Public Document Pack

Cabinet

Tuesday, 20th February, 2024
at 4.30 pm

PLEASE NOTE TIME OF MEETING

Council Chamber, Civic Centre

Members

Leader – Councillor Fielker
Deputy Leader and Cabinet Member for Finance and Change – Councillor Letts
Cabinet Member for Economic Development – Councillor Bogle
Cabinet Member for Environment and Transport - Councillor Keogh
Cabinet Member for Children and Learning – Councillor Winning
Cabinet Member for Communities and Leisure– Councillor Kataria
Cabinet Member for Safer City – Councillor Renyard
Cabinet Member for Housing – Councillor A Frampton
Cabinet Member for Adults and Health – Councillor Finn

(QUORUM – 3)

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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 or other IT 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)

2023	2024
13 June	16 January
18 July	6 February
15 August	20 Feb (budget)
19 September	19 March
17 October	16 April
14 November	
19 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 2022-2030 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.

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.

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

DISCLOSABLE PECUNIARY INTERESTS
A Member must regard himself or herself as having a Disclosable Pecuniary Interest in any matter that they or their spouse, partner, a person they are living with as husband or wife, or a person with whom they are living as if they were a civil partner in relation to:
(i) Any employment, office, trade, profession or vocation carried on for profit or gain.
(ii) Sponsorship:
Any payment or provision of any other financial benefit (other than from Southampton City Council) made or provided within the relevant period in respect of any expense incurred by you in carrying out duties as a member, or towards your election expenses. This includes any payment or financial benefit from a trade union within the meaning of the Trade Union and Labour Relations (Consolidation) Act 1992.
(iii) Any contract which is made between you / your spouse etc (or a body in which the you / your spouse etc has a beneficial interest) and Southampton City Council under which goods or services are to be provided or works are to be executed, and which has not been fully discharged.
(iv) Any beneficial interest in land which is within the area of Southampton.
(v) Any license (held alone or jointly with others) to occupy land in the area of Southampton for a month or longer.
(vi) Any tenancy where (to your knowledge) the landlord is Southampton City Council and the tenant is a body in which you / your spouse etc has a beneficial interests.
(vii) Any beneficial interest in securities of a body where that body (to your knowledge) has a place of business or land in the area of Southampton, and either:

a) the total nominal value of the securities exceeds £25,000 or one hundredth of the total issued share capital of that body, or
b) if the share capital of that body is of more than one class, the total nominal value of the shares of any one class in which you / your spouse etc has a beneficial interest that exceeds one hundredth of the total issued share capital of that class.

Other Interests

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

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

Any public authority or body exercising functions of a public nature

Any body directed to charitable purposes

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

Principles of Decision Making

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

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

In exercising discretion, the decision maker must:

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

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 - 4)

Record of the decision making held on 6th February, 2024 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 **SOUTHAMPTON HEALTHY HOMES - PROCUREMENT OF A NEW CONTRACT FOR PROVIDING AN AFFORDABLE WARMTH PROGRAMME 2024-2029**
(Pages 5 - 16)

To consider the report of the Cabinet Member for Housing seeking agreement to procure a new contract from April 2024 to provide an affordable warmth delivery programme provider.

9 CAPITAL FINANCIAL MONITORING FOR THE PERIOD TO THE END OF DECEMBER 2023
(Pages 17 - 34)

To consider the report of the Cabinet Member for Finance and Change providing information on any major changes in the General Fund and Housing Revenue Account (HRA) capital programme for the period 2023/24 to 2027/28.

10 REVENUE FINANCIAL MONITORING REPORT FOR THE PERIOD TO THE END OF DECEMBER 2023
(Pages 35 - 112)

To consider the report of the Cabinet Member for Finance and Change summarising the General Fund and Housing Revenue Account (HRA) financial position for the 9 months to the end of December 2023.

11 EXCLUSION OF THE PRESS AND PUBLIC - EXEMPT PAPERS INCLUDED IN THE FOLLOWING ITEM

To move that in accordance with the Council's Constitution, specifically the Access to Information Procedure Rules contained within the Constitution, the press and public be excluded from the meeting in respect of any consideration of the exempt appendix 6 to the following Item.

Appendix 6 (Capital Programme detail) is exempt from publication by virtue of category 3 of rule 10.4 of the Council's Access to Information Procedure Rules i.e. information relating to the financial or business affairs of any particular person. It is not in the public interest to disclose this information due to an ongoing commercial dispute which is subject to a protected alternative dispute resolution procedure. If the information was disclosed then the Council's financial position would be available to other parties to the dispute and prejudice the Council's ability to achieve best value.

12 THE HRA BUDGET 2024/25 AND CAPITAL PROGRAMME 2023/24 TO 2028/29
(Pages 113 - 158)

To consider the report of the Cabinet Member for Finance and Change detailing the HRA Budget 2024/25 and Capital Programme 2023/24 to 2028/29.

Monday, 12 February 2024 Director of Legal and Governance

SOUTHAMPTON CITY COUNCIL
EXECUTIVE DECISION MAKING

RECORD OF THE DECISION MAKING HELD ON 6 FEBRUARY 2024

Present:
Councillor Fielker - Leader
Councillor Letts - Deputy Leader and Cabinet Member for Finance and Change
Councillor Bogle - Cabinet Member for Economic Development
Councillor Finn - Cabinet Member for Adults and Health
Councillor A Frampton - Cabinet Member for Housing
Councillor Kataria - Cabinet Member for Communities and Leisure
Councillor Keogh - Cabinet Member for Environment and Transport
Councillor Renyard - Cabinet Member for Safer City
Councillor Winning - Cabinet Member for Children and Learning

39. CALL-IN OF EXECUTIVE DECISION CAB 23/24 43623 - PORTSWOOD BROADWAY NEXT STEPS

Item withdrawn as no recommendations were received from Overview and Scrutiny Management Committee. The decision was therefore implemented on 1st February 2024.

40. ADULTS SOCIAL CARE CHARGING POLICY

DECISION MADE: (CAB 23/24 43676)

On consideration of the report of the Leader of the Council, Cabinet approved the following:

(i) That the Cabinet review and approve the new Adult Social Care charging policy for April 2024, as attached at appendix 1.
(ii) To note the eight proposed changes to the policy as listed in the report.
(iii) Following consultation with the Leader of the Council, that the Executive Director for Wellbeing and Housing be given delegated authority to make minor amendments to the policy as appropriate.

41. ADMISSIONS ARRANGEMENTS FOR COMMUNITY AND VOLUNTARY CONTROLLED SCHOOLS 2025-26

DECISION MADE: (CAB 23/24 43649)

On consideration of the report of the Cabinet Member for Children and Learning, Cabinet approved the following:

(i) To approve the Admissions Policies, the Published Admission Numbers (PANs) and the Supplementary Information Form (SIF) for Community and

Voluntary Controlled schools and the schemes for coordinating Infant-Primary, Junior and Secondary admissions for the school year 2025-26 as set out in appendices 1 to 5.

(ii) To authorise the Executive Director - Wellbeing, Children and Learning to take any action necessary to give effect to the admissions policies and to make any changes necessary to the admissions policies where required to give effect to any Acts, Regulations or revised Schools Admissions or School Admissions Appeals Codes or binding Schools Adjudicator, Court or Ombudsman decisions whenever they arise.

42. OUTDOOR SPORTS CENTRE IMPROVEMENT PROGRAMME*

DECISION MADE: (CAB 23/24 43688)

On consideration of the report of the Cabinet Member for Communities and Leisure, Cabinet approved the following:

(i) To approve the updated scheme design as outlined in Appendix 1.
(ii) To approve that the Executive Director for Place following consultation with the Cabinet Member for Communities and Leisure is given delegated powers to make any further amendments to the scheme.
(iii) Approval to delegate authority to the Head of Corporate Estate and Assets to authorise variations within the project budget envelope during design and construction periods as needed.
(iv) Approval to delegate authority to the Head of Corporate Estate and Assets to authorise submission of any further necessary planning applications for the scheme following consultation with the Cabinet Member for Communities and Leisure.
(v) Approval to delegate authority to the Head of Corporate Estate and Assets to authorise placement of any statutory orders to enable the project to progress in line with the project programme operating within the approved budget.
(vi) Approval to delegate authority to the Head of Corporate Estate and Assets to carry out actions necessary to enable decisions required for the delivery to the project timescales and budget.
(vii) To note that spend approval will form part of the Capital Programme budget paper planned to be reported to Council on 21st February 2024.

43. FUTURE DELIVERY OF TOWNHILL PARK PLOTS 2, 9 & 10.

CABINET DECISION: (CAB 23/24 43690)

On consideration of the report of the Leader of the Council, Cabinet approved the modified recommendations as follows:

(i) The Council implements the contractual procedure to bring the Pre-Construction Services Agreement (PCSA) contract with Drew Smith (DS) to an end for the delivery of Plots 2, 9 & 10. (See Appendix 1 for locations).
(ii) The Council ceases delivery itself, of the design and build contracts for Townhill Park Plots 2 and 9.

(iii) Townhill Park Plots 2 and 9 are transferred to the council's Affordable Homes Framework (AHF) to be offered to the framework Delivery Partners by way of the mini tender process as part of the first tranche of sites approved by Cabinet in December 2022.

(iv) The Executive Director of Place in consultation with the Executive Director of Wellbeing and Housing and following consultation with the Leader of the Council to have delegated powers to make a decision regarding the future delivery of plot 10 Townhill Park following consideration of the options.

(v) That Cabinet notes that this report has implications for the council's ability to spend its Right to Buy Receipts in the allocated timeframe. Failure to spend in the timeframe means the money needs to be paid to Government with interest. There is therefore a need to identify alternative options to spend the Right to Buy receipts.

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DECISION-MAKER:	Cabinet
SUBJECT:	Southampton Healthy Homes – Procurement of a new contract for providing an affordable warmth programme 2024-2029
DATE OF DECISION:	20th February 2024
REPORT OF:	**COUNCILLOR A. FRAMPTON** **CABINET MEMBER FOR HOUSING**

CONTACT DETAILS				
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Author:	**Title**	**Service Manager Private Sector Housing & Port Health**		
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STATEMENT OF CONFIDENTIALITY
Appendix 2 contains information deemed to be exempt from general publication based on Category 3 (information relating to the financial or business affairs of any particular person (including the Authority holding the information)) of paragraph 10.4 of the Council's Access to Information Procedure Rules. In applying the public interest test this information has been deemed exempt from the publication due to confidential sensitivity. It is not considered to be in the public interest to disclose this information as it would reveal information which would put the Council at a commercial disadvantage.

BRIEF SUMMARY

Cabinet is being asked to approve the procurement of a new contract to enable a third party to operate an affordable warmth service on behalf of Southampton City Council.

The current affordable warmth programme 'Southampton Healthy Homes' is run in partnership and under contract with a local charity, the Environment Centre. The Southampton Healthy Homes programme has been running for over ten years providing fuel poverty and energy efficiency advice for the residents of Southampton. There are an estimated 12000-15000 households in fuel poverty in the city. The primary aim is therefore to reduce the number of households in the city from being in or at risk of fuel poverty and to work to support the city's ambitions to reduce the carbon footprint of Southampton by helping and facilitating the move to greener energy usage in the city's private residential homes. The current contract is due to expire in April 2024.

The Council's Capital Board has identified and approved in principle funding for the project until at least 2027. This allows for a contracted Healthy Homes service to operate in the city offering practical advice, guidance and to facilitate physical measures in the city's private housing stock to reduce fuel poverty and increase energy efficiency.

RECOMMENDATIONS:		
	(i)	To approve the procurement of an affordable warmth service contract (Southampton Healthy Homes) to start in April 2024 until April 2027 or as soon thereafter.
	(ii)	To delegate to the Executive Director for Place to select the most appropriate tender that represents Best Value and to enter into appropriate contractual arrangements
	(iii)	To approve the addition and spend of £2.20M to the Warm Homes project in the Wellbeing & Housing capital programme.
REASONS FOR REPORT RECOMMENDATIONS		
1.	Southampton City Council has worked very successfully in partnership with an external provider for over ten years to provide an affordable warmth programme for the city's residents. The residents of Southampton are the main beneficiaries of this project as it is there to help them with advice, support and guidance on the following; home energy efficiency, heating advice & support (including warm home discounts and winter fuel payments), fuel & water bills (including Issues and disputes), damp and mould, energy usage, vulnerable consumer support, energy efficiency standards and private rental rights and responsibilities and benefits, budgeting and debt (via referrals from Citizens Advice Bureau (CAB), welfare rights). Through this the Council is supporting residents to keep their homes safe and warm, working on reducing the impact of fuel poverty on the city's residents, reducing the number of households in the city who are in or at risk of fuel poverty, reducing the carbon footprint of the residential housing market and helping the city's residents through this current cost of living crisis.	
2.	Capital funding has been identified and approved in principle to cover the costs of the programme until at least 2027. In previous years much of the funding has been financed through external grant funding so it is expected that further additional funding will also be made available from Central Government, BEIS and the energy sector to meet national net zero targets, to continue this onto further years.	
ALTERNATIVE OPTIONS CONSIDERED AND REJECTED		
3.	To cease the affordable warmth programme on the expiry of the current contract on March 31st 2024. If it did so Southampton City Council would not be actively working to reduce the number of its residents in or at risk of fuel poverty and not helping to reduce the carbon footprint of the private housing stock. Southampton City Council would also not be working towards the aims of the Fuel Poverty Action Plan as published in its Housing Strategy 2016-2025.	
4.	For Southampton City Council to run an affordable warmth programme 'in-house', rather than utilise a contracted partner. Whilst costs would be similar to 'contracting out' there are currently no resources or expertise available in house to run a programme, so extensive investment in resources and training would be required. This would take time to set up and in current climate recruitment may be very difficult. This would undoubtedly lead to a slow down and probable delay in advice, guidance and any practical measures being offered to Southampton's residents.	

