	1.57		
	0.25		
	0.23		
2.49			
	0.33		
		2.19	
	0.17		
	0.15		
	0.15		
	0.26		
6.05			
		2.19	
22.93	3.12	75.28	101.34

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APPENIDX 2

<u>CAPITAL FINANCIAL MONITORING FOR THE PERIOD TO SEPTEMBER 2020</u>			
1.	Table 1 shows the changes to the individual portfolio programmes. The updated programme for the General Fund is £657.05M and £210.98M for the HRA. Details of changes made since the start of the year, totalling £2.10M can be found in annex 2.1.		
	Table 1 – Changes to Portfolio Programmes		
	Latest Programme £M	Previous Programme £M	Total Change £M
	Health & Adults	0.62	0.62
	Children & Learning	106.45	108.05
	Finance & Income Generation	201.27	200.00
	Stronger Communities	9.25	8.31
	Culture & Homes	19.96	19.96
	Green City & Place	306.05	305.37
	Customer & Organisation	13.46	12.66
	Total GF Capital Programme	657.05	654.95
	Housing Revenue Account	210.98	210.98
	Total Capital Programme	868.03	865.94
	NB. there may be small arithmetic variations in the table as figures have been rounded		
2.	Approval is being sought for amendments to the programme; a net reduction of £0.27M in 2020/21 and addition of £0.96M in 2021/22. Details of these amendments, the funding source and the portfolios affected can be found in annex 2.6.		
	SLIPPAGE/REPHASING		
3.	Slippage occurs where works are not expected to take place to expected timescales, whereas re-phasing is the intentional rescheduling of funds across the life of the project to better reflected the expected staging and therefore anticipated spending for a project. Following a review to ensure that all projects are accurately profiled, and budgets are suitably aligned to anticipated works and spend, there is £12.30M of General Fund and £11.30M of HRA anticipated work in 2020/21 being either slipped or rescheduled into later years. Details of schemes with major slippage and rephasing are provided in annex 2.3.		
4.	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. Although the St. Marks school project is highlighted at annex 2.3, the work is still expected to deliver to the originally set deadline, but a tender received over the summer for the bulk of the work has meant the work has been re-appraised, with a re-phasing update to provide a better assessment over the workflows and timing within the programme.		

	<u>Table 2 – Net Slippage</u>	Movement £M	Annex 2.3 Ref		
	Health & Adults	0.00			
	Children & Learning	(8.49)	2-4		
	Finance & Income Generation	0.00			
	Stronger Communities	(0.44)			
	Culture & Homes	0.00			
	Green City & Place	(3.37)	1		
	Customer & Organisation	0.00			
	Total General Fund	(12.30)			
	Housing Revenue Account	(11.30)	5-11		
	Total Capital Programme	(23.60)			
	NB. there may be small arithmetic variations in the table as figures have been rounded				
	2020/21 MONITORING POSITION				
5.	The forecast performance of the capital programmes in 2020/21 is summarised in table 3 below.				
	<u>Table 3 – Summary of the General Fund & HRA Capital Forecast 2020/21</u>				
		Revised Programme £M	Forecast £M	Forecast Variance £M	Forecast Variance %
	Health & Adults	0.22	0.22	0.00	0.00
	Children & Learning	18.82	18.58	(0.24)	(1.26)
	Finance & Income Generation	51.27	51.27	0.00	0.00
	Stronger Communities	2.44	2.35	(0.10)	(4.05)
	Culture & Homes	2.63	2.63	0.00	0.00
	Green City & Place	56.54	56.54	0.00	0.00
	Customer & Organisation	8.13	8.13	0.00	0.00
	Total General Fund	140.05	139.72	(0.33)	(0.24)
	Housing Revenue Account	48.11	41.07	(7.04)	(14.63)
	Total Capital Programme	188.16	180.79	(7.37)	(3.92)
	<u>Financed by</u>				
	*CR - GF Borrowing	(75.21)	(75.01)	(0.20)	(0.26)
	*CR - HRA Borrowing	(8.69)	(6.30)	(2.39)	(27.47)
	Capital Receipts	(17.95)	(17.77)	(0.18)	(1.01)
	Direct Revenue Financing	(9.55)	(8.67)	(0.89)	(9.27)
	Capital Grants	(46.88)	(46.74)	(0.14)	(0.29)
	Contributions	(10.68)	(10.68)	0.00	0.00
	HRA – MRA	(19.21)	(15.63)	(3.58)	(18.66)

	Total Funding	(188.16)	(180.79)	(7.37)	(3.92)
	*CR – Council Resources NB there may be small arithmetic variations in the table as figures have been rounded				
6.	The General Fund programme is currently forecast to be underspent by £0.33M and the HRA is £7.04M underspent. The reasons for the major forecast variances changes since the last report are detailed in Annex 2.2.				
	COVID-19 and Capital Programme 2020/21				
7.	When reviewing the capital programme to ensure that all projects are accurately profiled COVID-19 has been considered. The impact of this has resulted in increased programme slippage, where works will be carried out later than planned. It is not anticipated that there will be any service failures as a result of these delays.				
8.	A further 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.				
	CAPITAL RESOURCES				
9.	The resources which can be used to fund the capital programme are as follows: <ul style="list-style-type: none"> • Central Government Grants and from other bodies • Contributions from third parties • Council Resources - Capital Receipts from the sale of HRA assets • Council Resources - Capital Receipts from the sale of General Fund assets • Revenue Financing • Council Resources – Borrowing 				
10.	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.				
11.	It should be noted that the revised General Fund Capital Programme is based on prudent assumptions of future Government grants to be received. Most 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.				
12.	Annex 2.4 details the current level of available resources. This shows that the largest resource currently un-earmarked is S106 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.				
13.	Following a review of the expected General Fund capital receipts an increase £0.10M is anticipated in 2020/21 since the last reported position. This is due to additional lease sales expected in 2020/21.				
	OVERALL CAPITAL PROGRAMME AND FINANCING				
14.	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.				
15.	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).
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<u>SUPPORTING DOCUMENTATION</u>	
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Annexes	
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|----|--|
| 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 September 2020. |
| 4. | GF Capital Resources Available as at September 2020 |
| 5. | GF & HRA Revised 5 Year Programme and Use of Resources. |
| 6. | Programme Additions for Approval. |

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Appendix 10

GENERAL FUND: PROGRAMME AMENDMENTS SINCE LAST REPORTED POSITION

Portfolio	Scheme	£M	*Council/Cabinet **Delegated Approval	Funding Source	Annex 2.6 Ref
<u>Additions to the Programme</u>					
Customer & Organisation	Office 365	0.80	^	Council Resources	1
Finance & Income Generation	Drivers Wharf	1.27	*	Council Resources/ DRF	
Green City & Place	Peace Fountain	0.15	*	CIL Contributions	
	S106 - Highways - Unallocated	0.06	^	S106 Developer Contributions	2
	S106 - Integrated Transport - Unallocated	0.23	^	S106 Developer Contributions	2
	S106 - Open Spaces - Unallocated	0.24	^	S106 Developer Contributions	2
		<u>0.68</u>			
Stronger Communities	S106 - Affordable Homes - Unallocated	0.94	^	S106 Developer Contributions	3
<u>Reductions in the Programme</u>					
Children & Learning	St Marks School	(1.60)	^	Council Resources	4
Total General Fund Variations		<u>2.10</u>			
Total Variations to the Overall Programme		<u>2.10</u>			
		£M			
	* - Approved By Council/Cabinet	1.42			
	** - Approved under Delegated Powers	0.00			
	^ - Require Approval (details in Annex 2.6)	0.68			
Total Variations to the Overall Programme		<u>2.10</u>			

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HRA Major Forecast Variance Since Last Reported Position

HRA																																													
1.	<p><u>HRA Programme Various – Variance of Nil, Movement of £11.39M adverse since last reported position</u></p> <p>In line with the continually changing national position regarding COVID-19, project managers have revised their view on whether works can be carried out on these projects or whether they should be stopped in 2020/21 and restarted in future years met by the future years' resources. It is now anticipated that works which were to be stopped will be carried out where possible in 2020/21 and anything not completed will require budget slipped accordingly as future years resources are not sufficient.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Project Description</th> <th style="text-align: center;">Previous Forecast £M</th> <th style="text-align: center;">Revised Forecast £M</th> <th style="text-align: center;">Movement £M</th> </tr> </thead> <tbody> <tr> <td>Roofing Lot 1 West- Flat Roofs</td> <td style="text-align: right;">(0.71)</td> <td style="text-align: center;">0</td> <td style="text-align: right;">0.71</td> </tr> <tr> <td>Roofing Lot 2 East- Pitched Roofs</td> <td style="text-align: right;">(0.76)</td> <td style="text-align: center;">0</td> <td style="text-align: right;">0.76</td> </tr> <tr> <td>External Windows and Doors</td> <td style="text-align: right;">(0.90)</td> <td style="text-align: center;">0</td> <td style="text-align: right;">0.90</td> </tr> <tr> <td>Hants Fire & Rescue Service - Fire Safety / Sprinkler Project</td> <td style="text-align: right;">(0.35)</td> <td style="text-align: center;">0</td> <td style="text-align: right;">0.35</td> </tr> <tr> <td>Remedial Works Following Compliance Inspections</td> <td style="text-align: right;">(0.16)</td> <td style="text-align: center;">0</td> <td style="text-align: right;">0.16</td> </tr> <tr> <td>Townhill Park Regeneration</td> <td style="text-align: right;">(5.16)</td> <td style="text-align: center;">0</td> <td style="text-align: right;">5.16</td> </tr> <tr> <td>Lift Refurbishment - Shirley Towers</td> <td style="text-align: right;">(1.04)</td> <td style="text-align: center;">0</td> <td style="text-align: right;">1.04</td> </tr> <tr> <td>Disabled Adaptations</td> <td style="text-align: right;">(1.06)</td> <td style="text-align: center;">0</td> <td style="text-align: right;">1.06</td> </tr> <tr> <td>Albion Towers Heating</td> <td style="text-align: right;">(0.84)</td> <td style="text-align: center;">0</td> <td style="text-align: right;">0.84</td> </tr> <tr> <td>Electrical System Upgrades/Refurbishments</td> <td style="text-align: right;">(0.39)</td> <td style="text-align: center;">0</td> <td style="text-align: right;">0.39</td> </tr> </tbody> </table>	Project Description	Previous Forecast £M	Revised Forecast £M	Movement £M	Roofing Lot 1 West- Flat Roofs	(0.71)	0	0.71	Roofing Lot 2 East- Pitched Roofs	(0.76)	0	0.76	External Windows and Doors	(0.90)	0	0.90	Hants Fire & Rescue Service - Fire Safety / Sprinkler Project	(0.35)	0	0.35	Remedial Works Following Compliance Inspections	(0.16)	0	0.16	Townhill Park Regeneration	(5.16)	0	5.16	Lift Refurbishment - Shirley Towers	(1.04)	0	1.04	Disabled Adaptations	(1.06)	0	1.06	Albion Towers Heating	(0.84)	0	0.84	Electrical System Upgrades/Refurbishments	(0.39)	0	0.39
Project Description	Previous Forecast £M	Revised Forecast £M	Movement £M																																										
Roofing Lot 1 West- Flat Roofs	(0.71)	0	0.71																																										
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Electrical System Upgrades/Refurbishments	(0.39)	0	0.39																																										
2.	<p><u>Block Modernisation Programme – £0.03M Overspend, Movement of £0.83M adverse since last reported position</u></p> <p>Works have been accelerated on the programme for door replacements within the block modernisation programme to ensure that high risk doors are replaced as a matter of urgency within this financial year.</p>																																												
3.	<p><u>Right to Buy - Satisfactory Purchase Scheme – £1.23M Underspend, Movement of £1.10M adverse since last reported position</u></p> <p>Forecasts are affected by the continually changing completion dates with are impacted on by the pandemic. There is also ongoing review of the policy for buy backs of property which is due for approval. It is anticipated that any future Right to Buy purchases can be met within remaining resources.</p>																																												
4.	<p><u>Estate Regeneration Woodside/Wimpson – £0.52M Underspend, Movement of £0.28M adverse since last reported position</u></p>																																												

	<p>Progress has been adversely affected by a combination of exceptionally wet weather and a late change in the supply authority's date for installing an adequate power supply. It was anticipated that any continued works could be met within the remaining resources. However, as the contractors are targeting to complete the works safely before the year end the underspend has reduced.</p>
5.	<p><u>Energy Company Obligations - Canberra Towers – £2.90M Underspend, Movement of £0.35M adverse since last reported position</u> Works on site were suspended as contractors were required to review all site-based activities and amend risk assessments based on COVID-19 social distancing restrictions. It was anticipated that any continued works could be met within the remaining resources. However, the scope of this programme requires an increased degree of oversighting during the early design stages as relevant changes in building regulations are being developed with the potential to force changes in the project brief. As a result, the forecasted underspend has decreased.</p>