	It would also likely lead to an increase in households in fuel poverty and failure to meet the Fuel Poverty Action Plan and Housing Strategy 2016-2025 aims.
DETAIL (Including consultation carried out)	
5.	The residents of Southampton are the main beneficiaries of this project as it is there to help them with advice, support and guidance on the following; home energy efficiency, heating advice and support (including warm home discounts and winter fuel payments), Fuel and water bills (incl. issue disputes), damp and mould, energy usage, vulnerable consumer support, energy efficiency standards and private rental rights and responsibilities and benefits, budgeting and debt (via referrals from CAB, welfare rights). Any resident regardless of property status and tenure can contact the service, this includes Southampton City Council tenants and other Social housing tenants, private rented tenants and owner occupiers. Through this we are supporting residents to keep their homes safe and warm, working on reducing the impact of fuel poverty on the city's residents, reducing the number of households in the city who are in or at risk of fuel poverty, reducing the carbon footprint of the residential housing market and helping the city's residents through this current cost of living crisis.
6.	The current contract for this service was awarded to the Environment Centre in 2019 on a three-year concessionary agreement. This was initially funded by an external grant award from the Government's Warm Home Fund. This grant scheme was set to assist Councils in delivering gas boiler upgrades and replacements and provide advice and assistance on energy issues. This scheme ended in 2022. The service contract has subsequently been extended through 2022/23 and now 2023/24 but cannot be extended further under the contract arrangements therefore retendering is required to secure the project going forward and to ensure Best Value is achieved.
7.	Funding for the service through 2022/23 and into 2023 has primarily been through the Better Care Fund as this project comfortably sits within the scope of wider social care projects that can be funded from this source. The Better Care Fund is awarded to Local Authorities and NHS trusts annually from Central Government to support people to stay well, safe and independent at home for longer. Southampton City Council received £2.7M from the Better Care Fund in 2023/24 of which the majority is used to fund Disable Facilities Grants and the rest is subject to discretionary use as defined by Government guidance and Southampton City Councils Disable Adaptations Financial Assistance Policy 2023. Further funding for the next two years from the Better Care Fund has already been agreed and in addition new capital receipts and section 106 budgets have now been added to support the programme through till at least 2027.
8.	In 2022/23 the programme provided support to over 1600 households (an increase of 71% from previous year), helped households achieve savings of over £1Million and an estimated lifetime carbon savings of 1,779 tonnes of CO_2. Carbon savings, whilst indicative, are calculated using a mixture of formula set by OFGEM. Based on the type of install, size of property and EPC rating. In terms of financial savings, this is made up of the following;

	Table 1. Financial savings/gains for households supported, 2022/23 **Type** / **Amount, £** **Energy debts cleared** — **6,161** **Warm Home Discount attained** — **300** **Estimated lifetime bill savings from small energy efficiency measures** — **23,723** **Estimated lifetime bill savings from large energy efficiency measures** — **673,121** **Other benefits/charitable support including water bill savings, utility & food support, value of winter warmth packs and third-party grants for energy efficiency measures** — **313,499** **Total** Total 1,016,804 So far this year the project has supported 1380 households so is on target to again exceed the previous years demand (an 111% increase compared to this time last year). Total gains and savings for households this year is already valued at £529K (estimated lifetime energy bill savings).
9.	A key focus of the Healthy Homes Project is to help residents understand the potential energy efficiency and low carbon improvements that can be made to their homes and to secure grant funding for these works. The team explore national & local funding including the following schemes: ECO4 (& ECOflex), Warmer Homes (LAD/HUG), Boiler Upgrade Scheme & Discretionary in addition to Council funding from the Better Care Fund and Carbon Offset funds. Measures funded for residents include; Insulation, heating systems (repairs and/or replacements), door & window repair or replacement, Solar PV & other renewable electricity or hot water systems and essential enabling works, which could include damp treatment and preventative work, ventilation improvements and plumbing work..
10.	Without this project being run by the Environment Centre to date, Southampton City Council would not be able to provide any of this assistance without significant investment in resources and training. By providing this service we are helping to keep vulnerable persons safe and warm in their own homes. A safe, warm home is key to preventing and reducing the risks of ill health, particularly to vulnerable and older residents, in particular excess cold in homes is attributable to increased risk of CPD and chronic respiratory conditions. The NHS spends an estimated £1.4 billion annually on treating illnesses associated with living in cold or damp housing (BRE – The cost of poor housing in England – 2021 Briefing paper).
11.	The links between cold homes and poor health are well documented. So by keeping residents safe and warm there should be a reduction in the likelihood of them needing hospitalisation and social and nursing care, allowing them to hopefully remain safe in their own homes for longer and return home sooner following hospital

	stays. This reduces the burden on the health and social care system which is already under massive pressure.
12.	Assisting residents with advice on rental rights, welfare rights and debt should also reduce the burden on other Council services as they can provide support in these areas.
13.	Promoting energy efficiency and facilitating energy saving measures and greener technologies will help to reduce the carbon footprint of the city's housing stock. In 2022/23 the programme delivered an estimated lifetime carbon saving of 1,779 tonnes of CO_2 which is crucial to aid the city's vision to become carbon neutral.
RESOURCE IMPLICATIONS	
Capital/Revenue	
14.	The programme currently has a running cost currently of £0.25M per annum and costs have been budgeted over the next contract period as broadly similar. This covers the resources required to facilitate the advice and guidance service, including a project manager and a team of case workers.
15.	In addition, Southampton City Council will provide discretionary funding to help facilitate practical measures where external funding is not available or there is a shortfall to help vulnerable households stay warm and healthy in their homes & to reduce the carbon footprint of the housing stock. This will require an addition to the capital programme.
16.	In terms of Southampton City Council resource this amounts to 0.1 FTE for overall contract and project management, currently supplied as part of the Service Manager for Private Sector Housing role. The rest of the resources needed are supplied by the contracted partner & will be the same under future contract arrangements.
17.	The programme will be partially funded from external contributions, and the remainder through built up receipts repaid to the authority in respect of home improvement loans. There is no draw on borrowing associated with this project. It is anticipated that as future S106 contributions from developers are received these will replace the need for the use of capital receipts, which can be used to fund transformation activity across the council.
18.	In 2022/23 this discretionary funding amounted to £0.30M. This funding came from the agreed Carbon Offset (S106) fund and the Better Care Fund. It is expected that in addition to the annual revenue running costs, additional monies from the Zero carbon & Green projects funds will be made available for discretionary funding.
19.	With the current agreed funding, a new contract would be for an initial 3 years and extended for a further 2 (1+1) if funding is available.

Property/Other	
20.	None
LEGAL IMPLICATIONS	
Statutory power to undertake proposals in the report:	
21.	Providing an affordable warmth programme is not a statutory requirement. The programme supports the aims of the wider SCC Housing Policies and fuel poverty action plan and is authorised by virtue of s.1 Localism Act 2011 (General Power of Competence) and is a purely discretionary power / service.
Other Legal Implications:	
22.	Procurement of any new contract will be carried out within the Southampton City Council's Contract Procedure Rules and in compliance with all necessary legal requirements.
RISK MANAGEMENT IMPLICATIONS	
23.	Ceasing the affordable warmth programme means we are not supporting people at risk of fuel poverty, this will likely lead to an increase in the number of the city's residents falling into or being at risk of fuel poverty. In 2020 it was estimated that 12.5% (approx. 13,400 households) of the City's households were living in fuel poverty and this had increased by 1% from the previous year. The cost of living crisis through 2023 has seen demand for the Healthy Homes programme increase by 111% so the numbers of residents seeking help has grown significantly.
24.	Providing a service that works to keep people warm and healthy in their own homes reduces the burden on the wider health and social care system. Without access to free reliable advice and guidance residents may not get the assistance they need or realise the benefits they are eligible for. This may lead to households being unable to keep their homes sufficiently warm therefore increasing the risk of morbidity and mortality linked to cold conditions. This would likely lead to an increase of additional pressures on other services, in particular the health and social care system. Increasing the burden on hospitals and nursing and care home places
POLICY FRAMEWORK IMPLICATIONS	
25.	The affordable warmth programme ensures that we help meet the challenges published within our Housing Strategy 2016-2025.
26.	This programme helps meets the requirements of our Fuel Poverty Action Plan 2018

KEY DECISION?	**Yes**
WARDS/COMMUNITIES AFFECTED:	All
SUPPORTING DOCUMENTATION	
Appendices	
1.	Appendix 1 – Equality & Safety Impact Assessment

2.	Appendix 2 – Financial Breakdown (Commercially Confidential)

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.	**Yes**
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.		3
2.		

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SOUTHAMPTON
CITY COUNCIL

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 proposals and consider mitigating action.

Name or Brief Description of Proposal	Procurement of contract for service provider to provide affordable warmth programme for City's residents
Brief Service Profile (including number of customers)	
The service offers advice and guidance to all of the city's residents on issues relating to fuel poverty, energy efficiency, keeping homes safe & warm and help facilitate practical measures in relation to heating and insulation for eligible customers	
Summary of Impact and Issues	
The service helps with advice and guidance & is open to all residents. It does not discriminate against any group.	
Potential Positive Impacts	
The service offers help and guidance and helps facilitate installation of heating and energy efficiency. Helps residents with fuel bills & charges	

Responsible Service Manager	Steven Hayes-Arter
Date	17th January 2024
Approved by Senior Manager	Ian Collins
Date	17th January 2024

Potential Impact

Impact Assessment	Details of Impact	Possible Solutions & Mitigating Actions
Age	No impact	
Disability	No impact	
Gender Reassignment	No impact	
Care Experienced	No impact	
Marriage and Civil Partnership	No impact	
Pregnancy and Maternity	No impact	
Race	Negligible impact	Information & guidance made available different languages
Religion or Belief	No impact	
Sex	No impact	
Sexual Orientation	No impact	
Community Safety	No impact	
Poverty	Linking to other services to help with help & advice	Through work with other agencies
Health & Wellbeing	Helping to reduce fuel poverty and helps keep homes warm	By providing guidance & facilitating physical measures
Other Significant Impacts	Reducing number of households at risk of fuel poverty	

Document is Confidential

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DECISION-MAKER:		CABINET		
SUBJECT:		FINANCIAL MONITORING FOR THE PERIOD TO THE END OF DECEMBER 2023		
DATE OF DECISION:		20 FEBRUARY 2024		
REPORT OF:		CABINET MEMBER FOR FINANCE & CHANGE		
CONTACT DETAILS				
Executive Director	**Title:**	Executive Director for Corporate Services & S151 Officer		
	Name:	Mel Creighton	**Tel:**	023 8083 3528
	E-mail:	Mel.creighton@southampton.gov.uk		
Author:	**Title:**	Capital & Treasury Manager		
	Name:	Maddy Modha	**Tel:**	023 8083 3574
	E-mail:	Maddy.modha@southampton.gov.uk		

STATEMENT OF CONFIDENTIALITY
N/A
BRIEF SUMMARY
The report summarises the General Fund and Housing Revenue Account (HRA) capital programme for the period 2023/24 to 2027/28 financial position as at the end of December 2023 and informs Cabinet of any major changes since the last reported position. The forecast overspend position for 2023/24 as outlined in this report is £1.52M, after accounting for £16.87M slippage. Work is still ongoing to review the capital programme to ensure that all projects meet the aim of being Purposeful Investment, as set out in the Medium Term Financial Strategy Update report to Council in July 2023.

RECOMMENDATIONS:

	Cabinet is recommended to:	
	i)	Note the revised General Fund Capital Programme, which totals £235.70M as detailed in paragraph 3.
	ii)	Note the HRA Capital Programme is £255.70M as detailed in paragraph 3.
	iii)	Approve the virement of £0.11M in the Place programme in 2023/24, as detailed in paragraph 7 and Appendix 1.
	iv)	Approve the addition and spend of £0.08M to the Place programme in 2023/24 and 2024/26, as detailed in paragraph 8 and Appendix 1.
	v)	Approve slippage of £14.31M within the General Fund programme, as detailed in paragraphs 9 to 11 and Appendix 3.
	vi)	Approve slippage of £2.56M within the HRA programme, as detailed in paragraphs 9 to 12 and Appendix 3.

	vii)	Note that the overall forecast position for 2023/24 at quarter 3 is £128.45M, resulting in a potential overspend of £1.52M, as detailed in paragraphs 13 to 16 and Appendix 2.
	viii)	Note that the capital programme remains fully funded up to 2027/28 based on the latest forecast of available resources although the forecast can be subject to change; most notably regarding the value and timing of anticipated capital receipts and the use of prudent assumptions of future government grants to be received. It is also important to note that in times of rising interest rates, inflationary pressures and future budget shortfalls the capital programme needs to be kept under review.

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)

3. Table 1 shows the changes to the individual directorate programmes. The updated programme for the General Fund is £235.70M and £255.70M for the HRA.

4. Due to the current financial environment, there is an ongoing need to review the programme, against the backdrop of rising inflation which is significantly increasing construction costs and rising interest rates which has seen the cost of borrowing increase dramatically.