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Appendix 12

Major GF & HRA Slippage & Rephasing as at September 2020

	Green City & Place
1.	<p><u>Green City – Salix Clean Growth Fund (Slippage £2.50M from 2020/21 to 2021/22)</u></p> <p>The project is in development and a business case for the first phase is due to be presented to Cabinet in December to get approval to spend. The expenditure on the project has been re-profiled to reflect the programme being developed.</p>
	Children & Learning
2.	<p><u>St Marks School (a. Slippage of £6.30M from 2020/21 to 2021/22, b. Rephasing of £1.18M from 2022/23 to 2021/22 and Rephasing of £1.49M from 2023/24 to 2021/22)</u></p> <p>The school is still programmed to complete for the start of the September 2022 term, as originally planned. Practical Completion of the external works is now expected just ahead of Christmas 2022.</p> <p>The main contract sum and forecast cash flows have now been received, enabled a further re-profile of the budget in line with the anticipated cash flows. This has allowed a more accurate picture on the phasing or timing of the work.</p>
3.	<p><u>Chamberlayne Refurbishment (Slippage of £1.00M 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 / new build works and a draw down schedule will be agreed as part of the transfer agreement. The first draw down is not anticipated to be until 2021/22.</p>
4.	<p><u>R&M Programme for Schools (Slippage of £0.50M from 2020/21 to 2021/22)</u></p> <p>It was not possible to gain access to several 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 planned to be undertaken during the summer holidays 2020. The surveys and tenders will now reflect a re-scheduling of works for the summer holidays in 2021. Further review of deliverability of projects, together with a realignment of contingency provision, has been undertaken resulting in a further projected slippage.</p>
	HRA
5.	<p><u>External Windows and Doors - Slippage of £1.50M from 2020/21 to 2021/22,</u></p> <p>Due to the number of windows and doors that are either in disrepair and/or reaching the end of their life works have resumed on a previously suspended programme to ensure properties remain secure and weather safe. However, as a result of the suspension of works not all works will be carried out in 2020/21 as anticipated.</p>
6.	<p><u>Disabled Adaptations - Slippage of £1.06M from 2020/21 to 2021/22, 2022/23 and 2024/25</u></p> <p>After review, a limited progress return to work has been achieved working in voids or on external works. It was anticipated that most of the works would have been carried out within this financial year however this is now no longer possible.</p>

7.	<p><u>Lift Refurbishment - Shirley Towers - Slippage of £1.04M from 2020/21 to 2021/22</u></p> <p>There is an increasing risk that replacement parts required are not readily available in the market place as well as issues with obtaining components from abroad due to COVID-19 means less lift refurbishment works will be carried out this year than anticipated.</p>
8.	<p><u>Albion Towers Heating - Slippage of £0.84 from 2020/21 to 2021/22</u></p> <p>The impact of COVID-19 on the Property team has resulted in delays. As the team were required to prioritise the implementation of emergency plans and managing the immediate impact on available resources. It was also anticipated that most of the works on this project would have been carried out within this financial year. However, a backlog of work has been identified to improve the energy efficiency of the building resulting in some works being slipped into 2021/22.</p>
9.	<p><u>Townhill Park Regeneration – CG0114 - Slippage of £5.20M from 2020/21 to 2021/22</u></p> <p>The review and preparation of the programme documents to secure funding approval took longer than anticipated. In addition, Covid19 caused decommissioning to pause for 4 months. This has meant a halt of Home Loss and Disturbance Allowance to tenants and no leasehold purchases. Good progress has been made on infrastructure improvements. A re-profiling of the delivery of Townhill Park projects has also been carried out to fit in with the '1,000 Homes Programme'.</p>
10.	<p><u>Roofing Lot 1- Flat Roofs CG0065 - Slippage of £0.83M from 2020/21 to 2021/22</u></p> <p>Work delayed due to COVID-19, coupled with delays in contract formation as the contractor reports difficulties in obtaining a performance related bond.</p>
11.	<p><u>Roofing Lot 2 East- Flat Roofs CG0066 - Slippage of £0.82M from 2020/21 to 2021/22</u></p> <p>Work delayed due to COVID-19, coupled with delays in contract formation as the contractor reports difficulties in obtaining a performance related bond.</p>

Agenda Item 8

Appendix 13

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

Resource	Balance Fwd £M	Received to Date 2020/21 £M	Allocated to Current Programme £M	Ear- marked £M	Available Funding £M	Anticipated Receipts £M
Capital Receipts	(9.31)	0.00	8.77	4.44	3.91	(2.26)
CIL	(15.60)	(0.43)	5.40	10.85	0.23	(1.00)
S106	(7.73)	(0.56)	6.07	0.00	(2.22)	(0.38)
	(32.63)	(0.98)	20.25	15.29	1.91	(3.63)
Previously reported	(32.63)	(0.90)	20.09	15.29	1.74	(4.04)
Movement	(0.00)	(0.08)	0.16	0.00	0.17	0.40

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

General Fund Capital Receipts Forecast

	Bfwd £M	2020/ 2021 £M	2021/ 2022 £M	2022/ 2023 £M	2023/ 2024 £M	2024/ 2025 £M	Total £M
Current Forecast	9.31	2.01	0.25	0.00	0.00	0.00	11.57
Previous Forecast	9.31	1.91	0.25	0.00	0.00	0.00	11.47
Movement	0.00	0.10	0.00	0.00	0.00	0.00	0.10

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

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Agenda Item 8

Appendix 14

General Fund & HRA - Revised 5 Year Programme Totals and Use of Resources

Programme Comparison

	2020/ 2021 £M	2021/ 2022 £M	2022/ 2023 £M	2023/ 2024 £M	2024/ 2025 £M	Total £M
Revised Programme	188.16	348.67	203.36	80.26	47.59	868.03
Previous Programme	215.60	317.15	203.87	81.72	47.59	865.94
Movement	(27.44)	31.51	(0.51)	(1.46)	0.00	2.10

Programme	2020/ 2021 £M	2021/ 2022 £M	2022/ 2023 £M	2023/ 2024 £M	2024/ 2025 £M	Total £M
Health & Adults	0.22	0.10	0.10	0.10	0.10	0.62
Children & Learning	18.82	36.86	48.87	1.90	0.00	106.45
Finance & Income Generation	51.27	150.00	0.00	0.00	0.00	201.27
Stronger Communities	2.44	6.80	0.00	0.00	0.00	9.25
Culture & Homes	2.63	5.02	8.15	4.10	0.05	19.96
Green City & Place	56.54	94.20	103.22	36.30	15.80	306.05
Customer & Organisation	8.13	2.33	1.00	1.00	1.00	13.46
Total General Fund	140.05	295.31	161.34	43.40	16.95	657.05
Housing Revenue Account	48.11	53.36	42.02	36.86	30.64	210.98
Total Capital Programme	188.16	348.67	203.36	80.26	47.59	868.03

Use of Resources	2020/ 2021 £M	2021/ 2022 £M	2022/ 2023 £M	2023/ 2024 £M	2024/ 2025 £M	Total £M
*CR - GF Borrowing	(75.21)	(213.97)	(95.75)	(15.54)	(11.78)	(412.24)
*CR - HRA Borrowing	(8.69)	(18.86)	(7.76)	(2.71)	(1.23)	(39.24)
Capital Receipts	(17.95)	(4.56)	(5.10)	(4.03)	(3.33)	(34.96)
Direct Revenue Financing	(9.55)	(10.08)	(5.25)	(3.50)	(2.50)	(30.88)
Capital Grants	(46.88)	(69.28)	(60.35)	(24.36)	(2.67)	(203.54)
Contributions	(10.68)	(6.81)	(7.63)	(8.07)	(3.50)	(36.69)
HRA – MRA	(19.21)	(25.11)	(21.53)	(22.06)	(22.59)	(110.49)
Total Financing	(188.16)	(348.67)	(203.36)	(80.26)	(47.59)	(868.03)

*CR – Council Resources

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

GENERAL FUND CAPITAL - PROPOSED PROGRAMME CHANGES FOR APPROVAL

	Customer & Organisation								
1.	<p><u>Office 365 – (Addition of £0.80M in 2020/21)</u></p> <p>Approval is sought for the addition of £0.80M in 2020/21 to the Customer & Organisation capital programme and approval to spend this sum in 2020/21; funded by council resources. Roll out of Office 365 will enable improved remote working and connectivity.</p>								
	Green City & Place								
2.	<p><u>Section 106 Funded Works – (Addition of £0.53M in 2020/21)</u></p> <p>Approval is sought for the addition of £0.53M in 2020/21 to the Green City & Place capital programme, across the schemes listed below and approval to spend this sum in 2020/21; funded by S106 developer contributions. The allocation of site specific S106 enables schemes to be undertaken in line with planning applications and meet the specific obligations set out in the S106 approvals.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Scheme</th> <th style="text-align: center;">£M</th> </tr> </thead> <tbody> <tr> <td>Integrated Transport</td> <td style="text-align: center;">0.06</td> </tr> <tr> <td>Highways</td> <td style="text-align: center;">0.23</td> </tr> <tr> <td>Open Spaces</td> <td style="text-align: center;">0.24</td> </tr> </tbody> </table>	Scheme	£M	Integrated Transport	0.06	Highways	0.23	Open Spaces	0.24
Scheme	£M								
Integrated Transport	0.06								
Highways	0.23								
Open Spaces	0.24								
	Stronger Communities								
3.	<p><u>S106 - Affordable Homes – Unallocated (Addition of £0.94M in 2021/22)</u></p> <p>Approval is sought for the addition of £0.94M in 2021/22 to the Stronger Communities capital programme and approval to spend this sum in 2021/22; funded by S106 developer contributions. The allocation of site specific S106 enables schemes to be undertaken in line with planning applications and meet the specific obligations set out in the S106 approvals.</p>								
	Children & Learning								
4.	<p><u>St Mark's School (Reduction of £1.60M in 2020/21)</u></p> <p>Approval is sought for the reduction of £1.60M in 2021/22 from the Children & Learning capital programme; funded by council resources. A temporary school is to be required while the new school all-through school is constructed at St Mark's which will incur revenue costs. The capital budget is being adjusted to reflect this.</p>								

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DECISION-MAKER:	CABINET
SUBJECT:	INCREASING PUPIL NUMBERS AT THE CEDAR SPECIAL SCHOOL AND THE POLYGON SPECIAL SCHOOL
DATE OF DECISION:	17 NOVEMBER 2020
REPORT OF:	CABINET MEMBER FOR CHILDREN AND LEARNING

<u>CONTACT DETAILS</u>			
Executive Director	Title	Executive Director Wellbeing (Children and Learning)	
	Name:	Robert Henderson	Tel: 023 8083 2079
	E-mail	Robert.henderson@southampton.gov.uk	
Author:	Title	Service Manager SEND	
	Name:	Tammy Marks	Tel: 023 8083 2136
	E-mail	Tammy.marks@southampton.gov.uk	

STATEMENT OF CONFIDENTIALITY
Not applicable
BRIEF SUMMARY
A proposal to increase the pupil numbers at The Cedar Special School and The Polygon Special School was brought to Cabinet on 18 August 2020 for permission to go out to statutory consultation. A four week period of consultation has now concluded and Cabinet is being asked to approve the proposals in full.
The numbers and complexity of children with special educational needs and disabilities has been increasing year on year for the last 10 years, putting pressure on Special School Places, with all schools reaching capacity in the next 2 years.
The Cedar Special School has been operating above its published admission number ('PAN') of 80 for the last year with 88 pupils currently on role and one more joining in Year 6. With the likelihood of additional requests being made to the school throughout the year and in subsequent years it is predicted that the number of pupils needing a place will continue to increase. It is therefore proposed to formally increase the PAN to 90.
The Cedar School is a community special school.
The Polygon Special School currently has a PAN of 60. There are currently 66 pupils on roll due to the demand for places and no alternative provision within the city. As the numbers of pupils with social, emotional and mental health needs is expected to increase significantly in the coming years this demand for places will continue to increase. It is therefore proposed to formally increase the PAN at The Polygon School to 70.
The Polygon School is a foundation special school. It is part of the Southampton Co-operative Learning Trust.
Both proposals form part of a major expansion and reconfiguration of special school provision being developed within the city

RECOMMENDATIONS:	
	<p>(i) To consider and determine the representations made in response to statutory consultation and to approve the following statutory proposals, without modification, for implementation:</p> <p>a) To increase the PAN of Cedar Special School from 80 to 90 pupils from 1 January 2021 resulting in an increase in total school capacity of 10 pupils once the proposals have been fully implemented across all age ranges.</p> <p>b) To increase the PAN of The Polygon Special School from 60 to 70 pupils from 1 January 2021 resulting in an increase in total school capacity of 10 pupils once the proposals have been fully implemented.</p>
REASONS FOR REPORT RECOMMENDATIONS	
1.	Both The Cedar and The Polygon Schools have been operating above their published numbers for the last year. With the expectation that pupil numbers will continue to rise it is important that the published admission number reflects the number on roll and the capacity of the school. All schools are required to have a published admission number.
2.	The proposals were consulted on prior to statutory notices and as part of the statutory consultation process with both schools' Senior Leadership Teams, Governing Bodies, staff and parents. The proposals were also sent to the Unions. During statutory consultation the notices were placed on school gates and in reception areas, sent to all parents and to the Parent Carer Forum and sent out via social media. Comments were received from 6 respondents – see Enclosure 4 for details of the feedback received and the SCC response. The feedback centred mainly around concerns regarding staff : pupil ratios. As funding follows the pupil, any increase in pupil numbers will attract an increase in funding for additional staffing. All respondents were satisfied with this assurance.
ALTERNATIVE OPTIONS CONSIDERED AND REJECTED	
3.	To approve the proposals with minor modifications (requires further statutory consultation)
4.	To reject the proposals as advertised in full.
5.	It is not considered appropriate to modify or reject the proposals because due to the complexity of needs, children identified as needing a place at either of these schools will have to be educated in an alternative Special School out of the city, either Local Authority or independent if sufficient places are not available. The former will attract the same level of funding as Southampton Special Schools and will require pupils to spend avoidable time and discomfort in travelling. Other Local Authorities have the same pressures on their Special Schools and a shortage of places. Independent Special Schools cost significantly more, in the region of £70,000 per place (including transport), and again will have the negative impact of daily travel on the child and additional travel costs. Both options will impact on the home to school transport budget.

DETAIL (Including consultation carried out)

6.	The Local Authority has a statutory duty to ensure that there is a sufficient supply of school places in its area for children of school age. In addition all children and young people are entitled to an appropriate education, one that is appropriate to their needs, promotes high standards and the fulfilment of potential (Code of Practice 2015 6.1)																						
7.	The number and complexity of children with special educational needs has been increasing year on year for the last 10 years and is predicted to continue to rise for the foreseeable future.																						
8.	<p>Number of Education, Health and Care Plans maintained by Southampton City Council 2010-2020</p> <table border="1"> <thead> <tr> <th>2010</th> <th>2011</th> <th>2012</th> <th>2013</th> <th>2014</th> <th>2015</th> <th>2016</th> <th>2017</th> <th>2018</th> <th>2019</th> <th>2020</th> </tr> </thead> <tbody> <tr> <td>567</td> <td>593</td> <td>634</td> <td>655</td> <td>701</td> <td>803</td> <td>1021</td> <td>1181</td> <td>1387</td> <td>1522</td> <td>1736</td> </tr> </tbody> </table> <p>Source: DfE SEN 2 Return</p>	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	567	593	634	655	701	803	1021	1181	1387	1522	1736
2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020													
567	593	634	655	701	803	1021	1181	1387	1522	1736													
9.	Whilst many of these children will be educated within mainstream schools, the increasing complexity of needs is putting pressure on the city's special schools with most either at or reaching capacity in the next year.																						
10.	Educating children locally is the preferred option for parents and ensures that children have access to high quality educational provision (Both The Cedar School and The Polygon School were rated Good in their last Ofsted inspections). It enables the Local Authority to more easily monitor provision and outcomes and ensures that children have access to local health and social care services. It enables children and their families to develop friendships with other Southampton children and families and to be supported throughout their journey to adulthood by local community provision.																						
11.	The Cedar School and Polygon School take children from across the city. Home to school transport will be arranged for those pupils who meet the criteria. This will impact on the home to school transport budget.																						
12.	Due to the different types of SEND, the changing needs of individual pupils and the nature of the environment, the number of pupils on roll has a degree of flex, with the individual needs of each pupil, within the context of the SEND profile across the school, considered at each admission panel meeting. This flex however can result in continual creep in numbers and a loss of the impact of the overall increase over time. It is therefore important that published admission numbers are reviewed and amended, if required, to reflect the capacity of the school and staff.																						
13.	Both schools are currently operating above their published PAN. An assessment by the Headteachers of both schools of the impact of an additional 3 pupils at Cedar School and 4 pupils at The Polygon on staff, the site or facilities has been deemed to be negligible.																						
14.	Prior to statutory consultation the proposals were discussed with the Headteachers, Governing Bodies, staff and parents of both schools. They were shared with the Unions and with the Parent Carer Forum. Comments were received from two parents, the Parent Carer Forum and the Unions.																						

	The main concerns raised by parents and Unions was the impact on staff : pupil ratios. As funding follows the child, any increase in pupil numbers will result in an increase in staffing. See Enclosure 4 for further detail.
15.	The Parent Carer Forum also asked how the plans would impact on decisions made around families requesting out of city placements. Whilst we are continually looking to increase the offer within the city so that parents feel confident in placing their child within a local school, there will always be some children who due to their complexity and the bespoke nature of their needs will require an out of city placement. This proposal will not affect that. For those pupils whose needs could be met within the city this will always be our preferred option.
16.	During the statutory consultation period held 7 September 2020 to 4 October 2020 one further comment was received which highlighted the continued lack of choice within the city for girls with SEMH. Whilst these proposals do not address this recognised gap it is included in the broader expansion and reconfiguration programme for specialist provision, which will be brought forward in early 2021. This programme will consider developing a provision for girls at Morris House which is part of the Polygon School campus.
RESOURCE IMPLICATIONS	
<u>Capital/Revenue</u>	
17.	Children placed in a Special School attract base funding of £10,000 per pupil plus top up costs according to need (Band 2 top up costs for Cedar = £11,708; Band 2 top up costs for Polygon = £9,542). These costs are based on pupils on roll and not the published admission number
18.	The budgeted revenue for 20/21 for The Cedar school is based on 85 pupils. The budgeted revenue for 20/21 for Polygon School is based on 60 pupils
19.	An additional 5 places in Cedar School will require revenue funding of £21,708 x 5 = £108,540.
20.	An additional 10 places at The Polygon School will require revenue funding of £19,542 x 10 = £195,420.
21.	This increase in revenue will come from the Dedicated Schools Grant and will prevent the need to use high cost out of city provision (Approximate costs of independent out of city provision = £70,000 x 15 = £1,050,000). Therefore, the annual cost will be £108,450 plus £195,420 which is a total of £303,960. These will be offset by the saving from not placing children in out of city settings of £1,050,000 creating an annual saving of £746,040. The saving will be used to fund other DSG activities in the High Needs Block under the conditions of the grant
<u>Property/Other</u>	
22.	There are no property implications

LEGAL IMPLICATIONS	
<u>Statutory power to undertake proposals in the report:</u>	
23.	The Council has a statutory duty to provide sufficient school places to secure attainment and meet demand in accordance with s.13-14 Education Act 1996
24.	In order to make changes in pupil numbers of the number and type proposed the Council is required to follow a statutory school organisation process set out in The Education & Inspections Act 2006 and further detailed in The School Organisation (Prescribed Alterations to Maintained Schools (England) Regulations 2013 . The Regulations require engagement and consultation with schools prior to publishing statutory proposals in the form of a Notice, allowing 4 weeks for representations to be made by interested parties. Following that period, the Council has a maximum of 2 months to make a decision on the proposals (reserved to Cabinet) at which point it may approve them, subject to specific statutory modifications or reject them. The modifications and conditions that can be imposed are strictly limited by the legislation.
25.	The Council has additional, specific duties, in relation to the provision of education for children with special educational needs (SEN) as set out in Part 3 of the Education Act 1996.
<u>Other Legal Implications:</u>	
26.	In making the proposals the Council is required to have regard to the provisions of the Equality Act 2010 and in particular s.149, the Public Sector Equality Duty to ensure the proposals and any impacts they may have on those with protected characteristics are taken into account and mitigated or improved as a result of the design of the proposals
RISK MANAGEMENT IMPLICATIONS	
27.	In considering these proposals an assessment of risks was undertaken by the relevant Headteachers and Governing Bodies. No risks of concern were identified.
POLICY FRAMEWORK IMPLICATIONS	
28.	These proposals support the Children and Young People’s Strategy 2017-20 in supporting children and young people with SEND to achieve their potential in all aspects of their lives.
29.	They also support the SEND Strategy 2017-20 in ensuring that there are sufficient places in schools following a forecast of need.

KEY DECISION?	Yes
WARDS/COMMUNITIES AFFECTED:	All wards This proposal affects school age children only

SUPPORTING DOCUMENTATION

Appendices

1.	Proposal to increase the number of places at The Cedar School , Southampton, from 80 places to 90 places from January 2021.
2.	Proposal to increase the number of places at The Polygon School, Southampton, from 60 to 70 places from January 2021.
3.	Equality and Safety Impact Assessment
4.	Feedback from consultation on the proposals to increase pupil numbers at The Cedar School and The Polygon School

Documents In Members' Rooms

1.	None
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Equality Impact Assessment

Do the implications/subject of the report require an Equality and Safety Impact Assessment (ESIA) to be carried out.	Yes
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Data Protection Impact Assessment

Do the implications/subject of the report require a Data Protection Impact Assessment (DPIA) to be carried out.	No
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Other Background Documents

Other Background documents available for inspection at:

	Title of Background Paper(s)	Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)
1.		
2.		



**Proposal for Prescribed
Alterations (Maintained School)**

**Statutory Consultation on Proposals to
increase the number of places at**

**The Cedar
Special School**



SEND
Education and Learning
Children and Families

September 2020

Proposals for Prescribed Alterations (Maintained School)

The following proposals are published under Section 31(1) of the School Standards and Framework Act 1998 as amended by Section 19(1) of the Education and Inspections Act 2006 and the School Organisation (Prescribed Alterations to Maintained Schools) (England) Regulations 2013.

This proposal takes account of the Education Act 1996; the School Organisation (Prescribed Alterations to Maintained Schools) (England) Regulations 2013; the School Organisation: Local Authority Maintained Schools Statutory Guidance for Proposers and Decision Makers (January 2014); the Education and Inspections Act 2006; the Disability Discrimination Act 1995 and the Children and Families Act 2014 including the SEND Code of Practice 2015.

1. Local Authority details

Southampton City Council, Civic Centre, Southampton SO14 7LY

2. School details

Name	The Cedar Special School
Type	Community Special School
Address	Redbridge Lane Nursling, Southampton SO16 0XN
Age Range	3 – 16 years
Capacity	80 pupils
Ofsted	Full inspection June 2014 – Good Short inspection September 2018 - Good

The Cedar Special School is a special school which caters for children with a complex presentation of needs. Many of the pupils have physical disabilities and complex health and learning (with associated behavioural) needs which makes them particularly vulnerable in other educational settings.

The Cedar Special School provides a uniquely nurturing and safe environment provided by a dedicated team of staff from education and health. With an onsite therapy and nursing team the school is able to ensure that the complex and holistic needs of all pupils are fully met.

3. What changes are proposed?

Section 14 of the Education Act 1996 places a general duty on Local Authorities to secure sufficient schools for providing primary and secondary school education and requires them to have particular regard to the need to secure special educational provision for pupils with special educational needs.

In order to ensure fair access to educational opportunity and promote the fulfilment of every child's educational potential it is proposed to increase the number of places at The Cedar Special School from 80 places to 90 places from 1 January 2021.

4. Why do we want to do this? (evidence of demand)

The numbers and complexity of children with special educational needs has been increasing year on year for the last 10 years and is predicted to continue to rise for the foreseeable future.

Education, Health and Care Plans maintained by Southampton City Council 2010-2020

2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
567	593	634	655	701	803	1021	1181	1387	1522	1736

Source: DfE SEN 2 Return

This increase is putting pressure on Special School places with all schools reaching capacity in the next 2 years.

The Cedar Special School is already above capacity in terms of its published admission number (PAN) of 80.

At the Placement Panel meeting on 29 April 2020 the number of children identified as needing a place exceeded the number leaving. With the likelihood of additional requests being made to the school throughout the year it is predicted that the number of pupils needing a place will increase to 88 in 2020/21. It is therefore proposed to formally increase the PAN to 90.

5. Objectives, including how the proposal would increase educational standards and parental choice.

The Local Authority must ensure that good quality school places can be provided quickly where they are needed and that additional new places will only be provided at schools that have an overall Ofsted rating of 'good' or 'outstanding'¹.

The Education Act 1996 requires that Local Authorities secure diversity in the provision of schools and increase opportunities for parental choice.

The increase in places at The Cedar Special School will ensure that children in Southampton with complex health and learning needs continue to have access to a high quality education and provide parents with a choice of schools within the City. The Cedar Special School was judged to be 'Good' at its last Ofsted inspection.

The proposal is to increase the published admissions number (PAN) at The Cedar Special School from 80 to 90 with effect from 1 January 2021. This increase of 10 children across the whole school will translate into 10 classes of 9 children rather than 10 classes of 8 children.

It is believed that this will not cause any detrimental effect to any of the pupils or staff within the school.

Increasing the PAN will ensure that children with significant education and health needs:-

- Are admitted to their parents preferred school
- Have access to a suitable educational environment

¹ Making significant changes ('prescribed alterations') to maintained schools. Statutory guidance for proposers and decision makers. October 2018

- Have access to therapeutic and nursing support
- Are treated equitably in relation to children with similar needs
- Can have their needs met locally avoiding the need for children to spend unnecessary time travelling to an alternative school further away

This proposal is aligned to a wider strategy of expansion and reconfiguration of specialist provision across the city and is supported by the school senior leadership and governors.

6. Consultation undertaken

The proposal has been discussed with The Cedar Special School staff and parents, the Southampton Parent Carer Forum and relevant unions. It has received the consent of The Cedar Special School leadership team and Governing Body.

7. Will there be any effect on other schools, academies and educational institutions within the area?

We cannot foresee any impact on any other schools. The demand for specialist places is affecting all Special Schools in the city and neighbouring Local Authorities.

8. Admissions

Admissions to The Cedar Special School will follow the Local Authority's protocols for admitting children with Education, Health and Care Plans.

9. Transport

Home to school transport will be provided in accordance with the Home to School Transport Policy, May 2020.

10. Project costs and an indication of how these will be met, including how long term value for money will be achieved.

The Local Authority has a statutory duty to ensure that there is a sufficient supply of school places in its area for children of school age. In addition all children and young people are entitled to an appropriate education, one that is appropriate to their needs, promotes high standards and the fulfilment of potential (Code of Practice 2015).

Children placed in a special school attract base funding of £10,000 per pupil plus top up costs according to need.

Due to the complexity of their needs, if no places are available at The Cedar Special School, it is likely that the children identified as needing a place will have to be educated in an alternative Special School out of city, either Local Authority maintained or independent. The former school will attract the same level of funding as The Cedar Special School and will require pupils to spend avoidable time and discomfort in travelling. Independent Special Schools cost significantly more, in the region of £70,000 per place (including travel costs), and again will have the negative impact of daily travel on the child and additional transport costs.

Long term value for money will be achieved through the greater capacity to meet the needs of children with special educational needs and disabilities locally.

11. Implementation plan

The proposal requires minimal implementation and can be easily accommodated within the schools routine admission processes.

If the proposal is agreed by Southampton City Council Cabinet members, it is intended that the change will be implemented from 1 January 2021.

12. Related proposals

There is no other proposal linked to this proposal.

13. How can I make my views known?

Any person may object to, express support for, or make comments on the proposal, within 4 weeks of the publication of the statutory public notice by:

- Sending an email to: 0-25service@southampton.gov.uk
- Writing to: 0-25service – Special Educational Needs and Disabilities, 1st Floor, North Block, Civic Centre, Southampton SO14 7LY.
You don't need a stamp.

14. What happens next?

The following table sets out the key dates for the consultation and decision making. At any point the proposal may be withdrawn. The dates set out below meet the Department for Education requirements for consultation on school organisation proposals.

School organisation process	Date
Public Notice published	7 September 2020
Statutory consultation (representation stage)	7 September 2020 – 4 October 2020
Decision required, no later than	1 December 2020
If approved, change of PAN starts	1 January 2021

Proposal for Prescribed Alterations (Maintained School)
 Consultation to increase places
The Cedar Special School
 Appendices

Appendix 1

The SEN Improvement Test

Section 39 of the School Organisation Maintained Schools, Annex B: Guidance for Decision Makers (January 2014) states:

In planning and commissioning SEN provision or considering a proposal for change, LAs should aim for a flexible range of provision and support that can respond to the needs of individual pupils and parental preferences. This is favourable to establishing broad categories of provision according to special educational need or disability.