5. Details of changes made since the last reported position, totalling a net increase of £1.08M can be found in Appendix 1. Net addition of £0.99M has been added to the programme by delegated decisions and £0.09M net addition requires approval, as detailed in paragraphs 7 and 8.

6. Table 1 – Changes to Programmes

	Latest Programme £M	Previous Programme £M	Total Change £M
Children & Learning	60.72	60.72	0.00
Corporate Services	4.15	4.15	0.00
Place	158.64	158.46	0.18
Strategy & Performance and CEO	3.59	2.69	0.90
Wellbeing & Housing	8.60	8.60	0.00
Total GF Capital Programme	**235.70**	**234.62**	**1.08**
Housing Revenue Account	255.70	255.70	0.00
Total Capital Programme	**491.40**	**490.32**	**1.08**

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

7. Approval is sought for the virement of £0.11M within the Place programme from the Transforming Cities Fund project to the Travel to School project. The conditions of S106 monies will now be fulfilled as part of the Travel to School project, in conjunction with additional grant funding that has been applied for through the Active Travel Fund. The outcome of this application will be known in March 2024.

8.	Approval is sought for the addition and spend of £0.08M to the Place programme for Developer Highways Improvements, £0.01M in 2023/24 and £0.07M in 2024/25. This will be funded by S106 contributions.
	SLIPPAGE AND REPHASING
9.	Slippage occurs where works are not expected to take place according to the provisions agreed in the capital programme. Re-phasing of capital expenditure is due to works being carried out sooner than anticipated, budget and funding is brought forward from future years to match the expenditure.
10.	Table 2 below summarises resulting net slippage and rephasing by individual capital programmes. There is zero net effect to the budgets over the 5-year capital programme. Approval is sought for the slippage of £16.87M from 2023/24 into later years, £14.31M relating to GF and £2.56M HRA.
11.	Table 2 – Net Slippage

	Movement in 2023/24 £M	Appendix 3 Ref
Children & Learning	(0.74)	1-3
Corporate Services	0.20	4
Place	(13.77)	5-8
Strategy & Performance and CEO	0.00	-
Wellbeing & Housing	0.00	-
Total General Fund	**(14.31)**	
Housing Revenue Account	(2.56)	9-10
Total Capital Programme	**(16.87)**	

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

12.	Details of schemes with major slippage and where any rephasing has been applied are provided in appendix 3. The most significant variation relates to the Transforming Cities Fund (TCF) programme, where £11.75M of works are slipping into 2024/25, as agreed with agreed with DfT, who have confirmed a funding extension. The key reasons for the extension of the programme into a 5th year is due to delays in delivering the Ring Road scheme, as there has not been enough network space until now, and the extended consultation for the Portswood schemes thereby delaying both the design and delivery of the schemes along this corridor.
	2023/24 MONITORING POSITION
13.	The forecast performance of individual capital programmes in 2023/24 is summarised in table 3 below.
14.	Table 3 – Summary of the General Fund & HRA Capital Forecast 2023/24

	Revised Programme £M	Forecast £M	Forecast Variance £M	Forecast Variance %
Children & Learning	9.83	9.63	(0.20)	(2.04)
Corporate Services	2.78	2.26	(0.52)	(18.79)
Place	67.32	67.38	(0.05)	0.08

Strategy & Performance and CEO	2.68	2.68	0.00	0.00
Wellbeing & Housing	3.79	3.75	(0.04)	(1.06)
Total General Fund	**86.40**	**85.69**	**(0.71)**	**(0.82)**
Housing Revenue Account	40.53	42.76	2.23	5.50
Total Capital Programme	**126.93**	**128.45**	**1.52**	**1.20**
Financed by				
*CR - GF Borrowing	(21.12)	(21.78)	0.66	3.14
*CR - HRA Borrowing	(15.26)	(14.69)	(0.56)	(3.68)
Capital Receipts	(4.63)	(4.63)	0.00	0.00
Contributions	(12.05)	(12.05)	0.00	0.03
Capital Grants	(50.77)	(49.40)	(1.38)	(2.71)
Direct Revenue Financing	(3.36)	(2.96)	(0.40)	(11.92)
HRA – MRA	(19.75)	(22.94)	3.19	16.16
Total Funding	**(126.93)**	**(128.45)**	**1.52**	**1.20**

*CR – Council Resources
NB there may be small arithmetic variations in the table as figures have been rounded

15. The forecast spend for 2023/24 is £128.45M, giving a total forecast adverse variance of £1.52M. The reasons for the major forecast surplus/deficit variances are detailed in Appendix 2.

16. As shown in Table 4 below the actual spend to date is £60.86M, GF £39.94M and HRA £20.92M. This shows that there is significant works planned (£67.59M) for the last quarter of the year.

Capital expenditure is variable month to month, depending on the stage of the project (ie design, construction, retention) so the forecast will not necessarily have a straight-line comparison to the spend to date. However, based on previous years and the scale of works due in Q4, it appears likely there will be additional slippage at 31st March 2024.

Table 4 - Actual Spend to Date

	Spend to Date £M	Forecast £M	Forecast Spend in Next Quarter £M
Children & Learning	5.50	9.63	4.13
Corporate Services	1.20	2.26	1.06
Place	31.58	67.38	35.80
Strategy & Performance and CEO	0.00	2.68	2.68
Wellbeing & Housing	1.66	3.75	2.09
Total General Fund	**39.94**	**85.69**	**45.75**
Housing Revenue Account	20.92	42.76	21.84
Total Capital Programme	**60.86**	**128.45**	**67.59**

	CAPITAL RESOURCES
17.	The resources which can be used to fund the capital programme are as follows: • 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
18.	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.
19.	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 un-ringfenced. However, in 2023/24 these grants have been passported to these areas.
20.	Appendix 4 details the current level of available resources. This shows that the largest resource currently un-earmarked is S106 developer contributions. This relates to receipts in the latter part of 2022/23 for which the works are still being scoped and will be added to the programme when budgets are developed.
	OVERALL CAPITAL PROGRAMME AND FINANCING
21.	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 Appendix 5.
22.	The most significant amount of funding for the General Fund programme is provided by capital grants. There has been a drive to reduce borrowing costs, due to increasing interest rates, to avoid an unbudgeted pressure on the GF revenue account. The HRA programme is primarily funded by Major Repairs Reserve (direct revenue contribution).
RESOURCE IMPLICATIONS	
Capital/Revenue	
23.	There is a revenue cost of providing the capital programme, through the interest cost of borrowing and the minimum revenue provision (MRP). MRP is the calculated annual charge to the revenue account to repay debt incurred in respect of capital expenditure financed by borrowing or other long term credit arrangements (such as PFI). It is charged over a period that is commensurate with the benefits of capital expenditure. The cost of the current capital programme is included in the Medium Term Financial Strategy and is monitored and reported as part of the revenue financial monitoring.
24.	A key indicator is the ratio of Capital Financing to the Net Revenue Budget of the council. Following the highly publicised over borrowing by some local authorities it is expected that CIPFA and central government will propose a strengthening of the prudential limits by including upper limits on the level of borrowing. The council has introduced a ceiling for the above indicator, prior to any change to the Prudential Code, and set the General Fund at a maximum of 11% of Net Revenue Budget. It also now needs to be in keeping with 'purposeful investment' i.e. does the investment reduce revenue expenditure/increase income? Does it offset a future financial pressure? Does it have a significant impact on the lives of residents?

25.	The capital implications are contained within the report.
Property/Other	
26.	There are no specific property implications arising from this report other than the schemes already referred to within the report.
LEGAL IMPLICATIONS	
Statutory power to undertake proposals in the report:	
27.	Financial reporting is consistent with the Section 151 Officer's duty to ensure good financial administration within the council.
Other Legal Implications:	
28.	None.
RISK MANAGEMENT IMPLICATIONS	
29.	The council maintains a financial risk register which details the key financial risks that face the council at a given point in time and is reported as part of the Revenue Financial Monitoring report. It is from this register that the level of balances and reserves is determine, including a small reserve for capital funding. The main risks effecting the capital programme are: • Interest rates are underestimated, resulting in a higher cost of borrowing to fund the programme, • Slippage in capital receipts or grants are not secured, resulting in a funding gap, • Inflation, impacting on construction costs and availability of suppliers.
POLICY FRAMEWORK IMPLICATIONS	
30.	The update of the Capital Programme forms part of the overall Budget Strategy of the Council.

KEY DECISION? No

WARDS/COMMUNITIES AFFECTED:	All

SUPPORTING DOCUMENTATION

Appendices

1.	GF & HRA Programme Changes Since Last Reported Position
2.	GF & HRA Major Forecast Variances as at December 2023
3.	GF & HRA Slippage & Rephasing as at December 2023
4.	GF Capital Resources Available as at December 2023
5.	GF & HRA Revised 5 Year Programme and Use of Resources

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

1.	The Revenue Budget 2023/243, Medium Term Financial Strategy and Capital Programme (Council 22 February 2023)	
2.		

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GENERAL FUND & HRA: PROGRAMME AMENDMENTS SINCE LAST REPORTED POSITION

Directorate	Scheme	£M	*Council/Cabinet **Delegated Approval	Funding Source
Additions to the Programme				
Place	Travel to School - ATF	0.12	^	S106
	Highways Improvements (Developer)	0.08	^	S106
	Open Space - Summers Street	0.09	**	Grant
		0.29		
Strategy & Performance	Transformation Programme	0.90	**	Capital Receipts
		0.90		
Reductions to the Programme				
Place	TCF2 - Southampton West P&R	(0.11)	^	S106
		(0.11)		
Total Variations to the Overall Programme		**1.08**		

	£M
* - Approved By Council/Cabinet	0.00
** - Approved under Delegated Powers	0.99
^ - Require Approval	0.09
Total Variations to the Overall Programme	**1.08**

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Appendix 2

Forecast Major GF & HRA Variance Since Last Reported Position

	HRA
1.	Roofing Lot 1 West (Overspend of £0.70M) The works are about to start as the contractor is in place as per recent tender. As a result, the project will incur a deficit. The future works will be covered by the set budgets.
2.	ECO: City Energy Scheme (Overspend of £0.17M) Due to the nature of professional appointments, it has been difficult to quantify spend. This budget will need a continued close monitoring of spend as the budget has primary been used for the British Gas related disputes. As a result, this budget will incur a deficit.
3.	Asbestos Removal (Overspend of £0.25M) All projects within the SCC require asbestos surveys to be carried out in advance of any work being carried out so that S.C.C. complies with all health and safety legislations. This will give the contractors as much prestart information as possible. Once the surveys have been carried out any asbestos removal cost is then applied to each project. The amount of asbestos related work is a lot more than the 250k allocated for 23/24. As a result, this project is will incur a deficit.

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Appendix 3

Major GF & HRA Slippage & Rephasing Since Last Reported Position

	Children & Learning
1.	St Marks (Slippage of £0.40M from 2023/24 to 2024/25) Practical completion on the sports field has been delayed due to bad weather (rain) this is delaying the final account. We are slipping a notional final retention figure into 2024/25.
2.	Childrens Services- Assessment Unit (Slippage of £0.18M from 2023/24 to 2025/26) Finalising an acceptable design took much longer than planned (due primarily to issues regarding fire safety) and procurement delays meant getting out to tender also took longer than estimated. This means a contract hasn't been agreed, so works are not expected to start until the end of the current financial year and continue into 2024/25.
3.	Oakwood Heating (Slippage of £0.10M from 2023/24 to 2024/25) Once we have a lead appointed the specification is anticipated to be completed by February, then out to tender so minimal spend is expected in 2023/24. Works will commence in 2024/25.
	Corporate Services
4.	IT Equipment and Software Refresh (Slippage of £0.10M from 2023/24 to 2024/25) Purchasing equipment has been purposefully delayed, especially desktop replacement, as much as possible with a revised approach to refresh and employing an equipment amnesty to regain any stock not in use. This has slowed down the requirement to make large equipment purchases. The approach is still being reviewed as equipment is ageing and therefore failures will increase, and we will need to purchase replacements in 2024/25. Some projects have also taken longer time to come to fruition such as MFD replacement, but these are due to be worked on in Q4 into 2024/25.
	Place
5.	Transforming Cities Fund (Slippage of £11.75M from 2023/24 to 2024/25) It has been agreed with DfT that funding for this programme of works can be slipped into 2024/25. The key reasons for the extension of the programme into a 5th year is due to delays in delivering the Ring Road scheme due to no network space until now, and the requirement of a second round of consultation for the Portswood schemes thereby delaying both the design and delivery of the schemes along this corridor.
6.	Public Transport (Slippage of £0.73M from 2023/24 to 2024/25) The Clean Bus project is ringfenced as ZEBRA2 match funding, the outcome of the Council's bid will be known in March 2024 and if successful works will begin in 2024/25.

7.	Cycling (Slippage of £1.05M from 2023/24 to 2024/25) Active Travel Fund (ATF) funds two specific schemes (Honeysuckle Road and Bitterne Road East). Whilst the former is near complete, Bitterne Road East is in the planning phase with delivery in Q3 of next financial year. Most of the ATF funding received therefore needs slipping into next financial year.
8.	Art Gallery Roof (Slippage of £0.18M from 2023/24 to 2025/26 and 2026/27) The project went out under a two-phase tender and returned a works cost in excess of the budget. The requirement to secure additional funding and the negotiating the contractors profile of the works has resulted in the works being started later and the tail end of the programme extending into 2026/27.
	HRA
9.	Fire Safety - High Rise Ventilation Upgrades (Slippage of £0.81M from 2023/24 to 2024/25) The works on this project have not progressed as originally expected due to the shortage of resources. The project is currently looking to recruit for the required posts.
10.	Sprinkler Work (Slippage of £1.75M from 2023/24 to 2024/25) The contractor on this project is late commencing the works, resource issues and delays around new incoming water and electric mains have caused the budget to slip into 2024/25.