Decision-makers should ensure that proposals:-

<p>i)take account of parental preferences for particular styles of provision or education settings;</p>	<p>The proposals are to expand provision for children with special educational needs in line with current parental preference in Southampton.</p> <p>The Cedar Special School is highly regarded by parents.</p> <p>The increase in availability of provision would increase choice for parents and pupils.</p>
<p>ii)take account of any relevant local offer for children and young people with SEN and disabilities and the views expressed on it;</p>	<p>Southampton is committed to promoting integration between special educational provision, health and social care provision to promote well-being and improve the quality of provision, in line with the SEND Code of Practice 2015.</p> <p>The Cedar Special School has a highly integrated offer with health staff located onsite alongside educational staff.</p> <p>The consultation process will involve all interested parties and will take account of the Local Offer and all views expressed on</p>
<p>iii)offer a range of provision to respond to the needs of individual children and young people, taking account of:</p>	<p>The Cedar Special School offers bespoke packages of integrated provision to meet the specific needs of each child.</p>

collaborative arrangements (including between special and mainstream); extended school and Children's Centre provision; regional centres (of expertise) and regional and sub-regional provision; out of LA day and residential special provision	The school works as part of the network of Special Schools within the City and with mainstream schools in offering a continuum of provision from mainstream to specialist education.
iv) take full account of educational considerations, in particular the need to ensure a broad and balanced curriculum, within a learning environment where children can be healthy and stay safe;	The Cedar Special School was judged to be Good at its last Ofsted inspections. The school works in partnership with other services and the mainstream sector to ensure that children are afforded opportunities (e.g. access to GCSE courses) to enable them to achieve their full potential.
v) support the LA's strategy for making schools and settings more accessible to disabled children and young people and their scheme for promoting equality of opportunity for disabled people;	The proposal has due regard to the Southampton City Council policy statement on Disability Equality and to the Children and Families Directorate accessibility strategy. This proposal sits within a comprehensive strategy for managing the ever increasing range and breadth of SEND. Increasing accessibility and promoting equality of opportunity is a central theme within that strategy.
vi) provide access to appropriately trained staff and access to specialist support and advice, so that individual pupils can have the fullest possible opportunities to make progress in their learning and participate in their school and community;	The addition of places at The Cedar Special School will provide access to specialist support (education and health) to more pupils in Southampton.
vii) ensure appropriate provision for 14-19 year-olds; and	The Cedar Special School is an all through school for children 3 – 16 years. The school works closely with Post 16 providers – both mainstream colleges and specialist provision to ensure that the needs of this cohort continue to be met within appropriate provision. Transition Planning for all pupils from Year 9 onwards is developed with pupils and parents and involves colleagues from health and social care as required.
viii) ensure that appropriate full-time education will be available to all displaced pupils. Their statements of special educational needs must be amended and all parental rights must be ensured.	This proposal does not displace any pupils currently on-roll at the school.
Other interested partners, such as the Health Authority should be involved.	Southampton is committed to promoting integration between special educational provision, health and social care provision to promote well-being and

	<p>improve the quality of provision, in line with the SEND Code of Practice 2015.</p> <p>The consultation process involved all interested parties and took account of all views expressed on it.</p>
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When considering any reorganisation of provision that the LA considers to be reserved for pupils with special educational needs, including that which might lead to children being displaced, proposers will need to demonstrate how the proposed alternative arrangements are likely to lead to improvements in the standard, quality and/or range of educational provision for those children. Decision-makers should make clear how they are satisfied that this SEN improvement test has been met, including how they have taken account of parental or independent representations which question the proposer's assessment.

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**Proposal for Prescribed
Alterations (Maintained School)**

**Statutory Consultation on Proposals to
increase the number of places at**

**The Polygon
Special School**



SEND
Education and Learning
Children and Families

September 2020

Proposals for Prescribed Alterations (Maintained School)

The following proposals are published under Section 31(1) of the School Standards and Framework Act 1998 as amended by Section 19(1) of the Education and Inspections Act 2006 and the School Organisation (Prescribed Alterations to Maintained Schools) (England) Regulations 2013.

This proposal takes account of the Education Act 1996; the School Organisation (Prescribed Alterations to Maintained Schools) (England) Regulations 2013; the School Organisation Maintained Schools Statutory Guidance for Proposers and Decision Makers (April 2016); the Education and Inspections Act 2006; the Disability Discrimination Act 1995 and the Children and Families Act 2014 including the SEND Code of Practice 2015.

1. Local Authority details

Southampton City Council, Civic Centre, Southampton SO14 7LY

2. School details

Name	The Polygon Special School
Type	Foundation Special School
Address	Handel Terrace, Southampton SO15 2FH
Age Range	11 – 16 years
Capacity	60 pupils
Ofsted	Full inspection December 2016 – Good

The Polygon Special School is a special school which caters for children with social, emotional and mental health needs. Many of the pupils have additional or attributed learning difficulties including speech, language and communication and autism. Many have experienced significant trauma and loss and present with challenging behaviours that make mainstream schooling extremely difficult.

The Polygon Special School provides a calm, nurturing and safe environment provided by a dedicated team of staff. With an in-depth understanding of each pupil's needs staff are able to respond appropriately, setting clear behaviour boundaries within a supportive and understanding environment.

3. What changes are proposed?

Section 14 of the Education Act 1996 places a general duty on Local Authorities to secure sufficient schools for providing primary and secondary school education and requires them to have particular regard to the need to secure special educational provision for pupils with special educational needs.

In order to ensure fair access to educational opportunity and promote the fulfilment of every child's educational potential it is proposed to increase the number of places at The Polygon Special School from 60 places to 70 places from 1 January 2021.

4. Why do we want to do this? (evidence of demand)

The numbers and complexity of children with special educational needs has been increasing year on year for the last 10 years and is predicted to continue to rise for the foreseeable future.

Education, Health and Care Plans maintained by Southampton City Council 2010-2020

2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
567	593	634	655	701	803	1021	1181	1387	1522	1736

Source: DfE SEN 2 Return

This increase is putting pressure on Special School places with all schools reaching capacity in the next 2 years.

Within this overall increase the numbers of children and young people with social, emotional and mental health needs are of particular concern.

The Polygon Special School is already at capacity in terms of its published admission number (PAN) of 60.

At a recent Placement Panel meeting the number of children identified as needing a place exceeded the number leaving. With the likelihood of additional requests being made to the school throughout the year it is predicted that the number of pupils needing a place will increase in 2020/21. It is therefore proposed to formally increase the PAN to 70.

5. Objectives, including how the proposal would increase educational standards and parental choice.

The Local Authority must ensure that good quality school places can be provided quickly where they are needed and that additional new places will only be provided at schools that have an overall Ofsted rating of 'good' or 'outstanding'.¹

The Education Act 1996 requires that Local Authorities secure diversity in the provision of schools and increases opportunities for parental choice.

The increase in places at The Polygon Special School will ensure that children in Southampton with social, emotional and mental health needs continue to have access to a high quality education and provide parents with a choice of schools within the City. The Polygon Special School was judged to be 'Good' at its last Ofsted inspection.

The proposal is to increase the published admissions number (PAN) at The Polygon Special School from 60 to 70 with effect from 1 January 2021.

It is believed that this will not cause any detrimental effect to any of the pupils or staff within the school.

¹ Making significant changes ('prescribed alterations') to maintained schools. Statutory guidance for proposers and decision makers. October 2018.

Increasing the PAN will ensure that children with significant social, emotional and mental health needs:-

- Are admitted to their parents preferred school
- Have access to a suitable educational environment
- Have access to specialist staff
- Are treated equitably in relation to children with similar needs
- Can have their needs met locally avoiding the need for children to spend unnecessary time travelling to an alternative school further away

This proposal is aligned to a wider strategy of expansion and reconfiguration of specialist provision across the city and is supported by the school senior leadership and governors.

6. Consultation undertaken

The proposal has been discussed with The Polygon Special School staff and parents, the Southampton Parent Carer Forum and relevant unions. It has received the consent of The Polygon Special School leadership team and Governing Body.

7. Will there be any effect on other schools, academies and educational institutions within the area?

We cannot foresee any impact on any other schools. The demand for specialist places is affecting all Special Schools in the city and neighbouring Local Authorities.

8. Admissions

Admissions to The Polygon Special School will follow the Local Authority's protocols for admitting children with Education, Health and Care Plans.

9. Transport

Home to school transport will be provided in accordance with the Home to School Transport Policy, May 2020.

10. Project costs and an indication of how these will be met, including how long term value for money will be achieved.

The Local Authority has a statutory duty to ensure that there is a sufficient supply of school places in its area for children of school age. In addition all children and young people are entitled to an appropriate education, one that is appropriate to their needs, promotes high standards and the fulfilment of potential (Code of Practice 2015).

Children placed in a special school attract base funding of £10,000 per pupil plus top up costs according to need.

Due to the complexity of their needs, if no places are available at The Polygon Special School, it is likely that the children identified as needing a place will have to be educated in an alternative Special School out of city, either Local Authority maintained or independent. The former school will attract the same level of funding as The Polygon Special School and will

require pupils to spend avoidable time and discomfort in travelling. Independent Special Schools cost significantly more, in the region of £70,000 per place (including transport costs), and again will have the negative impact of daily travel on the child and additional transport costs.

Long term value for money will be achieved through the greater capacity to meet the needs of children with special educational needs and disabilities locally.

11. Implementation plan

The proposal requires minimal implementation and can be easily accommodated within the schools routine admission processes.

If the proposal is agreed by Southampton City Council Cabinet members, it is intended that the change will be implemented from 1 January 2021.

12. Related proposals

There is no other proposal linked to this proposal.

13. How can I make my views known?

Any person may object to, express support for, or make comments on the proposal, within 4 weeks of the publication of the statutory public notice by:

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- Writing to: 0-25service – Special Educational Needs and Disabilities, 1st Floor, North Block, Civic Centre, Southampton SO14 7LY.
You don't need a stamp.

14. What happens next?

The following table sets out the key dates for the consultation and decision making. At any point the proposal may be withdrawn. The dates set out below meet the Department for Education requirements for consultation on school organisation proposals.

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Decision-makers should ensure that proposals:-

<p>i)take account of parental preferences for particular styles of provision or education settings;</p>	<p>The proposals are to expand provision for children with special educational needs in line with current parental preference in Southampton.</p> <p>The Polygon Special School is highly regarded by parents.</p> <p>The increase in availability of provision would increase choice for parents and pupils.</p>
<p>ii)take account of any relevant local offer for children and young people with SEN and disabilities and the views expressed on it;</p>	<p>Southampton is committed to promoting integration between special educational provision, health and social care provision to promote well-being and improve the quality of provision, in line with the SEND Code of Practice 2015.</p> <p>The consultation process will involve all interested parties and will take account of the Local Offer and all views expressed on</p>
<p>iii)offer a range of provision to respond to the needs of individual children and young people, taking account of: collaborative arrangements (including between special and mainstream); extended school and Children’s Centre provision; regional centres (of expertise) and regional and sub-regional provision; out of LA day and residential special provision</p>	<p>The Polygon Special School offers bespoke packages of provision to meet the specific needs of each child.</p> <p>The school works as part of the network of Special Schools within the City and with mainstream schools in offering a continuum of provision from mainstream to specialist education.</p>

<p>iv) take full account of educational considerations, in particular the need to ensure a broad and balanced curriculum, within a learning environment where children can be healthy and stay safe;</p>	<p>The Polygon Special School was judged to be Good at its last Ofsted inspection.</p> <p>The school works in partnership with other services and the mainstream sector to ensure that children are afforded opportunities (e.g. access to GCSE courses) to enable them to achieve their full potential.</p>
<p>v) support the LA's strategy for making schools and settings more accessible to disabled children and young people and their scheme for promoting equality of opportunity for disabled people;</p>	<p>The proposal has due regard to the Southampton City Council policy statement on Disability Equality and to the Children and Families Directorate accessibility strategy.</p> <p>This proposal sits within a comprehensive strategy for managing the ever increasing range and breadth of SEND. Increasing accessibility and promoting equality of opportunity is a central theme within that strategy.</p>
<p>vi) provide access to appropriately trained staff and access to specialist support and advice, so that individual pupils can have the fullest possible opportunities to make progress in their learning and participate in their school and community;</p>	<p>The addition of places at The Polygon Special School will provide access to specialist support to more pupils in Southampton.</p>
<p>vii) ensure appropriate provision for 14-19 year-olds; and</p>	<p>The Polygon Special School provides secondary education to children aged 11 – 16 years. The school works closely with a range of Post 16 providers to ensure that the needs of this cohort continue to be met within appropriate provision.</p> <p>Transition Planning for all pupils from Year 9 onwards is developed with pupils and parents and involves colleagues from other agencies as required.</p>
<p>viii) ensure that appropriate full-time education will be available to all displaced pupils. Their statements of special educational needs must be amended and all parental rights must be ensured.</p>	<p>This proposal does not displace any pupils currently on-roll at the school.</p>
<p>Other interested partners, such as the Health Authority should be involved.</p>	<p>Southampton is committed to promoting integration between special educational provision, health and social care provision to promote well-being and improve the quality of provision, in line with the SEND Code of Practice 2015.</p> <p>The consultation process involved all interested parties and took account of all views expressed on it.</p>

When considering any reorganisation of provision that the LA considers to be reserved for pupils with special educational needs, including that which might lead to children being displaced, proposers will need to demonstrate how the proposed alternative arrangements are likely to lead to improvements in the standard, quality and/or range of educational provision for those children. Decision-makers should make clear how they are satisfied that this SEN improvement test has been met, including how they have taken account of parental or independent representations which question the proposer's assessment.

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Equality and Safety Impact Assessment

The **public sector Equality Duty** (Section 149 of the Equality Act) requires public bodies to have due regard to the need to eliminate discrimination, advance equality of opportunity, and foster good relations between different people carrying out their activities.