Appendix 4

Capital Resources Available as at December 2023 (Capital Receipts; Community Infrastructure Levy and Section 106 funds)

Resource	Balance Bfwd £M	Received to Date 2023/24 £M	Allocated to Current Programme £M	Available Funding £M	Anticipated Receipts in Year £M
Capital Receipts*	(3.12)	(0.25)	3.59	(0.00)	(0.00)
CIL	(6.11)	(0.64)	20.46	(0.00)	(0.50)**
S106	(8.56)	(0.44)	6.63	(2.37)	(0.06)
	(26.83)	**(1.33)**	**30.68**	**(2.37)**	**(0.56)**

*Now includes Loan Repayment receipts to fund transformation

**A further £14M anticipated in future years

General Fund Capital Receipts Forecast

	Bfwd £M	2023/ 2024 £M	2024/ 2025 £M	2025/ 2026 £M	2026/ 2027 £M	2027/ 2028 £M	Total £M
Current Forecast	(3.12)	(0.00)	(0.00)	(0.00)	(0.35)	(0.00)	(3.47)

NB.

1. There may be small arithmetic variations in the table as figures have been rounded
2. Forecast excludes potential contribution of ADDP. The forecast will be updated once assets to be sold have been identified and estimated receipts are known.

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Appendix 5

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

Programme Comparison

	2023/ 2024 £M	2024/ 2025 £M	2025/ 2026 £M	2026/ 2027 £M	2027/ 2028 £M	Total £M
Revised Programme	126.93	168.84	104.57	56.51	34.53	491.39
Previous Programme	142.80	151.90	104.72	56.36	34.53	490.32
Movement	**(15.87)**	**16.94**	**(0.15)**	**0.15**	**0.00**	**1.08**

Programme	2023/ 2024 £M	2024/ 2025 £M	2025/ 2026 £M	2026/ 2027 £M	2027/ 2028 £M	Total £M
Children & Learning	9.83	14.34	9.69	26.16	0.71	60.72
Corporate Services	2.78	0.87	0.50	0.00	0.00	4.15
Place	67.32	67.08	20.58	2.66	1.00	158.64
Strategy & Performance and CEO	2.68	0.90	0.00	0.00	0.00	3.59
Wellbeing & Housing	3.79	2.92	1.89	0.00	0.00	8.60
Total General Fund	**86.40**	**86.11**	**32.66**	**28.82**	**1.71**	**235.69**
Housing Revenue Account	40.53	82.74	71.92	27.69	32.82	255.70
TOTAL CAPITAL PROGRAMME	**126.93**	**168.84**	**104.57**	**56.51**	**34.53**	**491.39**
Use of Resources						
*CR - GF Borrowing	(21.12)	(21.95)	(13.61)	(27.98)	(0.71)	(85.37)
*CR - HRA Borrowing	(15.26)	(41.89)	(49.52)	(11.49)	(8.78)	(126.94)
Capital Receipts	(4.63)	(3.51)	(1.71)	(1.20)	(2.40)	(13.45)
Direct Revenue Financing	(12.05)	(10.96)	(5.66)	(0.50)	(1.00)	(30.17)
Capital Grants	(50.77)	(51.20)	(13.05)	(0.34)	0.00	(115.36)
Contributions	(3.36)	(1.15)	(0.48)	(0.48)	(1.28)	(6.74)
HRA – MRA	(19.75)	(38.18)	(20.54)	(14.52)	(20.36)	(113.35)
Total Financing	**(126.93)**	**(168.84)**	**(104.57)**	**(56.51)**	**(34.53)**	**(491.39)**

*CR – Council Resources

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

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DECISION-MAKER:		CABINET		
SUBJECT:		REVENUE FINANCIAL MONITORING FOR THE PERIOD TO THE END OF DECEMBER 2023		
DATE OF DECISION:		20 FEBRUARY 2024		
REPORT OF:		CABINET MEMBER FOR FINANCE & CHANGE		
CONTACT DETAILS				
Executive Director	**Title:**	Executive Director Corporate Services and Section 151 Officer		
	Name:	Mel Creighton	**Tel:**	023 8083 3528
	E-mail:	Mel.Creighton@southampton.gov.uk		
Author:	**Title:**	MTFS & Revenue Manager		
	Name:	Stephanie Skivington	**Tel:**	023 8083 2692
	E-mail:	Stephanie.Skivington@southampton.gov.uk		

STATEMENT OF CONFIDENTIALITY
Not Applicable

BRIEF SUMMARY

The report summarises the General Revenue Fund, Housing Revenue Account (HRA) and Collection Fund financial position for the council as at the end of December 2023.

The current forecast General Revenue Fund deficit for the year is £11.83M. This is after taking account of £23.97M agreed in-year cost control measures and savings (including favourable monitoring variances), of which £13.10M are in the process of delivery.

The most significant forecast deficit is for the Children & Learning Directorate (£6.58M), with substantial forecast deficits also in the Corporate Services Directorate (£2.35M) and Wellbeing & Housing Directorate (£3.23M).

The MTFS update report to Cabinet and Council in July 2023 set out the financial strategy adopted and actions being taken to address the challenges faced. Further MTFS update reports to Cabinet in October 2023 and November 2023 included additional measures to help reduce expenditure to within budget for 2023/24 and to contribute to achieving a sustainable budget for future years.

While progress is being made in reducing the in-year overspend, which has come down from £20.91M at quarter 1 to £11.83M at quarter 3, it is unlikely that the deficit will be eradicated by the end of the financial year. Work continues on minimising the overspend to reduce the contribution from already depleted reserves that will be needed to balance the budget.

RECOMMENDATIONS:

	General Revenue Fund Cabinet is recommended to:	
	i)	Note the forecast outturn position is a £11.83M deficit, after taking account of £23.97M agreed in-year cost control measures and savings, as outlined in paragraphs 3 to 11.
	ii)	Note the performance in delivering agreed savings plans and in-year cost control measures for 2023/24 as detailed in paragraph 12.
	iii)	Note the performance of treasury management, and financial outlook in paragraphs 13 to 17.
	iv)	Note the performance against prudential indicators in paragraphs 18 and 19.
	v)	Note the forecast year end position for reserves and balances as detailed in paragraphs 20 to 22.
	vi)	Note the Key Financial Risk Register as detailed in paragraph 23.
	vii)	Note the improvement in the Dedicated Schools Grant cumulative deficit detailed in paragraph 27.
	viii)	Note the performance indicators detailed in paragraphs 30 to 31.
	ix)	Note the forecast outturn position outlined in the Collection Fund Statement detailed in paragraphs 35 to 40.
	Housing Revenue Account Cabinet is recommended to:	
	x)	Note the forecast outturn position is a surplus of £0.59M as outlined in paragraphs 32 to 34.

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)	
	Revenue Financial Position
3.	The current forecast spending against the council's net General Fund revenue budget for the year is projected to be a deficit of £11.83M after taking account of £23.97M agreed in-year cost control measures and savings (which includes financial monitoring favourable variances), of which £13.10M are in the process of delivery. The position is summarised in Table 1 below.

4.	**Table 1 – General Revenue Fund Forecast 2023/24**

	Budget Quarter 3 £M	Annual Forecast Quarter 3 £M	Forecast Variance Quarter 3 £M	Forecast Variance Quarter 2 £M	Movement from Quarter 2 £M
Children & Learning	64.02	70.60	6.58 A	7.67 A	1.10 F
Corporate Services	39.23	41.58	2.35 A	2.35 A	0.01 A
Place	28.59	28.07	0.52 F	0.47 A	0.99 F
Strategy & Performance and CEO	3.65	3.98	0.33 A	0.11 A	0.22 A
Wellbeing & Housing	95.28	98.52	3.23 A	4.01 A	0.77 F
Total Directorates	**230.77**	**242.75**	**11.98 A**	**14.61 A**	**2.63 F**
Centrally Held Budgets	(9.19)	(8.90)	0.29 A	0.11 F	0.40 A
Net Revenue Expenditure	**221.58**	**233.85**	**12.26 A**	**14.50 A**	**2.23 F**
Financing	(221.58)	(222.01)	0.43 F	0.43 F	0.00
(Surplus) / Deficit for the year	**0.00**	**11.83**	**11.83 A**	**14.07 A**	**2.23 F**

Numbers are rounded

	<u>Children & Learning</u>
5.	The Children & Learning Directorate has a forecast deficit of £6.58M (10.3%), a favourable movement of £1.10M from the position at quarter 2. The biggest forecast deficit relates to home to school transport (£4.05M), which is due to higher unit prices as well as increased numbers of pupils with an Education, Health and Care Plan (EHCP) who are eligible for transport. Cost reductions are starting to be achieved by reducing the number of journeys through route optimisation and retendering journeys that use larger vehicles. There is also a deficit of £3.18M for Children Looked After, with demand pressures on placement spend. Package costs are being reviewed and challenged on a weekly basis to bring costs down. This area forms part of a transformation project to help deliver further cost reductions and savings. The application of grant funding is being maximised across the directorate to reduce the forecast deficit.
	<u>Corporate Services</u>
6.	The Corporate Services Directorate has a forecast deficit of £2.35M (6.0%), an adverse movement of £0.01M from the position at quarter 2. Over half of the forecast deficit relates to IT Services (£1.71M), arising from shortfalls in the salary budget (£0.64M), income from rechargeable costs (£0.90M) and income from schools (£0.45M), together with an unachievable prior year saving (£0.20M), offset by £0.48M of in-year staffing and contract savings. Work is continuing to reduce licensing, contract and system costs to reduce the forecast deficit.

	Place
7.	The Place Directorate has a forecast surplus of £0.52M (1.8%), a favourable movement of £0.99M from the position at quarter 2. Favourable variances for Waste (£1.16M) from increased income (including a new energy from waste income stream), lower disposal costs and a pause in project work, and for Parking & Itchen Bridge (£0.77M) from new city centre car park tariffs and a wider increase in usage are key components of this favourable position.
	Strategy & Performance and the Chief Executive's Office (CEO)
8.	The Strategy & Performance and CEO Directorate has a forecast deficit of £0.33M (9.1%), an adverse movement of £0.22M from the position at quarter 2.
	Wellbeing & Housing
9.	The Wellbeing & Housing Directorate has a forecast deficit of £3.23M, a favourable movement of £0.77M from the position at quarter 2. The main area of forecast overspending relates to Adults – Long Term (£4.02M) which includes increased costs of care (£1.46M) and a £1M increase in the cost of bad debts, together with £3.33M for the risk of costs increasing in the final quarter of the year based on past experience, offset by £1.68M new government funding for care costs. Various interventions and projects are planned to take place during the remainder of the year to prevent the cost increases occurring.
10.	More detail, including explanations of significant variances as at quarter 3 (in excess of £0.2M) is provided in Appendix 1. Annex 1.1 shows how the service areas under each directorate translate to Cabinet portfolios.
11.	Work continues on identifying ways to bring down costs and generate more income to reduce overspending in-year and help improve the financial position for future years.
	Implementation of Savings Plans
12.	£40.12M of directorate savings plans have been agreed for 2023/24, including agreed in-year savings and cost control measures. £37.26M (93%) have been achieved or are on track to be achieved before the end of this financial year. The balance of £2.86M (7%) are currently not forecast to be achieved and are included in the adverse variances reported for directorates. A full list of all directorate savings for 2023/24 and their achievability status is provided in Appendix 2.
	Treasury Management
13.	Treasury Management borrowing and investment balances as at 31 December 2023 and forecasts for the year-end are set out in Appendix 3. After taking into account maturing and new debt requirements in year and a forecast reduction in investment balances, net debt is expected to increase by £74.42M to £380.15M as at 31 March 2024, a reduction of £7.10M from the position at quarter 2, due to a reduction in the draw on balances. This forecast remains subject to change, most notably regarding the use of balances and changes to the capital programme.
14.	As at 31 December 2023 the forecast cost of financing the council's loan debt was £20.45M of which £5.88M related to the HRA, however this will be subject to movement as the need for further borrowing for the remainder of the year becomes more certain.
15.	Interest rates have seen a substantial rise over the last two years, although began to plateau towards the end of 2023. Rates over the last 3 quarters were at the peak between June and October, since then they have fallen back to lows last seen in April

	2023. Gilt yields have remained volatile, facing upward pressure following signs that UK growth had been more resilient and inflation stickier than expected. However more recent signs of slowing inflation and the perception of an increasingly struggling economy have now begun to change this sentiment, resulting in falling gilt yields and, consequently, PWLB rates. The bank rate has remained at 5.25% since August 2023 and our treasury management advisors believe it has now peaked. No further debt was taken in quarter 3 but we will need to borrow before year end to meet forecast cashflow. Any borrowing will be done in consultation with the council's treasury management advisors.
16.	Treasury management investments are primarily made to manage day-to-day cash flows using short-term low risk instruments. The council's investment balances as at 31 December 2023 were £51.78M and are expected to reduce to £48M by year end.
17.	Appendix 3 includes an overview of current performance along with an update on the financial outlook.
	<u>Prudential Indicators</u>
18.	The council is required to have regard to the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code) when determining how much it can afford to borrow. The Prudential Code includes a series of indicators to demonstrate the objectives of the Code are being fulfilled. It is now a requirement of the Prudential Code that these are reported on a quarterly basis. The prudential indicators as at the end of December 2023 are detailed in Appendix 4. The council has operated within the limits set by the prudential indicators for the period to 31 December 2023. The prudential indicators include the ratio of financing costs to net revenue stream as a measure of the affordability of the capital programme. The upper limit for this ratio is set at 11%. This allows for known borrowing decisions in the next two years and to allow for additional borrowing affecting major schemes, it includes the cost of long term liabilities but now excludes investment income in line with the revised code. The 2023/24 forecast for the General Fund is 9.58%.
19.	The Department for Levelling Up, Housing and Communities (DLUHC) issued two consultations in December 2023 - a "final" consultation on proposed changes to regulations and statutory guidance on Minimum Revenue Provision (MRP) closing on 16 February 2024 and a "call for views" on capital measures to improve sector stability and efficiency closing on 31 January 2024. Draft regulations and draft statutory guidance are included in the MRP consultation. The proposals remain broadly the same as those in June 2022 – to limit the scope for authorities to (a) make no MRP on parts of the capital financing requirement (CFR) and (b) to use capital receipts in lieu of a revenue charge for MRP. In its call for views on capital measures, the government wishes to engage with councils to identify and develop options for the use of capital resources and borrowing to support and encourage 'invest-to-save' activity and to manage budget pressures without seeking exceptional financial support. Whilst the government has identified some options including allowing authorities to capitalise general cost pressures and meet these with capital receipts, there is no commitment to take any of the options forward. We are currently reviewing these consultations and will report back any action or changes required to our practices and procedures.