The Equality Duty supports good decision making – it encourages public bodies to be more efficient and effective by understanding how different people will be affected by their activities, so that their policies and services are appropriate and accessible to all and meet different people’s needs. The Council’s Equality and Safety Impact Assessment (ESIA) includes an assessment of the community safety impact assessment to comply with section 17 of the Crime and Disorder Act and will enable the council to better understand the potential impact of the budget proposals and consider mitigating action.

<p>Name or Brief Description of Proposal</p>	<p>Proposal to increase pupil numbers at The Cedar Special School and The Polygon Special School</p>
<p>Brief Service Profile (including number of customers)</p>	<p>Southampton has six special schools for children with special educational needs (SEND). The Cedar School caters for children aged 3-16 years with complex needs including physical disabilities, complex health needs and learning disabilities. Cedar School currently has a published admission number (PAN) of 80 pupils with 87 pupils currently on roll. The Polygon School caters for children aged 11-16 years with social, emotional and mental health needs (SEMH). It currently has a PAN of 60 with 66 pupils on roll.</p>
<p>Summary of Impact and Issues</p>	<p>The number and complexity of pupils with SEND in Southampton is increasing year on year putting pressure on special school places. Whilst demand is high across all Special Schools, Cedar School and Polygon School have had particular pressures which has seen their number on roll increase over recent years. The proposal to increase the PAN formalises this</p>

	growth and also safeguards both schools from further incremental increases.
Potential Positive Impacts	Increasing the PAN in these two schools will ensure that pupils with SEND who meet the criteria for these two schools are able to be educated within the city, in a setting appropriate to their needs, supported by local services (education, health, social care, voluntary). In staying local to the city it supports children and families to develop local friendships and to benefit from the wider opportunities that these schools can access. In increasing provision at these two schools, the cost to the city is less than the alternative provision of an out of city school whether run by another Local Authority or an independent specialist provider both in terms of placement costs and transport.
Responsible Service Manager	Tammy Marks – Service Manager, Special Educational Needs and Disability
Date	27/07/20

Approved by Senior Manager	<u>Derek Wiles</u>
Signature	 _____
Date	<u>29.07.20</u>

Potential Impact

Impact Assessment	Details of Impact	Possible Solutions & Mitigating Actions
Age	<p>As an all through school, Cedar School is able to provide continuity of provision for pupils from 3 – 16 years. There is still a lack of provision within the city for pupils with complex needs Post 16.</p> <p>These proposals increase the provision for secondary aged pupils with SEMH but not primary aged pupils</p>	<p>Post 16 provision is being developed as part of the wider special schools expansion and re-configuration proposals.</p> <p>Plans are being developed to increase the range of options and number of places for primary aged children with SEMH</p>
Disability	<p>These proposals seek to increase the number of places at only two of the city’s special schools.</p> <p>Despite increasing the capacity over recent years at all of the city’s special schools, there is still a shortage of places with demand high.</p>	<p>These proposals form part of a major expansion and re-configuration of provision across the city. This includes the development of inclusive practice in mainstream schools, more flexible packages of provision, the development of resourced provisions and units in mainstream schools and increasing specialist provision.</p>
Gender Reassignment	No impact	
Marriage and Civil Partnership	No impact	
Pregnancy and Maternity	No impact	
Race	No impact	
Religion or Belief	No impact	
Sex	The Polygon School currently only admits boys. The proposal does not provide specialist	The larger special schools expansion and re-configuration

	provision for secondary aged girls with SEMH	developments will include provision for girls with SEMH
Sexual Orientation	No impact	
Community Safety	Many pupils with SEMH display challenging behaviours. The Polygon School is experienced at dealing with these pupils underlying needs which will impact on their behaviour. Increasing numbers at this school will enable more pupils with potentially violent behaviours to be appropriately supported.	
Poverty	A higher percentage of pupils in special schools come from disadvantaged families. Special Schools are highly experienced at dealing with the wider implications of poverty.	
Other Significant Impacts		

PROPOSAL TO INCREASE PUPIL NUMBERS AT THE CEDAR SCHOOL & THE POLYGON SCHOOL **Summary of issues raised during consultation and response made by SEND Service, SCC**

From the Southampton Parent Carer Forum

Pupil to staff ratio if increase goes ahead, particularly with medically vulnerable children, can you confirm exact pupil to staff ratio if this goes ahead?

Any increase in pupil numbers will be matched with an increase in funding to support additional staffing. The level of funding is based on need with some pupils attracting a higher level of funding than others. The pupil to staff ratio is determined by the Headteacher of the school and is based upon the needs of the pupils at any one time.

Will this have a negative effect on potentially reduced days offered for existing pupils due to more pupils being offered a place during COVID-19?

The increase in the published admission number will, if approved, come into effect in January 2021. However this is the published number and not the actual number on roll. The published admission number is being increased in anticipation of an increase in demand over the next few years. It will therefore not have any effect on the days offered as a result of COVID-19. We are of course hoping that all pupils will be returning to school in September full time.

It feels a little rushed, but that could be because of the developing situation?

As above increasing the published admission number is in preparation for an anticipated increase in demand over the next few years. The numbers of children in the Cedar School and the Polygon school are already above the existing published admission number due to demand for places. This proposal is confirming that increase and proving some leeway for other pupils to be admitted in the future.

How will this effect decisions made around families requesting out of city placements?

We are continually looking to increase the offer within the city so that parents feel confident in placing their child within a local school. There will always be some children who due to their complexity and the bespoke nature of their needs will require an out of city placement. This proposal will not affect that. For those pupils whose needs could be met within the city this will always be our preferred option.

From a member of the Southampton Parent Carer Forum (SPCF) Steering Group

As part of spcf steering group I would just say the ratio of adult to child/young person should be considered especially with complexities of health or behaviours. Not sure how to put it as I know demand is becoming ever increasingly higher for special provision (Sen parent & previous Sen staff members) other than it wouldn't be helpful to 'bite off more than you can chew' as this could have possible consequences in all kinds of areas affecting children , their parents & school staff.

Thank you for your email and for sharing you concerns regarding adult to pupil ratios at special schools and the proposal to increase the numbers at Polygon and Cedar Schools.

The funding of special schools is based on the numbers of children within the school and the needs of each child. This means that any increase in numbers will equate to an increase in funding. This can be used to employ more staff thus maintaining the adult - pupil ratio. In addition increased funding can offer schools more flexibility and a better offer for the pupils.

I hope this has reassured you. The proposals have been taken forward with the support of both Headteachers who do not believe that these increases will have any material impact on the school's ability to meet the needs of existing or future pupils.

From Parent of child at Cedar School

I am a parent of one of the children at Cedar School. I have been informed that the PAN is due to go up at the school. My concern is that my child requires 1 to 1 attention constantly so if the staff numbers aren't going up, it will cause issues in caring for my child. My child cannot be left alone as he self-harms himself and the staff have to continuously think of ways to distract him. He requires close contact and attention. If the number of pupils goes up but the staff numbers remain the same then my son's care will be compromised. Therefore, I am extremely unhappy and concerned about the upcoming increase in PAN.

Thank you for your email and for sharing with us your concerns regarding the proposed increase in the pupil numbers at Cedar School.

I fully understand your concerns and would wish to reassure you that any increase in pupil numbers would be accompanied with a matched increase in funding for staffing. With regard to your particular situation, if your child has been assessed as needing 1:1 attention he will continue to receive that regardless of any increases in pupil numbers.

The Cedar School Governing Body, Headteacher and staff have supported this proposed increase based on the understanding that it will not impact on the current pupils.

I hope this has alleviated your concerns.

Thank you for your detailed response. It has reassured us and we hope this will be a positive move for the school.

From Secondary Headteacher

I think increasing numbers is needed for the city. I am conscious that the Polygon is a single-sexed boys SEMH special school, and the increase in SEMH EHCPs across the city are likely to include both girls and boys. A breakdown of the increase in EHCP by gender and type would confirm or deny my hypothesis on this. As such, increasing numbers to provide more choice to parents will not accomplish that for parents of girls with an EHCP for SEMH needs

Thank you for your response to the consultation on increasing the numbers at The Cedar School and The Polygon School. We are aware that we have a gap in our provision for girls and appreciate your point that this current proposal does nothing to address that or give parents a choice of local provision. This is included in the bigger plans to expand our special school offer. The increase proposed is only for 10 places which at this stage will be for boys as that is where we have the greatest need and pressure.

I will keep your feedback on file to be used to support our future planning of provision within the city.

From representative of UNISON

In the proposal for Cedar School regarding PAN numbers, you stated "It is believed that this will not cause any detrimental effect to any of the pupils or staff within the school ". What evidence is this assumption based on? Is it the same at Polygon? What provisions will be in place to accommodate extra pupils?

The statement regarding the effect on pupils and staff is based upon an assessment undertaken by the Headteacher in consultation with staff. The Cedar School is in a relatively new building which has been designed to provide ample space to support pupils with physical disabilities. As the number of pupils with physical disabilities is set to reduce this will support an increase in the number of pupils that can be accommodated. The Headteacher at The Polygon has similarly undertaken a risk assessment with her staff and Governors and is in full support of an increase to the published admission number. I hope this answers your query.

From representative of NEU

Many thanks for sending me the proposed plans for raising the PAN number for both Cedar and Polygon special schools. My first concern is that the PAN numbers for both schools was set for sound reasons, those being space available and staffing ratios. Increasing the admission numbers (albeit by a relatively small number) will put extra burdens on both these schools, and in particular, our teaching and support members, who we are trying to protect from increasing workload.

You point out, backed by the figures, that the number of pupils requiring special provision , is increasing year on year. This proposal would, apart from the reasons mentioned already, be a short term solution. What is needed is a longer term planning with probably extension building to these schools with additional staffing, or even provision of another purpose built specialist school as I am sure there are other children within mainstream who would benefit greatly from specialist provision.

Thank you for your email. With regards to staffing, each pupil comes with funding to support the appointment of additional staff. We do not expect the schools to accommodate these additional pupils with the same staffing levels.

As far as long term planning goes, this proposal is part of a comprehensive strategy to increase the provision for children and young people with SEND. This strategy includes:-

- Increasing inclusion in mainstream schools*
- Developing a more flexible offer to include mainstream+ packages of care*
- Increasing the number of resourced provisions within the city*
- Expanding and reconfiguring our special school provision including refurbishing and replacing some of our old school buildings to make them fit for purpose and building an additional secondary complex needs school, an additional secondary SEMH school and a specialist Post 16 College.*

I hope this answers your queries.

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DECISION-MAKER:	CABINET
SUBJECT:	PREPARING FOR THE END OF THE EU TRANSITION PERIOD
DATE OF DECISION:	17 NOVEMBER 2020
REPORT OF:	LEADER OF THE COUNCIL

<u>CONTACT DETAILS</u>			
AUTHOR:	Title	Policy & Strategy Manager	
	Name:	Felicity Ridgway	Tel: 023 8083 3310
	E-mail:	felicity.ridgway@southampton.gov.uk	
Director	Title	Executive Director Business Services / Deputy Chief Executive	
	Name:	Mike Harris	Tel: 023 8083 2882
	E-mail:	mike.harris@southampton.gov.uk	

STATEMENT OF CONFIDENTIALITY	
N/A	
BRIEF SUMMARY	
<p>The UK has left the European Union (EU) and is now in a transition period which will come to an end on 31 December 2020. At the time of writing, negotiations for a trade deal between the UK and EU following the transition period are ongoing.</p> <p>Whilst the impacts of the end of the translation period will depend on the nature of any deal reached, a number of changes will come into force from 1 January (and at various agreed dates during 2021) regardless of whether or not a deal is agreed. At the time of writing, no trade deal has been agreed, and therefore Southampton City Council is planning for all scenarios, including no trade deal being reached before 1 January 2021.</p> <p>This paper outlines the potential impacts that could be seen in the event of a 'no trade deal' exit on Southampton and the wider region, as well as steps being taken to mitigate the risks of the most disruptive potential impacts.</p>	
RECOMMENDATIONS:	
	(i) To note the current position of Southampton City Council's planning in relation to the end of the UK/EU transition period.
REASONS FOR REPORT RECOMMENDATIONS	
1.	To ensure that Cabinet is aware of the potential impacts of the UK leaving the EU with no trade deal in place at the end of the transition period and the steps being taken to plan and mitigate any risks.
ALTERNATIVE OPTIONS CONSIDERED AND REJECTED	
2.	None
DETAIL (Including consultation carried out)	

3.	The UK left the EU on 31 January 2020 and entered an 11-month transition period during which the UK and EU will negotiate arrangements for the future relationship between the UK and EU, including any trade deal. During the transition period the current rules on trade, travel, and business for the UK and EU will continue to apply.
4.	The transition period will end on 31 December 2020. The UK declined the option to extend the transition period under Article 132 of the Withdrawal Agreement in June 2020. There is currently no further option to extend the transition period and the UK government has confirmed that no extension will be requested. Southampton City Council has therefore renewed activity during 2020 to prepare for EU Exit, focusing on the end of the transition period on 31 December.
5.	There continue to be a significant number of unknowns about processes from 1 January 2021 following the end of the transition period as these are contingent on the ongoing negotiations between the EU and UK. Whilst the nature and extent of any impacts will be influenced by the outcome of these negotiations, there will be changes from 31 December 2020 including changes to import and export processes, free movement and settlement rights.
6.	The government have published a Reasonable Worst Case Scenario for borders at the end of the transition period based on a planning assumption that EU Members states will impose third country controls on UK goods at the end of the transition period. Southampton City Council is continuing to prepare for all scenarios, including the reasonable worst case disruptions that could be experienced in the event that no trade deal is reached. As more information becomes available, the council will adapt its planning, preparations and response.
	Trade Negotiations
7.	At the time of writing trade negotiations between the UK and EU are ongoing. On 16 October the Prime Minister made a statement to the House of Commons stating that at the EU summit in Brussels on 15 October it had been confirmed that the preferred UK position of a Canada-style relationship would not be possible and that the UK should prepare for “arrangements that are more like Australia’s based on simple principles of global free trade”.
8.	Australia and the EU signed a ‘framework agreement’ in 2017, which establishes a general principle of co-operation on areas including trade, foreign policy and security, development and humanitarian issues. However, Australia does not have a formal trade agreement in place with the EU and therefore an ‘Australia-style’ model assumes World Trade Organisation rules will apply.
9.	On 19 October the Chancellor of the Duchy of Lancaster made a statement to the House of Commons on preparedness for the end of the transition period. He stated that following a declaration from the EU that “all future moves in this negotiation had to be made by the UK”, the trade negotiations had effectively ended, but that they could resume if the EU negotiators fundamentally changed their position.
10.	On 21 October the EU Chief Negotiator Michel Barnier updated the EU Parliament with progress on negotiations, stating that progress had been made in a number of areas including police and judicial cooperation and