	Reserves & Balances
20.	At the 31 March 2023, earmarked revenue reserves totalled £49.59M, plus schools balances totalling £5.46M. As at the end of December 2023 the forecast 2023/24 year-end balance for non-school reserves was £28.07M, before any use to meet the £11.83M in-year deficit. This includes contributions to new Transformation and Improvement, Organisational Redesign and Investment Risk reserves totalling £4.87M agreed as part of the October 2023 MTFS update. The net forecast reduction in non-school reserves of £21.52M includes £20.62M planned use of reserves per the MTFS agreed in February 2023, release of £5.56M of revenue grants carried forward via reserves (including Public Health Grant), a forecast net drawdown of £1.30M from the On Street Parking Reserve to fund the capital programme and net drawdowns totalling £1.14M from other reserves, offset by the £4.87M contribution to new reserves and a contribution of £2.23M for the in-year surplus on the Dedicated Schools Grant.
21.	The forecast year-end balance for the Medium Term Financial Risk (MTFR) Reserve is £9.42M. This is not sufficient to cover the in-year deficit if it is not reduced from its current level. Any one-off sums set aside in the Transformation & Improvement Reserve or Organisational Redesign Reserve that have not been utilised during the year would be the first call for any residual deficit.
22.	The General Fund balance is currently £10.07M, which is 4.5% of the net revenue budget compared to a minimum level of 5% of net revenue expenditure recommended by CIPFA. Based on the forecast as at the end of December 2023, the General Fund Balance will not be required to meet any of the in-year deficit.
	Key Financial Risks
23.	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 Appendix 5.
	Schools
24.	As at 31 December 2023 there were 14 schools forecasting a deficit balance totalling £3.7M which compares to deficits totalling £4.5M at the end of the last financial year (2022/23). There are 28 schools forecasting a surplus balance of £6.7M which compares to surpluses totalling £9.5M at the end of the last financial year. The net position is therefore a £3.0M surplus. At the time of writing there are two schools in deficit working with the Executive Director for Children and Learning, and the finance team to finalise their deficit recovery plans (DRP). These are: • Compass Alternative Provision • Townhill Junior Compass Alternative Provision have received advice during September from a School Resource Management Adviser, provided free of charge by the Department for Education. The results are expected to be incorporated into a Deficit Recovery Plan. Townhill Junior has produced a Deficit Recovery Plan which needs to be approved by its board of governors.
25.	The Schools Finance team are working with schools and providing advice on areas where the schools need to make changes to return to surplus. 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 that have experienced significant COVID-19 pressures.
26.	When a school is required to become an academy by the Department for Education, normally following an inadequate Ofsted inspection grade, then the deficit on conversion becomes a charge to the council's General Fund. There are currently two schools with an Ofsted grade "Requires Improvement", with a combined deficit totalling £0.8M.
	Dedicated Schools Grant (DSG) 2023/24
27.	The forecast outturn for the Dedicated Schools Grant (DSG) as at the end of December 2023 is a £7.9M cumulative deficit, an improvement of £2.2M from the £10.1M cumulative deficit as at 31 March 2023. The deficit has been driven primarily by the significant year on year increases in Education Health Care Plans (EHCPs) and with higher levels of needs in these plans. Whilst this reflects the national picture, the impact is reflected in our local financial resilience. The increase in High Needs funding in 2023/24 has helped mitigate some of the pressure being experienced and further work is being undertaken as part of the DfE programme Delivering Better Value in SEND. The primary strategy for managing the increase in High Needs is threefold: 1. Reduce the number of children requiring an Education and Health Care Plan through targeted early intervention support, through enhanced training and support to schools and parents. 2. Reduce the number of children requiring a place at a special school, by improving the consistency of offer and inclusive practice at mainstream schools and by developing SEND units and resourced provisions within mainstream schools. 3. Maintain a reduction in the reliance of placements in high cost out of city special independent school places, by enhancing the offer and facilities of local mainstream schools, and on the development of highly specialist units and resourced provisions. There has been a reduction in the number of placements in out of city special independent school places and the resultant reduced spend is reflected in the forecast reduction in the deficit.
28.	The Schools Budget is ring-fenced and presently the DSG deficit is subject to a statutory override which means that the deficit will not impact on the wider council services or council tax payers. The statutory override is in place until March 2026, having recently been extended by 3 years.
29.	What this means, however, is that whatever deficit remains, as of April 2026, will impact directly on the council and will need to be covered by General Fund resources. It is therefore important the council ensures robust plans are in place to address the deficit within the 3 year window allowed by Government. The council will need to engage with other authorities and Government to control this deficit. This is likely to be a difficult challenge, which faces many councils nationally.
	Performance Indicators
30.	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 performance indicators. Appendix 6 outlines the performance to date, 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.

31.	For Income Collection, average days sales outstanding and percentage of debt more than 12 months old are not achieving the targets set for the year. The Customer Payments and Debt Team has been involved with implementing a major upgrade to the system used to collect housing income which has impacted collection rates. The major contributor to the average day sales outstanding performance is adult social care debt (e.g. clients waiting for appointeeship and deputyship) and levels of former tenant arrears. This is closely linked to the percentage of debt more than 12 months old performance. The Team has focussed on aged debt in the last quarter, hence the improvement since quarter 2. For Creditor Payments, although performance for valid and undisputed invoices paid within 30 days has improved and is now exceeding the target, the issues with non-compliance remain. Due to the holiday period in December, there were fewer invoices to process so it is felt that the performance is a reflection of this rather than increased compliance. The January figures will help determine whether or not this assumption is correct. For Tax Collection, the target for in-year council tax collection is not being achieved. However, the target was increased by 0.89% compared to the previous year's actual collection rate with no additional resources to help improve performance, and performance has actually improved by 0.20% compared with last year despite vacancies within the team.
	Housing Revenue Account (HRA)
32.	The Housing Revenue Account is forecast to have a surplus of £0.59M for the year, no change to the position as at quarter 2, as summarised in Table 2 below, which will be used to increase the HRA working balance to £2.59M.
33.	**Table 2 – Housing Revenue Account Forecast 2023/24**

	Budget Quarter 3 £M	Annual Forecast Quarter 3 £M	Forecast Variance Quarter 3 £M	Forecast Variance Quarter 2 £M	Movement from Quarter 2 £M
Expenditure	79.77	79.20	0.58 F	0.58 F	0.00
Income	(79.77)	(79.78)	0.01 F	0.01 F	0.00
(Surplus) / Deficit for the year	**0.00**	**(0.59)**	**0.59 F**	**0.59 F**	**0.00**

Numbers are rounded

34.	Details of significant variances to budget are provided in Appendix 7.
	Collection Fund
35.	Appendix 8 shows the forecast outturn position for the Collection Fund at quarter 3, with the position summarised in Table 3.

36.	**Table 3 – Collection Fund Forecast 2023/24**

	Council Tax £M	Business Rates £M	Total £M
Distribution of previous years' estimated surplus/(contribution towards estimated deficit)	(0.31)	3.45	3.14
Net (income)/expenditure for 2023/24	0.58	2.38	2.96
(Surplus)/Deficit for the year	**0.28**	**5.83**	**6.10**
(Surplus)/Deficit brought forward from 2022/23	0.90	(13.20)	(12.30)
Overall (Surplus)/Deficit Carried Forward	**1.18**	**(7.38)**	**(6.20)**
SCC Share of (Surplus)/Deficit	**0.99**	**(3.61)**	**(2.63)**
Add: Variance in SCC government grant income for business rates reliefs for 2023/24		0.09	0.09
SCC Net Share of (Surplus)/Deficit including government grant adjustments to be taken into account in 2024/25 budget setting	**0.99**	**(3.52)**	**(2.54)**

Numbers are rounded

37.	The position on the Collection Fund as a whole is a forecast surplus to be carried forward of £6.20M, comprising a forecast deficit of £1.18M for Council Tax and a forecast surplus of £7.38M for Business Rates.
38.	For Council Tax, £0.90M of the deficit was carried forward from 2022/23. Of this, £0.31M was estimated in January 2023 and is being recouped in the current year. The net expenditure for 2023/24 excluding the contribution towards the previous years' estimated deficit is £0.58M. This relates primarily to a higher level of exemptions than estimated when the budget was set.
39.	For business rates, a surplus of £13.20M was carried forward from 2022/23. Of this, £3.45M was estimated in January 2023 and is being distributed in the current year. The net expenditure for 2023/24 excluding the distribution of the previous years' estimated surplus is £2.38M. This primarily relates to a £3.33M increase in the amount set aside for appeals compared to budget, offset by a £1.02M reduction in amount set aside for bad debts compared to budget.
40.	The council's share of the forecast £6.20M surplus is £2.63M. In addition, grant compensation for business rates reliefs is forecast to be £0.09M less than budgeted, resulting in a forecast adjusted surplus of £2.54M. This surplus is being taken into account in setting the 2024/25 budget and is not available for use in 2023/24.
	Conclusion and Outlook
41.	Measures have been brought forward throughout the year to help reduce expenditure to within budget for the current year and to stabilise the council's financial position. While some progress is being made the position remains challenging, with a forecast deficit on the General Revenue Fund of £11.83M for the year, and it is unlikely that the deficit will be eradicated by the end of the financial year.

RESOURCE IMPLICATIONS	
Capital/Revenue	
42.	The revenue implications are contained in the report.
Property/Other	
43.	None.
LEGAL IMPLICATIONS	
Statutory power to undertake proposals in the report:	
44.	Financial reporting is consistent with the Section 151 Officer's duty to ensure good financial administration within the Council.
Other Legal Implications:	
45.	None.
RISK MANAGEMENT IMPLICATIONS	
46.	See comments within the report. There is a risk that if cost control measures and savings do not mitigate the overspend adequately, reserves and/or balances will need to be used up to balance the budget.
POLICY FRAMEWORK IMPLICATIONS	
47.	None.

KEY DECISION? No

WARDS/COMMUNITIES AFFECTED:	All

SUPPORTING DOCUMENTATION

Appendices

1.	General Revenue Fund Forecast Qtr 3 2023/24
2.	Savings and In-Year Cost Control Measures Qtr 3 2023/24
3.	Treasury Management Qtr 3 2023/24
4.	Prudential Indicators Qtr 3 2023/24
5.	Key Financial Risks Register Qtr 3 2023/24
6.	Performance Indicators Qtr 3 2023/24
7.	Housing Revenue Account (HRA) Forecast Qtr 3 2023/24
8.	Collection Fund Forecast Qtr 3 2023/24

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

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)

1.	The Revenue Budget 2023/24, Medium Term Financial Strategy and Capital Programme (Council 22 February 2023)	
2.		

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Appendix 1

OVERALL GENERAL REVENUE FUND FORECAST OUTTURN POSITION FOR 2023/24

Directorate	Budget Quarter 3 £M	Annual Forecast Quarter 3 £M	Forecast Variance Quarter 3 £M	Forecast Variance Quarter 2 £M	Movement from Quarter 2 £M
Children & Learning	64.02	70.60	6.58 A	7.67 A	1.10 F
Corporate Services	39.23	41.58	2.35 A	2.35 A	0.01 A
Place	28.59	28.07	0.52 F	0.47 A	0.99 F
Strategy & Performance and CEO	3.65	3.98	0.33 A	0.11 A	0.22 A
Wellbeing & Housing	95.28	98.52	3.23 A	4.01 A	0.77 F
Total Directorates	**230.77**	**242.75**	**11.98 A**	**14.61 A**	**2.63 F**
Levies & Contributions	0.09	0.09	0.01 A	0.01 A	0.00
Capital Asset Management	9.86	9.75	0.11 F	0.11 F	0.00
Other Expenditure & Income	(19.14)	(18.75)	0.39 A	0.01 F	0.40 A
Net Revenue Expenditure	**221.58**	**233.85**	**12.26 A**	**14.50 A**	**2.23 F**
Council Tax	(115.51)	(115.51)	0.00	0.00	0.00
Business Rates	(49.14)	(49.14)	0.00	0.00	0.00
Non-Specific Government Grants	(56.93)	(57.36)	0.43 F	0.43 F	0.00
Total Financing	**(221.58)**	**(222.01)**	**0.43 F**	**0.43 F**	**0.00**
(SURPLUS)/DEFICIT	**0.00**	**11.83**	**11.83 A**	**14.07 A**	**2.23 F**

Numbers are rounded

Annex 1.1 shows how the service areas within each directorate relate to portfolios.