	<p>transport, but that there were three complex outstanding issues in the negotiations:</p> <ul style="list-style-type: none"> • The economic and commercial ‘level playing field’ • Governance and dispute settlement mechanisms • Fisheries
11.	<p>When transition ends, the UK will automatically drop out of the EU's main trading arrangements if no deal has been agreed. Tariffs and border checks would be applied to UK goods travelling to the EU and the UK could put in place tariffs and checks for EU goods entering the UK. Tariffs would make UK goods more expensive to sell in the EU, and vice-versa, while full border checks could cause long delays at ports.</p>
12.	<p>Traders importing goods will need to be ready on 1 January 2021 for border control measures implemented by EU member states in the event of no trade deal. Traders exporting goods will require relevant documentation to export. The Smart Freight system, which aims to ensure that trucks are carrying the correct documentation before they travel to ports, is due to be operational by December. The new system is designed to reduce delays at ports and manage traffic flow. Reports in September 2020 indicate that the system may only be available in beta version in December and will not be fully operational until April 2021. The government continues to reassure industry that the system will be operational by December.</p>
	<p>Key Risks</p>
13.	<p>Southampton City Council is continuing to work with the Hampshire and Isle of Wight Local Resilience Forum (LRF) in planning for what the LRF defines as their “reasonable worst case scenario”, ie that no trade deal will be in place. The primary focus of the regional preparation work is to address traffic problems that may be experienced as a result of border flow delays, as well as managing the response to the end of the EU transition period alongside the ongoing COVID-19 response.</p>
14.	<p>Southampton City Council’s preparation for the end of the EU transition period focuses on the following themes:</p> <ul style="list-style-type: none"> • Border flow/traffic disruption • Business readiness • EU Settlement Scheme • Council services/business continuity • Wider economic/community impacts • Data management • Communications
	<p>Border flow/traffic disruption</p>
15.	<p>The Local Resilience Forum (LRF) has identified traffic disruption linked to delays at the Port of Portsmouth as a high risk. This is because, like the Port of Dover, Portsmouth is a roll-on roll-off port. HGV exports from Portsmouth could be delayed because of additional checks required if the UK is treated as a ‘third country’ in the case of a no trade deal. Latest assumptions indicate that 40-70% of trucks travelling to the EU might not be ready for new border controls. In combination with potential delays in ferry turnaround at EU ports causing delays to scheduled departures, this could lead to severe congestion on the road network leading into/out of Portsmouth. In addition,</p>

	HGVs may opt to use Portsmouth due to the expected severe disruption at the Port of Dover, further compounding any congestion problems.
	The council is working closely with Portsmouth City Council and the LRF to address these risks through agreed 'stacking' arrangements (Operation Transmission), which will reduce road congestion through a managed HGV queueing system. The Local Resilience Forum are working with government to explore funding options for the operation.
16.	Similar disruptions are not expected in Southampton due to the fact that it is a container port rather than roll-on roll-off, dealing in primarily non-EU trade, and traffic flows can be managed through the existing logistics infrastructure. The council's Highways partner Balfour Beatty has had approval to continue with planned scheduled work to Southampton highways over the period covering the end of the transition. Balfour Beatty has also confirmed that the work undertaken by Highways England at Redbridge Roundabout is nearing completion and that any additional snagging works will result in only limited restrictions to the highway around the time the transition period ends.
17.	In addition to HGVs leaving the UK needing to be 'border-ready', there will be customs and other checks on HGVs arriving in the UK from the EU at ports in the Hampshire and Dorset area, including Portsmouth, Southampton and Poole. The Government has not yet confirmed where these checks will take place but at present there is no expectation that they will take place in Southampton.
18.	Officers recently met with Associated British Ports (ABP), operators of the Port of Southampton. As last year, ABP believes that the traffic impact caused by a 'no trade deal' scenario will be minimal in Southampton, and is confident of its ability to absorb any disruption related to such a scenario within the port estate. Recent new border infrastructure developments at the port are planned to minimise disruption in the event of a 'no trade deal' scenario. 90% of the automotive trade passing through the Port of Southampton and 85% of container goods are traded outside the EU, and the port has plans to manage the likely consequences of any delays experienced with EU goods.
19.	Southampton City Council's role as Port Health Authority is used to carrying out official controls on third country animal or plant based products. The service has been preparing for a 'no trade deal' scenario and is prepared to ensure all the official controls expected to be in place from the 1st January 2021 are in place for all additional EU products for which checks are required.
20.	Official border control checks are expected to be carried out by Port Health on food stuffs and feed entering from the EU in a three-phased approach: <ul style="list-style-type: none"> • From 1 January: Free flow of goods apart from organic products (documentary checks required) and live animal checks (live animals do not arrive at Southampton Port). • From 1 April: Documentary checks on all Products of Animal Origin (POAO) and high risk foods. • From 1 July: 1%-1.5% physical checks required on POAO and high-risk foods. All checks carried out will be in receipt of fees charged to the importer.
21.	A new Border Control Post has been built within the Port of Southampton which has provided additional capacity to deal with the additional trade

	expected, although it has not been possible to have accurate figures on EU trade that is likely to be imported through Southampton Port.
22.	The current European IT system known as TRACES and TRACES NT and currently being used by Port Health Authorities in the UK to clear consignments will no longer be facilitated by the EU and from the 7th December 2020 will be replaced by a UK IT system known as IPAFFS. This system has been installed in Southampton Port Health and all the staff have received training.
	Business readiness
23.	A recent poll of businesses undertaken by the government that found 78% had taken steps to prepare for EU Exit, but only 24% believed they were fully ready. The poll also found that 50% of large businesses and 20% of SMEs will be ready to export from January, and 30% of lorry drivers will have the right paperwork.
24.	Southampton City Council staff are working with the Chamber of Commerce to make sure that businesses are ready for any EU Exit scenario. At the time of publishing this report (9 November 2020), a trade agreement with the EU has not been reached, which presents obstacles for businesses preparing for the UK's exit from the EU.
25.	The council's Communications Team is using the Business Rates database to contact businesses within the city to share preparedness information. A webpage has been created in order to share information from central government regarding businesses preparedness. This will be regularly checked and updated as more information becomes available.
	EU Settlement Scheme
26.	People who are EU, EEA or Swiss citizens, and their families living in the UK, can apply to the EU Settlement Scheme to continue living in the UK after 30 June 2021. Latest data (June 2020) showed that 25,660 applications had been submitted by Southampton residents, of which 14,090 had been granted settled status and 9,610 had been granted pre-settled status.
27.	Southampton City Council previously offered an ID scanning and verification service for people unable to upload their identity documents as part of their application through the council's Registration Service. This service has been suspended because of COVID-19 restrictions, but the council is continuing to provide help and advice via our website.
28.	Southampton City Council is working with Citizens Advice to ensure eligible residents can access support to apply for the scheme. The Home Office has recently provided an additional £4.5 million for support vulnerable individuals to apply to the EU Settlement Scheme. Citizens Advice Southampton with EU Welcome and Southampton City Council were successful in securing £43K for the period of the 1 October 2020 to the 31 March 2021.
29.	Support under the Citizens Advice project comprises specialist immigration advice and practical assistance. Assistance can include help with the application process which is 'app-based' so those without adequate IT skills are particularly disadvantaged and language support via telephone-based interpreting where it is a barrier. The scheme runs a national insurance check to establish residence, and applicants will need to scan and upload further evidence of residence. Advisers coordinate this process and can obtain

	information on the applicant's behalf when authorised. Complex applications can take several months to complete. Where immigration advice is not required, but a vulnerable client requires practical support with their application (eg, evidence gathering, technological support, signposting), clients will be assisted by volunteer advisers.
30.	Officers are also working to ensure that all children in the council's care who are eligible for the scheme have been registered, as well as all eligible adults for whom the council is an appointee. The council has already undertaken communications to all staff to ensure that they are aware of the scheme and offered drop-in support sessions for eligible staff. Further internal and external communications will continue between now and the end of the application period (30 June 2021).
	Council services/business continuity
31.	COVID-19 has significantly affected the council's planning for the end of the EU exit transition period. Some of the risks that were originally outlined have been experienced and managed during the coronavirus pandemic. For example, staff travel problems due to potential disruption on transport links and road networks was experienced and additional work-from-home capacity established. At a national level, the supply chain for Personal Protective Equipment and essential medicines has been severely tested, and the government is confident that supplies will not be interrupted.
32.	Other impacts have developed due to the coronavirus pandemic. For example, due to social distancing guidance from the government, the Register Office is no longer able to offer document scanning for the EU Settlement Scheme.
33.	As we move further into the winter period, the risk of simultaneous events such as a local outbreak of COVID-19 and/or severe weather will become more significant, as well as the potential for current lockdown arrangements to be extended to the end of the year. The cumulative impact of COVID-19, severe weather or unforeseen events could exacerbate other risks and cause further disruption.
34.	Southampton City Council services will continue as normal wherever possible, but we will carefully monitor the situation to ensure that if the end of the transition period coincides with any local COVID-19 outbreaks or further lockdown restrictions steps are taken to support our residents and control the spread of infection.
	Wider economic/community impacts
35.	Wider impacts of the UK's exit from the EU in Southampton may include: <ul style="list-style-type: none"> • The general effects of any potential exacerbation of economic disruption and downturn already being experienced because of COVID-19. • Potential positive impacts of greater commercial opportunities for the Port and local export businesses through new trade deals. • Potential workforce shortages in some sectors as a result of any limitations into the UK for EU workers. This is likely to have the greatest impact in areas where there are existing challenges to recruitment, including social care providers and other technical specialisms.

	<ul style="list-style-type: none"> Potential community tensions prompted by the end of the transition period and/or the cumulative impacts of ongoing disruption following significant Covid-related changes to people's ways of life in 2020.
36.	Southampton City Council will continue to work with partners across the city and region through the Local Resilience Forum, Southampton Connect and the Southampton Business taskforce to monitor and respond to ongoing concerns. The council is currently developing a new Economic and Green Growth Strategy that acknowledges the challenges of recovering and growing the economy, and sets out a plan to work with our communities to grow a new greener, fairer and healthier economy in Southampton.
	Data management
37.	Currently, UK has 'adequacy status' during transition period, meaning that data can flow freely between the EU and the UK. Post 31 December, the UK has legislated that personal data can flow freely from the UK to the EEA, and is currently seeking an "adequacy decision" from EU by end of transition period. If secured, this will allow for the free flow of personal data from EU/EEA to the UK to continue uninterrupted.
38.	It is unlikely that a decision on adequacy will be made by 1 January, and, if no alternative agreement is in place, the UK will not retain its adequacy status, and will become a 'third country' for data protection purposes. This means that data from the EEA to the UK will be restricted unless appropriate safeguards are in place, or the transfer benefits from a statutory exception (or 'derogations').
39.	This will have the biggest impact in IT, where many cloud/host supplier arrangements will rely on servers and back-up facilities based in the EEA; whilst local authorities will be able to send data to these processors post 1 January, the flow of data back will be restricted. The Council is currently looking at its IT systems to determine where data is held in cloud environments, and the location of these servers, so appropriate safeguards can be put in place.
40.	After the transition period, a UK version of the EU GDPR will be introduced, which largely follows the EU GDPR, so there will be no immediate change to the UK's data protection standards. The Withdrawal Agreement creates 'Legacy Data', meaning that the Council will need to be able to identify data transferred to the UK prior to the end of the transition period, as this will need to be handled differently, due to different rights available to the data subjects.
	Communications
38.	The council's EU Exit webpage provides links to advice and information from the government for business and employers, as well as information on the EU Settlement Scheme and FAQs. The council's Communications Team are continuing to promote links to information for businesses and residents via social media, and will increase the frequency these messages as planning continues leading up to 31 December and thereafter.
RESOURCE IMPLICATIONS	
<u>Capital/Revenue</u>	
39.	There are no immediate Capital implications directly relating to this paper.

	Revenue implications at this stage are mostly related to staff time, with resource being required to address planning and preparation issues.
40.	In the event that the council is required to respond to an emergency scenario relating to the UK's exit from the EU, spending powers will be exercised as prescribed under the Southampton City Council Constitution.
<u>Property/Other</u>	
41.	None
LEGAL IMPLICATIONS	
<u>Statutory power to undertake proposals in the report:</u>	
42.	N/A
<u>Other Legal Implications:</u>	
43.	Any legal implications relating to the UK's exit from the EU are being considered as part of the council's planning and preparation. The council will respond to any changing legal requirements in line with relevant legislation and the council's Constitution.
RISK MANAGEMENT IMPLICATIONS	
44.	The risks relating to the end of the transition period are being monitored and managed in line with the council's Risk Management framework.
45.	Southampton City Council's risk log for EU exit planning has not been published at this stage, in line with a Public Interest Test decision.
POLICY FRAMEWORK IMPLICATIONS	
46.	Any activity to prepare for the end of the transition period and to respond to any emergencies arising will be considered in line with the council's Constitution and Policy Framework.