EXPLANATIONS BY DIRECTORATE

1. CHILDREN & LEARNING

KEY REVENUE ISSUES – QUARTER 3 2023/24

The Directorate is currently forecast to have a deficit of **£6.58M**, which represents a percentage variance against budget of **10.3%.** The Directorate forecast variance has moved favourably by **£1.10M** from the position reported at Quarter 2.

	Budget £M	Forecast Outturn £M	Forecast Variance Qtr 3 £M	Forecast Variance Qtr 2 £M	Movement from Qtr 2 £M	% of budget
Directorate Forecast Outturn	**64.02**	**70.60**	**6.58 A**	**7.67 A**	**1.10 F**	**10.3%**

A summary of the Directorate forecast variance and movement since Quarter 2 is shown in the table below:

Service Area	**Budget £M**	**Forecast Outturn £M**	**Forecast Variance Qtr 3 £M**	**Forecast Variance Qtr 2 £M**	**Variance Movement from Qtr 2 £M**
Divisional Management	1.79	1.51	0.28 F	0.27 F	0.01 F
Legal (Children's)	0.60	0.36	0.24 F	0.00	0.24 F
Safeguarding	9.75	9.30	0.45 F	0.07 F	0.37 F
Children Looked After	29.43	32.61	3.18 A	2.83 A	0.35 A
Pathways Through Care	0.71	1.06	0.35 A	0.36 A	0.01 F
Children & Families First	2.71	2.31	0.40 F	0.07 A	0.47 F
Stronger Communities (Child Friendly City)	0.02	0.07	0.05 A	0.14 A	0.09 F
Education - Home to school transport and property management	7.11	11.28	4.17 A	4.32 A	0.15 F
Education - Services for schools, High Needs	5.78	6.01	0.23 A	0.17 A	0.06 A
Other	6.12	6.09	0.03 F	0.12 A	0.16 F
Total	**64.02**	**70.60**	**6.58 A**	**7.67 A**	**1.10 F**

The SIGNIFICANT issues for the directorate are:

<table>
<tr><th>Service Area</th><th>Forecast Variance Qtr 3 £M</th><th>Explanation</th></tr>
<tr><td>Divisional Management & Legal</td><td>0.28 F</td><td>As at Quarter 3 there is a favourable variance of £0.28M. This is due to reduced project costs by focusing projects and change support on a smaller number of key projects as well as increased grant funding to offset staffing costs.

The favourable movement of £0.01M from Quarter 2 relates to reduced project costs by focusing projects and change support on a smaller number of key projects.</td></tr>
<tr><td>Legal (Children's)</td><td>0.24 F</td><td>As at Quarter 3 there is a favourable variance of £0.24M. This is following a review of current and future spend between the Service, Legal and Finance teams.</td></tr>
<tr><td>Safeguarding</td><td>0.45 F</td><td>Safeguarding - as at Quarter 3 there is a forecast £0.45M favourable variance due to the implementation of improvements to reduce costs of expensive and intrusive social care interventions with families by providing efficient and cost effective support for families at the earliest opportunity. Additionally, there are staffing vacancies forecasted within the service teams.

The favourable movement of £0.37M from Quarter 2 mainly relates to additional staff vacancy movements.</td></tr>
<tr><td>Children Looked After</td><td>3.18 A</td><td>Children Looked After - The adverse variance at Quarter 3 of £3.18M relates to a number of demand pressures within the Children Looked After Teams' placement spend. These adverse variances against budget and the movement from Quarter 2 are detailed below:
<table>
<tr><th>Area</th><th>Q3 £M</th><th>Q2 £M</th><th>Mvt £M</th></tr>
<tr><td>Residential placements</td><td>1.46 A</td><td>1.09 A</td><td>0.37 A</td></tr>
<tr><td>SCC Foster Carers</td><td>0.38 A</td><td>0.44 A</td><td>0.06 F</td></tr>
<tr><td>Special Guardianship</td><td>0.49 A</td><td>0.37 A</td><td>0.12 A</td></tr>
<tr><td>Unaccompanied Asylum Seeking Children costs</td><td>0.28 A</td><td>0.37 A</td><td>0.09 F</td></tr>
<tr><td>Children in Care Teams</td><td>0.69 A</td><td>0.61 A</td><td>0.08 A</td></tr>
<tr><td>Independent Foster Carers (IFAs)</td><td>0.02 A</td><td>0.06 A</td><td>0.04 F</td></tr>
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<table>
<tr><td>Offset by a favourable variance due to staffing underspends in the Fostering and Phoenix Teams.</td><td>0.14 F</td><td>0.11 F</td><td>0.03 F</td></tr>
<tr><td>TOTAL</td><td>3.18 A</td><td>2.83 A</td><td>0.35 A</td></tr>
</table>
Work is currently being undertaken to review the current overspend by reviewing and challenging the package cost status of Children Looked After on a weekly basis.
The current forecasted spend In Children Looked After (CLA) and Pathways this year is £32.61M which is significantly below the 2022/23 outturn of £35.29M.
</td></tr>
<tr><td>Pathways Through Care</td><td>0.35 A</td><td>
As at Quarter 3 there is a forecast adverse variance of £0.35M based on the current number of clients causing an adverse movement of £0.64M however there is a favourable variance of £0.29M which partly mitigates this adverse position with the use of the Staying Close grant that has been awarded to the service.
The overspend position continues to be managed by reviewing activity relating to care leaver accommodation.
The favourable movement of £0.01M from Quarter 2 mainly relates to reviewing the spend profile relating to care leaver accommodation.
</td></tr>
<tr><td>Children & Families First</td><td>0.40 F</td><td>
As at Quarter 3 there is a favourable variance of £0.40M. There is a forecast £0.08M favourable variance due to an increase in the payment by results elements of the Supporting Families Grant as well as additional cost reductions following allocation of the Family Hubs Grant to the sum of £0.32M.
The favourable movement of £0.47M from Quarter 2 relates to an increased £0.33M allocation of the Family Hubs grant against existing costs following a review, £0.08M favourable variance due to an increase in the payment by results elements of the Supporting Families Grant, and smaller favourable movements amounting to £0.06M.
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Education - Home to school transport and property management	4.17 A	As at Quarter 3 there is a forecast adverse variance of £4.17M. £4.05M is due to the increased costs experienced by the School Travel Service arising from higher unit prices as well as increased numbers of pupils with an Education, Health and Care Plan (EHCP) who are eligible for home to school transport. A programme of works to reduce the costs has begun and this is being achieved by reducing the number of journeys through route optimisation and retendering journeys that use larger vehicles. Operational costs have reduced in year by £0.41M with further routes under review. The Educational Psychologists team have pressures of £0.16M not being able to achieve savings targets as well as additional staff costs to meet the increase in demands as the statutory tasks arising from the increase in EHCPs are prioritised as well as maintaining the budgeted levels of income. Cost mitigation measures have been implemented to reduce the pressure by reducing non salary costs and increasing income. These pressures are offset by net cost reductions of £0.04M from property management. The favourable movement of £0.15M since Quarter 2 is due to the removal of the Home to School consultants' costs as they are to be met by the Council's contingency and some further cost reductions in the School Travel Service. There have also been cost reductions and increased income in the Education Psychologist team of £0.02M.
Education - Services for schools, High Needs	0.23 A	As at Quarter 3 there is a forecast adverse variance of £0.23M. There are pressures in placement costs of £0.30M offset by reduced costs in client package costs of £0.06M. There are some staff costs pressures which are mostly offset by increased grant funding. Cost mitigation measures have been implemented to reduce the pressure by reducing staffing and running costs as well as increasing income. The adverse movement of £0.06M since Quarter 2 is due to an increase in placement costs £0.13M, an increase in staff costs £0.01M offset by an increase in grant funding (£0.08M).

2. CORPORATE SERVICES

KEY REVENUE ISSUES – QUARTER 3 2023/24

The Directorate is currently forecast to have a deficit of **£2.35M**, which represents a percentage variance against budget of **6.0%.** The Directorate forecast variance has moved adversely by **£0.01M** from the position reported at quarter 2.

	Budget £M	Forecast Outturn £M	Forecast Variance Qtr 3 £M	Forecast Variance Qtr 2 £M	Movement from Qtr 2 £M	% of budget
Directorate Forecast Outturn	**39.23**	**41.58**	**2.35 A**	**2.35 A**	**0.01 A**	**6.0%**

A summary of the Directorate forecast variance and movement since quarter 2 is shown in the table below:

Service Area	Budget £M	Forecast Outturn £M	Forecast Variance Qtr 3 £M	Forecast Variance Qtr 2 £M	Variance Movement from Qtr 2 £M
Accounts Payable	0.26	0.57	0.32 A	0.26 A	0.06 A
Accounts Receivable	2.16	2.15	0.01 F	0.18 A	0.19 F
Business Support	1.78	2.12	0.35 A	0.17 A	0.18 A
Commercialisation	(0.29)	0.02	0.31 A	0.31 A	0.00
Corporate Finance	2.79	2.70	0.09 F	0.15 A	0.24 F
Facilities Management	0.73	0.95	0.22 A	0.07 A	0.15 A
Highways Contracts	7.92	8.45	0.53 A	0.14 F	0.67 A
HR Services	3.21	3.13	0.08 F	0.08 F	0.00
IT Services	9.35	11.06	1.71 A	1.71 A	0.00
Leisure Contracts	2.54	1.88	0.66 F	0.08 F	0.58 F
Local Taxation & Benefits Services	2.10	2.45	0.35 A	0.20 A	0.15 A
Pension & Redundancy Costs	3.27	3.04	0.23 F	0.23 F	0.00
Supplier Management Services	1.59	1.36	0.23 F	0.14 F	0.09 F

Other Services	1.82	1.70	0.14 F	0.03 F	0.11 F
Total	**39.23**	**41.58**	**2.35 A**	**2.35 A**	**0.01 A**

The SIGNIFICANT issues for the directorate are:

Service Area	Forecast Variance Qtr 3 £M	Explanation
Accounts Payable	0.32 A	The adverse variance of £0.32M relates to unachievable prior year savings targets of £0.25M, including charging for the appointeeship service £0.03M; IDEA income £0.05M; renegotiation of payment terms with suppliers £0.03M; greater use of purchase cards £0.12M; and cost reduction of £0.03M. There is also a forecast overspend for staffing of £0.06M which includes the unbudgeted pay award pressure and unachievable vacancy management. Plus, additional printing & postage costs of £0.01M. The adverse forecast movement since Quarter 2 of £0.06M relates to the pressure in printing & postage costs identified.
Business Support	0.35A	The adverse variance of £0.35M relates to non-achievement of prior year savings for the reconfiguration of the Blue Badge Application process, automation, and staff savings of £0.23M. In addition, there is a salary related pressures of £0.12M including the pressure for the unfunded pay award and a pressure due to non-achievement of the vacancy management targets. The adverse forecast movement since Quarter 2 of £0.18M relates to the non-achievement of the full vacancy management target of £0.09M. Also, there is an additional unachievable saving identified of £0.06M and a new cost control measure for deletion of posts also for £0.06M both of which will not be achieved in this year only.
Commercialisation	0.31 A	The adverse variance of £0.31M relates to unachievable prior year savings targets including the commercialisation general target of £0.23M; the City Lottery Proposal £0.04M and

		the Enhancement of the Salary Sacrifice scheme £0.04M.
Facilities Management	0.22 A	The adverse variance of £0.22M relates to the non-achievement of savings targets for Civic Centre energy controls of £0.09M, cleaning costs of £0.09M, a restructure of the FM team of £0.05M and a reduction in the Civic Centre security costs of £0.02M. In addition to this there is a pressure for the unfunded pay award of £0.01M and minor overspends of £0.06M. This is offset by cost control measures of £0.02M and £0.08M for salary underspends due to vacancies. The adverse forecast movements since Quarter 2 of £0.15M relates to the identification of further unachievable savings of £0.17M and the minor overspends of £0.06M, which is offset by £0.08M of salary underspends.
Highways Contract	0.53 A	The adverse variance of £0.53M relates to a pressure of electricity costs £0.61M for street lighting, unachievable income for 3rd party income from planning applications due to a change in the legislation of £0.21M and the unachievable gain share after offsets of £0.20M. This is offset by backdated indexation for the recharge to the HRA £0.08M, cost control measures of £0.14M for ceasing find and fix, plus a historic rebate also from the find and fix contract £0.12M, pension adjustments to contracts of £0.04M and contract value underspends of £0.11M. The adverse movement since Quarter 2 of £0.67A relates to the electricity cost pressures of £0.61M and the unachievable income of £0.41M. This is offset by the backdated income from the HRA of £0.08M, the pensions adjustments of £0.04M, the rebate for find and fix of £0.12M and the contract underspends of £0.11M.
IT Services	1.71 A	The adverse variance of £1.71M relates to a shortfall in budget for the full salary establishment for the IT service of £0.56M and a capital recharge income pressure of £0.90M. In addition, there is a shortfall in the income from schools of £0.45M and an unachievable prior year savings target of £0.20M. There is also a pressure for the unfunded pay award of £0.08M. This is offset by savings identified of £0.48M, including £0.13M in the telecommunications

		budget and £0.35M for other staffing and IT contract savings. Work is continuing to be undertaken to reduce the deficit position including a review of licences, procurement arrangements and software system duplication. This review is being supported by an external organisation to ensure it can be completed at pace.
Local Taxation & Benefits Services	0.35 A	The adverse variance of £0.35M relates to the non-achievement of prior year savings of £0.16M for the reduction in the cost of collecting Council Tax and Business Rates and a reduction to the bad debt provision. There is also a staffing pressure of £0.04M for the unfunded pay award and pressure for unbudgeted printing and postage of £0.34M. This is offset by forecast staffing savings of £0.05M and New Burdens grant funding of £0.14M. The adverse forecast movements since Quarter 2 of £0.15M relates to the printing and postage pressures and an adverse movement for salaries of £0.05M. This is offset by the New Burdens grant funding of £0.14M.
Pension & Redundancy Costs	0.23 F	The favourable variance of £0.23M relates a saving of £0.23M to realign the pensions budget for compensatory added years (CAY) to reflect future forecast expenditure more accurately.
Supplier Management Services	0.23 F	The favourable variance of £0.23M relates to favourable business as usual staffing variance and changes to the funding for some posts of £0.37M. In addition to this there is a proposed saving of £0.03M for increased recharges to capital and some minor underspends of £0.02M. This is offset by £0.03M for the unfunded pay award and £0.16M of unachievable prior year savings for procurement. The favourable forecast movement since Quarter 2 of £0.09M relates to further underspends on salaries of £0.23M and the minor underspends, offset by the unachievable saving of £0.16M.

3. PLACE

KEY REVENUE ISSUES – QUARTER 3 2023/24

The Directorate is currently forecast to have a surplus of **£0.52M**, which represents a percentage variance against budget of **1.8%.** The Directorate forecast variance has moved favourably by **£0.99M** from the position reported at quarter 2.

	Budget £M	Forecast Outturn £M	Forecast Variance Qtr 3 £M	Forecast Variance Qtr 2 £M	Movement from Qtr 2 £M	% of budget
Directorate Forecast Outturn	**28.59**	**28.07**	**0.52 F**	**0.47 A**	**0.99 F**	**1.8%**

A summary of the Directorate forecast variance and movement since quarter 2 is shown in the table below:

Service Area	Budget £M	Forecast Outturn £M	Forecast Variance Qtr 3 £M	Forecast Variance Qtr 2 £M	Variance Movement from Qtr 2 £M
City Services	20.89	20.60	0.29 F	0.15 A	0.44 F
Consumer Protection & Environmental Services	(7.11)	(7.51)	0.40 F	0.23 F	0.17 F
Transport & Planning	5.36	5.77	0.41 A	0.40 A	0.01 A
Corporate Estates & Assets	4.04	3.45	0.59 F	0.23 F	0.36 F
Culture & Tourism	3.99	3.84	0.15 F	0.15 F	0.00
Economic Development & Regeneration	0.88	1.11	0.23 A	0.25 A	0.02 F
Others	0.53	0.80	0.27 A	0.28 A	0.01 F
Total	**28.59**	**28.07**	**0.52 F**	**0.47 A**	**0.99 F**

The SIGNIFICANT issues for the directorate are:

Service Area	Forecast Variance Qtr 3 £M	Explanation
City Services	0.29 F	There is a favourable position in Waste of £1.16M from increased income, including the introduction of a new income stream for electricity generation in the Waste disposal contract, the Waste Improvement & Transformation project intentionally being paused in year to generate a saving whilst waiting for guidance from central government, along with a reduction in forecast disposals costs based on the contract inflation for 2024 being lower than previously estimated. This is off-set by adverse forecasts in Fleet and Landscapes of £0.41M from reduced recharge income, District Operating Areas of £0.37M from increased operating costs and unachieved savings and other net pressures of £0.07M. The movement in Quarter 3 is mainly in Waste from increased income, particularly the new income stream for electricity generation from the waste disposal contract, along with a reduction in forecast disposals costs based on the contract inflation for 2024 being lower than previously forecast.
Consumer Protection & Environmental Services	0.40 F	The favourable variance of £0.77M in Parking & Itchen Bridge from new tariffs in city centre car parks generating additional income, along with a wider increase in usage. There are also other net favourable variances of £0.10M mainly from holding vacancies and reducing overtime. This is offset by an adverse variance of £0.32M on Port Health due to reduced income and a back dated business rate liability, and an adverse variance in respect of the Coroners service of £0.15M. The movement in Quarter 3 is from the introduction of the new city centre car park tariffs.
Transport & Planning	0.41 A	There is an adverse variance in Planning of £0.61M due to forecast planning application income being below budget based on past annual trends and estimates for major applications in 2023/24, along with the requirement to fund unbudgeted Local Plan activity undertaken in year. This is off-set by in-year savings in Transportation and Flood Risk Management of £0.20M.

Corporate Estates & Assets	0.59 F	There is a favourable variance from in-year savings to remove vacant posts of £0.48M, along with other action of £0.23M to increase staffing recharges to capital and generate external income through Joint Working Arrangements with other authorities. There is a £0.50M favourable variance on corporate landlord energy costs through better rates. This is off-set by adverse variances on reactive repairs of £0.29M through increase demand and £0.19M on the investment portfolio mainly due to additional legal fees. The movement in the quarter is mainly from action taken to be able to move a previously reported revenue pressure of £0.20M for revetments in Mayflower Park to capital funding.
Economic Development & Regeneration	0.23 A	There is an adverse variance from proposals to enhance the new service to facilitate growth in the City through masterplanning and increasing capacity of the team. The intention is that this additional investment leads to future growth in Council Tax and Business Rate income.
Others	0.27 A	There is a historic unachievable directorate wide saving related to agency staff. This has previously been held centrally and applied to relevant services as part of year process. As part of budget planning this saving is being removed and replaced by service specific proposals to ensure the overall cash limit is achieved.

4. STRATEGY & PERFORMANCE AND CEO

KEY REVENUE ISSUES – QUARTER 3 2023/24

The Directorate is currently forecast to have a deficit of **£0.33M**, which represents a percentage variance against budget of **9.1%.** The Directorate forecast variance has moved adversely by **£0.22M** from the position reported at quarter 2.

	Budget £M	**Forecast Outturn** £M	**Forecast Variance Qtr 3** £M	**Forecast Variance Qtr 2** £M	**Movement from Qtr 2** £M	**% of budget**
Directorate Forecast Outturn	**3.65**	**3.98**	**0.33 A**	**0.11 A**	**0.22 A**	**9.1%**

A summary of the Directorate forecast variance and movement since quarter 2 is shown in the table below:

Service Area	**Budget** £M	**Forecast Outturn** £M	**Forecast Variance Qtr 3** £M	**Forecast Variance Qtr 2** £M	**Variance Movement from Qtr 2** £M
Business Development Management Team	0.20	0.20	0.00	0.00	0.00
Corporate Communications	0.93	0.99	0.02 A	0.06 A	0.04 F
Data & Intelligence	0.18	0.19	0.20 A	0.01 A	0.19 A
Projects, Policy & Performance	1.59	1.69	0.16 A	0.10 A	0.06 A
Strategic Management of the Council	0.81	0.76	0.05 F	0.05 F	0.00
Total	**3.65**	**3.98**	**0.33 A**	**0.11 A**	**0.22 A**

The SIGNIFICANT issues for the directorate are:

Service Area	Forecast Variance Qtr 3 £M	Explanation
Data & Intelligence	£0.20 A	Data & Intelligence - The adverse variance of £0.20M relates to the non-achievement of prior year savings £0.08M for a review of policy related roles across the organisation which has not resulted in any savings, and unbudgeted staff costs identified following a detailed review of policy and data related roles of £0.24M this is offset by the underspend on posts that form the equal and opposite position in Projects, Policy & Performance this imbalance will be resolved in month 10 of £0.07M plus minor underspends of £0.05M. The adverse movement since quarter 2 of £0.19M relates to the non-achievement of prior year savings of £0.08M for a review of policy related roles across the organisation, unbudgeted staff costs identified following a detailed review of policy and data related roles of £0.24M. This is offset by the underspend on posts that form the equal and opposite position in Projects, Policy & Performance this imbalance will be resolved in month 10 of £0.07M plus minor underspends of £0.06M which had previously been an overspend.

5. WELLBEING & HOUSING

KEY REVENUE ISSUES – QUARTER 3 2023/24

The Directorate is currently forecast to have a deficit of **£3.23M**, which represents a percentage variance against budget of **3.4%.** The Directorate forecast variance has moved favourably by **£0.77M** from the position reported at quarter 2.

	Budget £M	Forecast Outturn £M	Forecast Variance Qtr 3 £M	Forecast Variance Qtr 2 £M	Movement from Qtr 2 £M	% of budget
Directorate Forecast Outturn	**95.28**	**98.52**	**3.23 A**	**4.01 A**	**0.77 F**	**3.4%**

A summary of the Directorate forecast variance and movement since quarter 2 is shown in the table below:

Service Area	**Budget £M**	**Forecast Outturn £M**	**Forecast Variance Qtr 3 £M**	**Forecast Variance Qtr 2 £M**	**Variance Movement from Qtr 2 £M**
Adults - Adult Services Management	1.16	0.90	0.26 F	0.00	0.26 F
Adults - Long Term	45.14	49.16	4.02 A	3.54 A	0.48 A
Adults - Provider Services	4.29	3.85	0.44 F	0.01 A	0.45 F
Adults - Reablement & Hospital Discharge	8.80	8.15	0.65 F	0.20 F	0.45 F
Adults - Safeguarding AMH & OOH	14.02	14.16	0.14 A	0.24 A	0.10 F
Housing Needs	2.96	3.79	0.83 A	0.26 A	0.57 A
ICU - Provider Relationships	14.94	14.74	0.20 F	0.14 A	0.34 F
ICU - System Redesign	1.63	1.62	0.01 F	0.10 A	0.11 F
Public Health	0.18	0.18	0.00	0.00	0.00
Stronger Communities	0.52	0.42	0.10 F	0.09 F	0.01 F
Other	1.64	1.54	0.10 F	0.01 A	0.11 F
Total	**95.28**	**98.52**	**3.23 A**	**4.01 A**	**0.77 F**

The SIGNIFICANT issues for the directorate are:

Service Area	Forecast Variance Qtr 3 £M	Explanation
Adult Services Management	0.26 F	There has been a movement of £0.26M since quarter 2 due to a reallocation of staffing costs to the Ambitious Futures project and further analysis of project spend projections for remainder of the financial year of £0.13M, and overall vacancy savings of £0.13M.
Adults - Long Term	4.02 A	As at Quarter 3, there is a forecast £4.02M adverse variance, with £3.33M of this due to the risk of the Adult Social Care adverse financial position increasing through the remainder of the final quarter of the financial year based on previous years' trajectories. However, there are currently various interventions/transformation projects planned to take place in year to reduce the risk of the overspend rising, with the aim of ultimately coming back to the budget - discussions and plans are still being put together for this. There is a forecast £0.96M adverse variance due to increasing cost of care for Learning Disabilities, and a forecast adverse variance of £0.5M due to increasing cost of care within older persons and physical disabilities. There is a £1M increase in the cost of bad debts, and expected cancellations of debt, with this area still undergoing further analysis as debt levels continue to rise. There is also a forecast £0.04M favourable variance due to the difference between the overall budgeted salary cost and pay award uplift and overall vacancy savings. This is partially offset by the receipt from Central Government of £1.68M increased grant for Market Sustainability and Improvement. There is also a £0.05M favourable variance due to smaller variances. There has been a £0.48M adverse movement since quarter 2 due to the increase in bad debt provision of £0.7M because of the high level of arrears and cancellations expected, less overall favourable movement in respect of vacancy savings of £0.12M, partially offset by a £0.1M adverse variance due to smaller variances. Increases in care provision have been offset by reducing the risk forecast.

		Work is ongoing to address debt arrears across the authority and is being picked up through the debt management working group.
Adults – Provider Services	0.44 F	There has been a favourable movement of £0.44M since Quarter 2, which comprises a £0.53M favourable variance at Holcroft House due to revised projections on agency staff and vacancies, a £0.03M removal of recharge funding to Employment Support, which is now funded in 2023/24 only by Public Health and £0.05M due to staff vacancies and purchases. This is partially offset by the £0.07M difference between the budgeted pay award uplift amount and the forecast amount as an outcome of the pay negotiations and £0.10M at Kentish Rd respite centre due to projected agency costs to support additional 1:1 support and 2:1 support for complex clients.
Adults - Reablement & Hospital Discharge	0.65 F	As at Quarter 3, there is a forecast £0.65M favourable variance due to a favourable £0.20M saving commitment against agency spend, a £0.20M favourable variance relating to staff vacancies and agency contracts ending earlier than originally forecast, and £0.25M application of winter grant funding. The £0.45M favourable movement since Quarter 2 relates to the application of winter grant funding of £0.25M and a £0.2M favourable movement in staff vacancies and agency contracts ending earlier than originally forecast.
Adults - Safeguarding AMH & OOH	0.14 A	As at Quarter 3, there is a forecast £0.14M adverse variance due to a £0.56M cost of packages of care, an £0.04M adverse variance due to the difference between the budgeted pay award uplift amount and the forecast amount as an outcome of the pay negotiations, partly offset by a £0.46M favourable variance due to vacant posts and delays in recruitment for Deprivation Of Living Standards (DOLS) and Best Interest Assessors (BIA). There has been a £0.10M favourable movement since quarter 2 due to an increase of £0.17M in vacancy management in recruitment for DOLS and BIA assessors due to challenges relating to filling posts under existing terms and conditions, partially offset by an adverse variance on the cost of packages of care of £0.07M.