KEY DECISION?	No
WARDS/COMMUNITIES AFFECTED:	All
<u>SUPPORTING DOCUMENTATION</u>	
Appendices	
1.	None
Documents In Members' Rooms	
1.	None
Equality Impact Assessment	
Do the implications/subject of the report require an Equality and Safety Impact Assessment (ESIA) to be carried out.	No
Data Protection Impact Assessment	
Do the implications/subject of the report require a Data Protection Impact Assessment (DPIA) to be carried out.	No
Other Background Documents	

Other Background documents available for inspection at:		
	Title of Background Paper(s)	Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)
1.	N/A	

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DECISION-MAKER:	CABINET
SUBJECT:	JOINT COMMISSIONING BOARD – TERMS OF REFERENCE REVIEW
DATE OF DECISION:	17 TH NOVEMBER 2020
REPORT OF:	DIRECTOR OF QUALITY AND INTEGRATION

CONTACT DETAILS

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STATEMENT OF CONFIDENTIALITY

None.

BRIEF SUMMARY

The Joint Commissioning Board between the City Council and the Southampton City Clinical Commissioning Group has been in operation since July 2017 first as a pilot arrangement before it went “live” in April 2018. The arrangement provides for further integration between Health and Social Care in the City and to make cooperative decisions on certain agreed functions related to Health and Care. The Joint Commissioning Board (JCB) Terms of Reference have been updated in line with their review date as part of good Governance Arrangements.

RECOMMENDATIONS:

	(i)	To approve the revised Terms of Reference for the Joint Commissioning Board as attached as appendix 1 of the report.
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REASONS FOR REPORT RECOMMENDATIONS

1.	The Terms of Reference are subject to Annual Review and must be approved and adopted by the CCG Governing Body and the City Council’s Cabinet as overseeing organisations of the Joint Commissioning Board.
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ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

2.	None.
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DETAIL (Including consultation carried out)

3.	The delegations required to give effect to the working of the Joint Commissioning Board arrangements with the Clinical Commissioning Group and NHS England were approved by Full Council in May 2018 and have been re-approved at the Annual General Meeting in May each year since as part of the Annual Constitutional Review.
4.	This review of the Joint Commissioning Board Terms of Reference does not affect any of the delegations within the Council’s Constitution and therefore does not require any constitutional changes.

5.	All Cabinet Members have a delegation within their portfolio responsibilities to “represent the Council on and exercising any functions in relation to any Partnership Boards or Committees to which they are appointed”. This delegation provides for any member of Cabinet to substitute for any of the 3 appointed members of the Joint Commissioning Board if or when necessary.
6.	The Board through its member’s delegated decisions exercises Executive Functions, and as such the following requirements apply:- <ul style="list-style-type: none"> • set published meeting dates, to provide advance information on the Council’s Forward Plan (28 days before any decision) and CCG’s governance arrangements • written reports containing specified information that must be published a set period in advance (5 working days before meeting date) • hold meetings in public • restrictions on taking confidential decisions unless a period of notice (28 days) has been given • requirements around recording and publishing decisions • ‘Standstill period’ following decisions during which ‘Call In’ can be exercised by the Council’s Overview and Scrutiny arrangements.
7.	The proposed changes within the Terms of Reference have been considered by the Joint Commissioning Board at its meeting on 15 th October 2020 and are recommended for approval by both respective organisations.
8.	The has been a general tidy up of sentences, however the main changes are set out in this and paragraphs 9 and 10 below. Inclusion of the following bullet points under the introduction: <ul style="list-style-type: none"> • The Board will ensure the development and implementation of the Southampton Five Year Health and Care Strategy • The Board will maintain a focus on the commissioning of services to meet the outcomes of the citizens of Southampton, and those registered with GP’s in Southampton whilst working in the Southampton and SW Hampshire and wider Hampshire and Isle of Wight context.
9.	Clarity provided on the membership and identifies who is a member for each organisation.
10.	More detail included in annex a of the Terms of Reference which covers integrated commissioning and examples of potential scope.
11.	The revised Terms of Reference for the Board can be found as Appendix 1 of the report with tracked changes. The Terms of Reference have also been submitted to the Clinical Commissioning Group Governing Body for approval
RESOURCE IMPLICATIONS	
<u>Capital/Revenue</u>	
12.	Not Applicable.
<u>Property/Other</u>	
13.	Not Applicable.

LEGAL IMPLICATIONS	
<u>Statutory power to undertake proposals in the report:</u>	
14.	Children and Families Act 2014 – emphasises that a local authority in England and its partner commissioning bodies must make arrangements (“joint commissioning arrangements”) about the education, health and care provision to be secured.
15.	Care Act 2014 establishes requirement for integration of care and health by 2020
16.	NHS Five Year Forward View 2014 which outlines the future direction for the NHS which requires new partnerships in how care is delivered breaking down barriers between health and social care with more integrated approaches and with patients having far greater control over their own care.
<u>Other Legal Implications:</u>	
17.	Decisions of the Board and the arrangements for the discharge of their functions are subject to and in conformity with the requirements of the Equalities Act 2010, the Human Rights Act 1998 and the Data Protection Act 2018.
RISK MANAGEMENT IMPLICATIONS	
18.	None.
POLICY FRAMEWORK IMPLICATIONS	
19.	Not Applicable.
KEY DECISION?	No
WARDS/COMMUNITIES AFFECTED:	Not Applicable
<u>SUPPORTING DOCUMENTATION</u>	
Appendices	
1.	Proposed Terms of Reference 2020/21
Documents In Members’ Rooms	
1.	None.
Equality Impact Assessment	
Do the implications/subject of the report require an Equality and Safety Impact Assessment (ESIA) to be carried out.	No
Data Protection Impact Assessment	
Do the implications/subject of the report require a Data Protection Impact Assessment (DPIA) to be carried out.	No
Other Background Documents	
Other Background documents available for inspection at:	
Title of Background Paper(s)	Relevant Paragraph of the Access to Information Procedure Rules /

		Schedule 12A allowing document to be Exempt/Confidential (if applicable)
1.	None.	

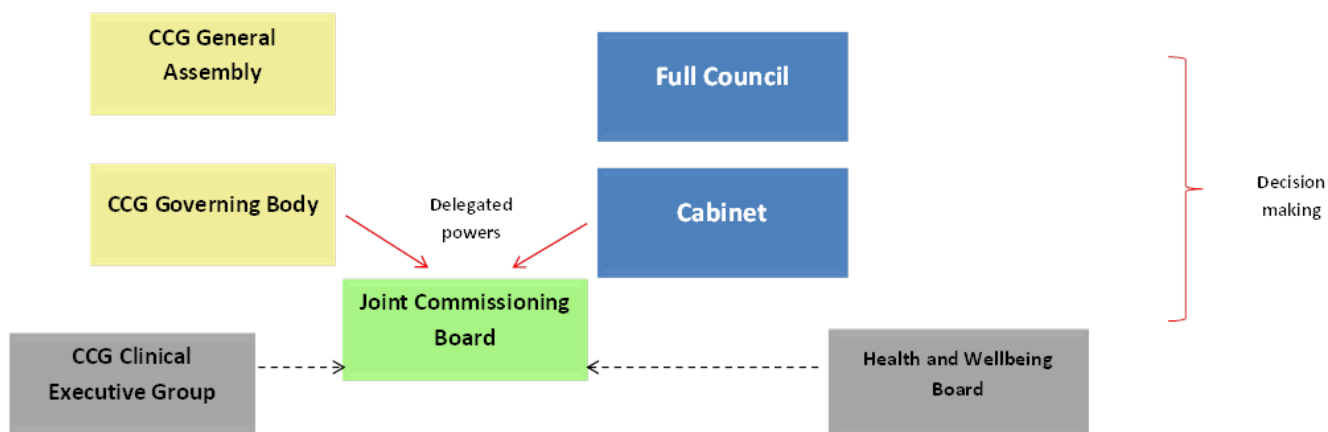
Terms of Reference for the Joint Commissioning Board

1. Introduction

- 1.1. Southampton City Council (the Council) and Southampton City Clinical Commissioning Group (CCG) have developed a shared ambition for change *'Integrated Health and Wellbeing Commissioning allows the city to push further and faster towards our aim of completely transforming the delivery of health and care in Southampton, so that it is better integrated, delivered as locally as possible, person centred and with an emphasis on prevention and intervening early to prevent escalation'*. For the purpose of these Terms of Reference, Health and Wellbeing is defined as Health and Care services outlined in the scope Annex A.

If we are to realise this vision and meet the challenges we face then we will need to:

- Act as one for the city by
 - developing and delivering a single view of the city's needs and how we can ensure they are best met
 - aligning and allocating our collective resources to achieve prioritised outcomes
 - working for the whole population
 - Support people to become more independent and do things for themselves by changing the relationship between citizens and services
 - Be innovative and have an appetite for risk to make the change
 - Ensure that the health and care system is financially sustainable and flexible enough to meet current and future challenges.
- 1.2. There are a number of benefits from integrated commissioning that have been grouped under three broad headings
1. **Using integrated commissioning to drive provider integration and service innovation.** It is through these innovations that integrated commissioning has the greatest potential to benefit citizens and patients.
 2. **Improving the efficiency of commissioned services.** This includes both streamlining process and reducing duplication and variation. This is particularly relevant for services/providers working across both commissioning organisations.
 3. **Increasing the effectiveness of commissioning – across the whole of the commissioning cycle.** Combining the knowledge, expertise and importantly authority and leaderships of both organisation (clinical and democratic) has the potential to significantly increase the effectiveness of commissioning across the City.
- 1.3. The Council and CCG established a Joint Commissioning Board to commission health and social care in the City of Southampton. It will encourage collaborative planning, ensure achievement of strategic objectives and provide assurance to the governing bodies of the partners on the progress and outcomes of the work of the integrated commissioning function (the Integrated Commissioning Unit). The Joint Commissioning Board hereafter will be referred to as the Board



- 1.4. The Board will act as the single health and wellbeing commissioning body for the City of Southampton and a single point for decision makers. The Board will convene and exercise their functions following consensus / consultation with each other on those functions in scope. This includes those areas of health and social care commissioning covered by the Better Care Fund Section 75. (BCF)
- 1.5. The Board has been established to ensure effective collaboration, assurance, oversight and good governance across the integrated commissioning arrangements between Southampton City Council and Southampton City CCG.
- 1.5 As such, the Board will develop and oversee the programme of work to be delivered by the Integrated Commissioning Unit and review and define the integrated commissioning governance arrangements between the two bodies.
- 1.6 The Board will monitor the performance of the Integrated Commissioning unit and ensure that it delivers the statutory and regulatory obligation of the partners of the Better Care Fund and relevant Section 75 agreements.
- 1.7 The Board will ensure the development and implementation of the Southampton Five Year Health and Care Strategy
- 1.8 Evidence based commissioning will be key to achieving our vision and the Board will be informed and driven by needs assessment, market analysis, user experiences, consultation and engagement.
- 1.9 The Board will maintain a focus on the commissioning of services to meet the outcomes of the citizens of Southampton, and those registered with GP's in Southampton whilst working in the Southampton and SW Hampshire and wider Hampshire and Isle of Wight context.

2. Scope

- 2.1 The Board will have oversight of all schemes established under the Better Care Section 75 and other remaining Partnership Agreements which in some cases may have their own specific Partnership Board, under the NHS Health Act 2006 flexibilities, and Local Government Act 1972 (s.113). This will include shadow monitoring of schemes under development and scrutinising their suitability for future inclusion in the BCF Partnership Agreement or other Partnership Agreements. An example of schemes to be included is to be found in Annex A

- 2.2 There are also be services in scope for which the commissioning responsibility/ decision making remains solely with the CCG or City Council but the funding is aligned to deliver a jointly agreed strategy. Examples can be found in Annex A
- 2.3 Beyond this, there could be areas of shared commissioning where the Council and CCG will want to discuss and share information about relevant commissioning intentions, budget and spend. The Board could also consider bids that are of joint interest. These 3 categories are described below:
- Jointly commissioned/funded services
 - Single agency commissioning aligned under a jointly agreed strategy
 - Other areas relevant for the achievement of the outcomes
- 2.4 The scope of the Board will cover joint NHS and City Council services commissioned by the Integrated Commissioning Unit.
- 2.5 The Board may, where appropriate, support a wider range of services subject to final approval of the CCG Governing Body and Council
- 2.6 Subject to the agreement of the CCG Governing Body and the Council, the Board membership may be amended to include any other partner who jointly commissions with the City Council or Southampton City Clinical Commissioning Group and other agency representatives may be co-opted as necessary.

3 Role and Objectives

- 3.1 To agree shared commissioning priorities for the Council and CCG based on where a partnership approach will improve outcomes and promote greater efficiencies.
- 3.2 To approve and monitor the development and implementation of the Integrated Commissioning Plan to ensure it meets agreed priorities, objectives, savings and performance targets and aligns commissioning arrangements with partners' financial and business planning cycles.
- 3.3 To ensure that all commissioning decisions are made in line with the principles set out in the Integrated Commissioning plan, including providing challenge regarding the scale and pace of integrated commissioning approaches.
- 3.4 To monitor the financial plans and financial performance of the integrated Commissioning Unit including forecasts for the year.
- 3.5 To ensure compliance with any specific reporting requirements associated with the formal pooled fund described in the Section 75 agreement.
- 3.6 To ensure compliance with rules and restrictions associated with any other blocks of funding, including specific grant funding.
- 3.7 To ensure the appropriate management of risks regarding the integrated commissioning function.
- 3.8 To agree, subject to the financial decision making limits of the council and the CCG, all financial planning commitments across areas of integrated commissioning responsibility for pooled or non-pooled budgetary provision.
- 3.9 To receive and consider reports on service development, budget monitoring, audit and inspection reports in relation to those services which are the subject of formal partnership

arrangements.

To seek assurance on the quality and safety of commissioned services in relation to key performance indicators and standards.

- 3.10 To provide system leadership and direction to the staff of the integrated Commissioning Unit.
- 3.11 To promote quality and identify how the health and wellbeing strategic intentions and priorities of partners will be supported and enabled through integrated commissioning.
- 3.12 To maintain oversight of the Section 113 arrangements between the two organisations for the Integrated Commissioning Unit.

4 Better Care Section 75 Partnership Agreement

The Board:

- 4.1 Shall oversee and review the schemes established under the Better Care S75 Partnership Agreement, ensuring adherence to the relevant legislation and protocols in the development of Partnership Agreements have been followed.
- 4.2 Shall receive, review and approve Business Cases for new pooled fund schemes to be established under the Better Care Section 75 Partnership Agreement (with reference to the respective Schemes of Delegation).
- 4.3 Shall receive and review quarterly reports on each Better Care pooled fund scheme on the exercise of the partnership arrangements. These reports shall include details of:
 - Annual forward financial plans setting out the projected annual spend
 - Review of the operation of each scheme covering:
 - evaluation of performance against agreed performance measures targets and priorities and future targets and priorities;
 - quality of service delivery and how the arrangements benefit and meet the needs of client groups;
 - any service changes proposed;
 - any shared learning and opportunities for joint training;
 - assurance that monitoring and evaluation processes take account of statutory guidance and policy directives pertaining to quality standards, best value and audit arrangements of the Council and the CCG.
- 4.4 Shall ensure the Services provided under each scheme are meeting the needs of the service users and their carers.
- 4.5 Shall ensure that commissioning decisions are the result of the wide ranging consultation and discussion with the key people involved in all aspects of the function of delivering joined up health and social care.
- 4.6 Shall encourage and ensure that service providers work collaboratively with service users, other providers and commissioners and that it is promoted through positive design of payment packages and risk and benefit share arrangements into commissioning contracts.
- 4.7 Shall ensure that commissioners listen to service users and providers and respond supportively to ideas to make services more effective for the user and more responsive to needs.

- 4.8 Shall assess and manage any liabilities or risks reported in relation to each of the Better Care pooled fund schemes and act upon these at the earliest opportunity and monitor their impact throughout the delivery of the services. This shall include consideration of proposed changes to the services and funding and how these may impact on each organisation.
- 4.9 Shall monitor financial contributions of the Council and the CCG and make recommendations regarding future financial contributions.
- 4.10 Shall provide the Council and CCG with an annual review report and forward plan of the S75 Better Care Partnership Agreement arrangements, incorporating financial and activity performance, risks, benefits and evidence of improvements for service users.

5 Risk Sharing principles

- 5.1 The pooled budget arrangements will be managed in such a way as to avoid destabilising either organisation, the detailed arrangements for managing the pooled funds are detailed in the Section 75 Pooled Fund Agreement and its scheme specifications.
- 5.2 Each organisation will retain responsibility for dealing with any deficit it has at the start of the pooled budget arrangement. For the avoidance of doubt this includes a situation where commitments against the pooled fund are greater than or are likely to be greater than the budget set.
- 5.3 Each organisation will strive to achieve a balanced budget within the pooled budget.
- 5.4 The statutory requirements of each organisation must be maintained.
- 5.5 The pooled budget (in line with the Section 75 agreement) will contain a mechanism for dealing with significant changes to the funding or statutory responsibilities of either organisation that effect the areas in scope of the pooled budget arrangement.
- 5.6 Both organisations will provide robust management information in line with their responsibilities in the Section 75.
- 5.7 Both organisations will ensure the early identification of potential in year under or over spends and for remedial actions to be put into place.

6 Governance and Reporting

The Board will be accountable to the Council's Cabinet and / or Council as appropriate and the CCG Governing Body.

- 6.1 The Board will need to demonstrate contribution to the Health and Wellbeing Strategy outcomes
- 6.2 The Board will need to be informed by the Joint Strategic Needs Assessment, needs assessments, market analysis and feedback from consultation and engagement with residents and patients.
- 6.3 The Board will meet monthly and be minuted. Meetings in public will normally be bi monthly with a briefing in the intervening months. Additional meetings of the Board may be held on an exceptional basis at the request of the Chair.
- 6.4 At least one meeting each quarter will receive and review the performance of the Better Care S75 Partnership Agreement, undertaking those responsibilities as set out in Section 4.

- 6.5 The Board shall be entitled to call a meeting, at any time, outside of the agreed meetings schedule, for any purpose, subject to compliance with any statutory requirements in relation to decision making under the Local Government Acts and CCG Constitution.
- 6.6 All minutes from the Board will be reported to the CCG Governing Body and made available to Council's Cabinet.
- 6.7 Agendas will be jointly agreed in line with the Forward Plan and will need to be circulated at least 5 working days in advance of the meeting. All new agenda items are subject to agreement of the Chair or Vice Chair. Where a decision of the Council (Member or Officer) is required at a Board meeting then the requirements of the Local Government Act 2000 and Access to Information regulations must be adhered to (publication of notice of key decisions 28 days in advance, publication of reports 5 clear working days in advance, formal decision Notice signed by decision maker and Proper Officer (Democratic Services must attend for this purpose for these items). Decisions that are 'key decisions' within the meaning of the Local Government Act 2000 are subject to the Council's 'call-in' procedures and cannot be implemented until the time for call-in has expired or the matter has been dealt with in accordance with Overview & Scrutiny Procedure Rules.
- 6.8 The agendas, minutes, decision notices and briefing papers of the meetings of this Board are subject to the provisions of the Freedom of Information Act 2000, the Environmental Information Regulations and the Data Protection Act 2018. If the Chair concludes that specific issues are exempt from publication and should not be made available under the terms of the Freedom of Information Act, a Part 2 meeting of the Board shall be convened to consider them.
- 6.9 Part 2 meetings have to be notified 28 days in advance of the meeting and reasons for excluding the public included on the report / agenda item or the decision cannot be taken. There are limited urgency provisions but these require prior consent from the chair of the Health Overview and Scrutiny Panel.
- 6.10 Meetings of the Board shall be advertised in advance on the calendar of meetings of the CCG Governing Body and Council and shall, unless notice of consideration of an excluded item has been given, shall be open to the public to attend.
- 6.11 The Chair will invite questions or statements by members of the public on matters pertaining to that agenda at the beginning of the meeting.
- 6.12 Administrative support for the Board will be a shared responsibility although agenda publication.. will be undertaken by both the Council and the CCG to meet both organisational requirements.
- 6.13 The Health and Wellbeing Board have delegated responsibility for Better Care and the Southampton City Five Year Health and Care Strategy implementation to the Board and the Board will be accountable to the Health and Wellbeing Board for this element.
- 6.14 The Board will receive the minutes from the Better Care Southampton Steering Board

7 Membership

- 7.1 The council's representation on the Joint Commissioning Board will be 3 Cabinet Members made through executive appointments. The CCG has nominated 3 members from the CCG Governing Body. Both organisations have agreed to send deputies in any absences.

Members

- The Leader of the Council (SCC)
- Cabinet Member - Health and Adult Social Care (SCC)
- Cabinet Member - Stronger Communities (SCC) Chief Executive Officer (SCCCG)
- Clinical Chair (SCCCG)
- Lay Member for Patient and Public Involvement (SCCCG)

7.2 In exceptional circumstances for Southampton City Council, a decision maker can be changed from a cabinet member to the Leader of the Council as long as the forward plan has been amended in line with appropriate timescales and papers have not been published

7.3 Other attendees

- Key senior managers from the Council and the CCG as required.
- The relevant commissioning lead for each of the pooled budgets under the S75 Better Care Partnership Agreement will attend as appropriate the quarterly meetings to present the performance report for the S75 Partnership Agreement.

7.4 The Chair will be a politician from the council or a member from the CCG Governing Body. The Vice Chair of the Board will be from the alternate partner organisation.

8 Quorum, Decision Making and Voting

8.1 The CCG Governing Body and SCC Cabinet may grant delegated authority (with any appropriate caveats) to those of its members or officers participating in the Board to make decisions on their behalf, whilst retaining overall responsibility for the decision made by those members or officers. It is therefore the individual member or officer who has the delegated authority to make a decision rather than the Joint Commissioning Board itself.

8.2 The Board will require consensus prior to any delegated decisions being taken; consensus will be demonstrated by a show of hands. It is important that given the nature of the decisions, securing the support of both partners will be critical to the success of this Board. The Board will be quorate if there are at least 4 members in attendance with a minimum of 2 from each organisation.

8.3 In those circumstances where consensus cannot be reached, the matter will be deferred for further consideration by the parties and will be reconsidered after discussions between the Chair and respective partner lead.

8.4 Schemes of Delegation to City Council Members and Council Officers shall be amended to reflect that decisions should not be taken under delegation and should stand either deferred to a future meeting or referred back to the parent body where a consensus of those present do not support the decision proposed. The Chair of the Board shall consult those present before deferring the decision or directing that it be referred back to each partner organisation.

8.5 Legally, it is not possible to have a mechanism that requires individual decision makers to exercise their decision making function in accordance with the will of a majority or quorum of a Board. Any individual decision maker must consider any decision on its merits as a whole in accordance with established decision making principles. The process for seeking the support of the Board prior to exercising any delegation meets a requirement in the Scheme of Delegation to limit the power to exercise that delegation to situations only where the support of the Board is demonstrated. For the CCG the delegated authorisation limit is up to £1 million, for the City Council the delegated authorisation limit is up to £2 million with any decisions over £500k being classed as a key decision.

8.6 Functions outside the decision making scope of the Board, but related to health and social care will be discussed for information only at the Board, with the considerations and any recommendations of the Board formally minuted. Items will then be referred to the relevant decision maker (e.g. CCG Governing Body, Council).

9 Dispute Resolution

9.1 If disputes relating to the Better Care Section 75 Partnership Agreement arise then the Dispute Resolution process within that will be followed. Otherwise any matter of dispute will be referred for further discussion by the Leader of the Council and Chair of the CCG before referring back to the Board for further consideration. It is recognised that as the desire is to reach agreement on any matter by consensus that if this is not reached that matter may not move forward. There will be no formal and binding external arbitration procedure.

10 Scrutiny

10.1 Decisions of members of the Joint Commissioning Board will be subject to formal scrutiny normally undertaken by the Health Overview and Scrutiny Panel, on behalf of the Council and Call in. Health scrutiny is a fundamental way by which democratically elected councillors are able to voice the views of their constituents, and hold NHS bodies and health service providers to account. In Southampton the Health Overview and Scrutiny Panel undertakes the scrutiny of health and adult social care. The Panel meets every 2 months. However, there may be some major decisions may be considered by the council's Overview and Scrutiny Management Committee.

11 Conflict of Interests

11.1 The Board will be bound by the Standing Orders/Standing Financial instructions and Codes of Conduct of both parent bodies. Declaration of interests will need to be declared annually and at each meeting of the Board in line with the agenda. Depending on the topic under discussion and the nature of the conflict of interest appropriate action will be taken and recorded in the minutes

12 Variation

12.1 The parent bodies may agree from time to time to modify, extend or restrict the remit of the Board.

The Terms of Reference will be reviewed annually

October

2020

Annex A

Integrated Commissioning – Examples of potential scope

Jointly commissioned/funded services

1. These will be services currently in scope for the 2020/21 Better Care Fund S75 agreement. In addition, the scope will include other existing partnership agreements/shared funding arrangements:
 - Support Services for Carers
 -
 - Integrated Locality Teams (previously known as cluster working): Community health services for adults (Community Nursing, Continence, Podiatry, Community Wellbeing Services, Community specialist services for people with long term conditions, case management, Palliative Care, community navigation, Community Adult Mental Health Services and IAPT (Improving access to psychological therapies) , Adult Long Term Social Care Teams)
 - Integrated rehabilitation, reablement and hospital discharge services (including the Hospital Discharge Team, Discharge to Assess, residential reablement and extra care, Falls Assessments)
 - Aids to Independence: including Joint Equipment Service, Wheelchair service and Disability Facilities Grant
 - Prevention and Early Intervention services –Older Person’s Offer, Information, Advice and Guidance, Community Solutions and Housing Related Support
 - Integrated Learning Disabilities Commissioning (placements)
 - Promoting the uptake of Direct Payments
 - Transformation of Long Term Care provision (Adult Social Care additional/improved BCF funding to support transformation of Extra Care and conversion of a Residential Unit to Nursing Care as well as stabilising the Domiciliary Care and Care Home market)
 - Integrated services for children with complex health needs (specifically Building Resilience Service and SEND integrated health and social care team).

Single agency commissioning aligned under a jointly agreed strategy

2. This would mean that commissioning responsibility/ decision making remains solely with the CCG or City Council but the funding is aligned to deliver a jointly agreed strategy. This could include:
 - Long Term Care provision (including domiciliary care, nursing and residential CHC and social care packages) – aligned to Better Care strategy
 - 0-19 prevention and Early Help, CAMHS, Community midwifery – aligned to 0-19 prevention and early help strategy/CAMHS Transformation
 - Sexual health (integrated level 3 service, voluntary and primary care prevention services, termination of pregnancies, vasectomies) – aligned to Sexual Health and Reproductive Strategy
 - Substance Misuse Services – aligned to Substance Misuse Strategy
 - Respite and Short Breaks – aligned to Replacement Care Strategy, services for children, e.g. Edge of care, Family Drugs and Alcohol Court, Looked After Children, Safeguarding – aligned to children's strategy
 - Benefits

3. The scope will increase the ability of both organisations to:
 - Realise a shared vision – e.g. a shared focus on prevention and early intervention and community solutions to promote independence & a shared commitment to realise it
 - Share risks and benefits associated with implementation of the shared vision, enabling us to do the “right thing” without unfairly disadvantaging or advantaging one organisation
 - Commission against a single agreed set of common outcomes and priorities – making best use of resources
 - Share needs data and good practice evidence – leading to more intelligent commissioning
 - Develop more innovative solutions to meet people's needs in the round (as opposed to commissioning in silos for people's “health” versus “social” needs – leading to improved outcomes for people
 - Bring together health, public health and social care resources and strip out duplication – leading to savings and efficiencies
 - Commission a more joined up health and care system, developing together whole pathways from prevention to care - fewer gaps
 - Enable providers to develop more innovative integrated pathways and organisational models – leading to less fragmentation
 - Shape and develop primary medical care as part of the integrated health and social care system
 - Better understand and manage demand through greater influence over assessment and review processes