		Work is ongoing to review and ensure care packages are proportionate to need to help mitigate against the overspend.
Housing Needs	0.83 A	As at Quarter 3, there is an adverse pressure which relates to anticipated temporary accommodation costs for 2023/24 of £1.16M. Homelessness levels have increased by over 150% since January 2023, putting pressure on temporary accommodation and irrecoverable housing benefit costs. This is partially offset by the use of Public Health grant to contribute to homelessness prevention measures of £0.18M, and additional funding for the Homes to Ukraine scheme of £0.15M. The movement since Quarter 2 is due to an increase in homelessness pressures of £0.9M, partially offset by the movements in Public Health of £0.18M and Homes for Ukraine funding of £0.15M.
ICU - Provider Relationships	0.20 F	As at Quarter 3, there is a forecast £0.20M favourable variance due to contract review savings having been finalised, and noting that some of the savings already identified are only for the current financial year. This has been reflected in the MTFS. There has been a £0.34M favourable movement since quarter 2 due to additional in year contract savings being identified.

6. CENTRALLY HELD BUDGETS

KEY REVENUE ISSUES – QUARTER 3 2023/24

Centrally held budgets are currently forecast to have a surplus of **£0.15M**, which represents a percentage variance against budget of **0.1%.** The forecast variance has moved adversely by **£0.40M** from the position reported at quarter 2.

	Budget £M	Forecast Outturn £M	Forecast Variance Qtr 3 £M	Forecast Variance Qtr 2 £M	Movement from Qtr 2 £M	% of budget
Centrally Held Budgets Forecast Outturn	**(230.77)**	**(230.92)**	**0.15 F**	**0.55 F**	**0.40 A**	**0.1%**

A summary of the centrally held budgets forecast variances and movement since quarter 2 is shown in the table below:

Service Area	Budget £M	Forecast Outturn £M	Forecast Variance Qtr 3 £M	Forecast Variance Qtr 2 £M	Variance Movement from Qtr 2 £M
Levies & Contributions	0.09	0.09	0.01 A	0.01 A	0.00
Capital Asset Management	9.86	9.75	0.11 F	0.11 F	0.00
Other Expenditure & Income	(19.14)	(18.75)	0.39 A	0.01 F	0.40 A
Council Tax	(115.51)	(115.51)	0.00	0.00	0.00
Business Rates	(49.14)	(49.14)	0.00	0.00	0.00
Non-Specific Government Grants & Other Funding	(56.93)	(57.36)	0.43 F	0.43 F	0.00
Total	**(230.77)**	**(230.92)**	**0.15 F**	**0.55 F**	**0.40 A**

The SIGNIFICANT issues for centrally held budgets are:

Service Area	Forecast Variance Qtr 3 £M	Explanation
Other Expenditure & Income	0.39 A	A contribution of £0.40M has been made to the Investment Risk Reserve to provide cover for a

		potential reduction in the valuation of the pooled property investment which would be a charge to the revenue budget in 2025/26 when the statutory override to not charge valuation changes to revenue until the investment is disposed ceases at the end of 2024/25. Further contributions to reserve of £0.40M in 2024/25 and 2025/26 are planned. This is offset by £0.01M favourable variance from unallocated receipts. The movement since Quarter 2 relates to the contribution to reserves.
Non-Specific Government Grants & Other Funding	0.43 F	Increase in Top-Up Grant for update of 2023 Business Rates Revaluation adjustment to reflect 2022/23 outturn for business rates.

Directorate and Service Area	Budget Quarter 3 £M	Annual Forecast Quarter 3 £M	Forecast Variance Quarter 3 £M	Forecast Variance Quarter 2 £M	Movement from Quarter 2 £M
Children & Learning					
Child Friendly City	0.02	0.07	0.06 A	0.14 A	0.08 F
Children & Families First	2.72	2.32	0.40 F	0.07 A	0.47 F
Children Looked After	29.43	32.61	3.18 A	2.83 A	0.35 A
Divisional Management	1.80	1.52	0.28 F	0.27 F	0.01 F
DSG Central School Services Block	(0.06)	(0.06)	0.00 A	0.00 A	0.00 A
DSG Early Years Block	0.00	0.00	0.00	0.00	0.00
DSG High Needs Block	(0.00)	0.00	0.00 A	0.00 A	0.00 A
DSG Schools Block	(0.00)	0.00	0.00 A	0.00	0.00 A
Education - Home to school transport and property mgt	7.11	11.28	4.17 A	4.32 A	0.15 F
Education - Services for schools, High Needs	5.78	6.01	0.23 A	0.17 A	0.06 A
ICU - Children's Services	0.37	0.40	0.03 A	0.00	0.03 A
Legal (Children's)	0.60	0.36	0.24 F	0.00	0.24 F
Pathways	0.71	1.06	0.35 A	0.36 A	0.02 F
Quality Assurance Business Unit	2.40	2.34	0.06 F	0.03 A	0.09 F
Safeguarding	9.76	9.31	0.44 F	0.07 F	0.37 F
Young Peoples Service	2.68	2.67	0.01 F	0.08 A	0.09 F
Youth Offending	0.69	0.69	0.00 F	0.01 A	0.01 F
Total Children & Learning	**64.02**	**70.60**	**6.58 A**	**7.67 A**	**1.10 F**
Corporate Services					
Accounts Payable	0.26	0.57	0.32 A	0.26 A	0.05 A
Accounts Receivable	2.16	2.15	0.01 F	0.18 A	0.19 F
Business Support	1.78	2.12	0.35 A	0.17 A	0.18 A
Centrally Apportionable Overheads	(7.67)	(7.67)	0.00	0.00	0.00
Commercialisation	(0.29)	0.02	0.31 A	0.31 A	0.00
Corporate Finance	2.79	2.70	0.09 F	0.15 A	0.24 F
Corporate Management	0.24	0.31	0.07 A	0.05 A	0.02 A
Customer Services	2.20	2.19	0.01 F	0.01 A	0.02 F
Democratic Representation & Management	2.64	2.60	0.04 F	0.05 F	0.01 A
Facilities	0.73	0.95	0.22 A	0.07 A	0.15 A
Highways Contracts	7.92	8.45	0.53 A	0.14 F	0.67 A
HR Services	3.21	3.13	0.08 F	0.08 F	0.00
Internal Audit	0.34	0.27	0.07 F	0.00 A	0.07 F
IT Services	9.35	11.06	1.71 A	1.71 A	0.00
Land Charges	(0.17)	(0.17)	0.00	0.00	0.00
Legal Services & Customer Relations	1.93	1.86	0.07 F	0.05 F	0.01 F
Leisure Contracts	2.54	1.88	0.66 F	0.08 F	0.59 F
Local Taxation & Benefits Services	2.10	2.45	0.35 A	0.20 A	0.16 A
Net Housing Benefit Payments	0.00	0.00	0.00	0.00	0.00
Pension & Redundancy Costs	3.27	3.04	0.23 F	0.23 F	0.00
Registration of Electors and Elections Costs	0.63	0.68	0.05 A	0.00 A	0.04 A
Risk Management	1.68	1.63	0.05 F	0.00 A	0.05 F
Supplier Management Services	1.59	1.36	0.23 F	0.14 F	0.09 F
Total Corporate Services	**39.23**	**41.58**	**2.35 A**	**2.35 A**	**0.01 A**

Directorate and Service Area	Budget Quarter 3 £M	Annual Forecast Quarter 3 £M	Forecast Variance Quarter 3 £M	Forecast Variance Quarter 2 £M	Movement from Quarter 2 £M
Place					
Air Quality Monitoring	0.24	0.22	0.01 F	0.01 F	0.00 F
Central Repairs & Maintenance	2.09	2.55	0.47 A	0.20 A	0.27 A
City Development	0.31	0.48	0.18 A	0.18 A	0.00
City Services - Commercial Services	0.18	0.14	0.04 F	0.04 F	0.00
City Services - District Operating Areas	4.20	4.57	0.37 A	0.30 A	0.07 A
City Services - Trees & Ecology	0.88	0.99	0.11 A	0.09 A	0.02 A
City Services - Waste Operations	16.80	15.64	1.16 F	0.77 F	0.39 F
City Services – Management & Compliance	0.50	0.53	0.03 A	0.03 A	0.00
CPRES - Bereavement Services	0.05	0.20	0.15 A	0.11 A	0.04 A
CPRES - Environmental Health & Scientific Services	1.56	1.42	0.14 F	0.10 F	0.04 F
CPRES - Licensing	(0.09)	(0.05)	0.04 A	0.01 A	0.03 A
CPRES - Parking & Itchen Bridge	(8.14)	(8.91)	0.77 F	0.46 F	0.31 F
CPRES - Port Health	(0.63)	(0.30)	0.32 A	0.19 A	0.13 A
CPRES - Private Sector Housing	0.34	0.33	0.01 F	0.00 A	0.02 F
CPRES - Registration Services	(0.20)	(0.19)	0.01 A	0.01 A	0.00 A
Cultural Services	2.17	1.93	0.24 F	0.18 F	0.06 F
Economic Development	0.07	0.14	0.07 A	0.08 A	0.01 F
Emergency Planning	0.13	0.09	0.04 F	0.02 F	0.01 F
Energy Team	0.05	0.01	0.04 F	0.00 A	0.04 F
Fleet Trading Area	(1.74)	(1.43)	0.31 A	0.44 A	0.13 F
Flood Risk Management	0.21	0.15	0.06 F	0.06 F	0.00 F
Health & Safety	0.27	0.30	0.03 A	0.03 A	0.00
Landscape Trading Area	0.06	0.16	0.10 A	0.10 A	0.00
Libraries	1.83	1.91	0.09 A	0.03 A	0.05 A
Place Management	(0.10)	0.19	0.28 A	0.28 A	0.00
Planning	0.35	0.96	0.61 A	0.60 A	0.01 A
Property Portfolio Management	(6.96)	(6.77)	0.19 A	0.04 A	0.14 A
Property Services	8.86	7.65	1.21 F	0.47 F	0.73 F
Skills	0.07	0.07	0.00 A	0.00 A	0.00 F
Skills, Regeneration & Partnership	0.44	0.43	0.02 F	0.02 F	0.00 A
Transportation	4.80	4.66	0.14 F	0.14 F	0.00 F
Total Place	**28.59**	**28.07**	**0.52 F**	**0.47 A**	**0.99 F**
Strategy & Performance and CEO					
Business Development Management Team	0.20	0.20	0.00	0.00	0.00
Corporate Communications	0.93	0.96	0.02 A	0.06 A	0.04 F
Data & Intelligence	0.76	0.96	0.20 A	0.01 A	0.19 A
Projects, Policy & Performance	0.99	1.15	0.16 A	0.10 A	0.07 A
Strategic Management of the Council	0.76	0.71	0.05 F	0.05 F	0.00 A
Total Strategy & Performance and CEO	**3.65**	**3.98**	**0.33 A**	**0.11 A**	**0.22 A**

Directorate and Service Area	Budget Quarter 3 £M	Annual Forecast Quarter 3 £M	Forecast Variance Quarter 3 £M	Forecast Variance Quarter 2 £M	Movement from Quarter 2 £M
Wellbeing & Housing					
Adults - Adult Services Management	1.16	0.90	0.25 F	0.00 F	0.25 F
Adults - Long Term	45.14	49.16	4.02 A	3.54 A	0.48 A
Adults - Provider Services	4.29	3.85	0.44 F	0.01 A	0.45 F
Adults - Reablement & Hospital Discharge	8.80	8.15	0.64 F	0.20 F	0.45 F
Adults - Safeguarding AMH & OOH	14.02	14.16	0.14 A	0.24 A	0.10 F
Community Safety, Alcohol Related Crime, CCTV	0.30	0.26	0.04 F	0.02 F	0.02 F
Domestic Violence	0.56	0.57	0.02 A	0.02 A	0.01 F
Grants to Voluntary Organisations	0.54	0.46	0.08 F	0.00	0.08 F
Housing Needs	2.96	3.79	0.83 A	0.26 A	0.57 A
ICU - Provider Relationships	14.94	14.74	0.20 F	0.14 A	0.34 F
ICU - System Redesign	1.63	1.62	0.01 F	0.10 A	0.12 F
Leisure Strategy	0.10	0.11	0.00 A	0.00 A	0.00
Public Health - Health Improvement	1.70	1.70	0.00	0.00	0.00
Public Health - Health Protection and Surveillance	9.80	9.80	0.00	0.00	0.00
Public Health - Management & Overheads	(15.28)	(15.28)	0.00 F	0.00 F	0.00
Public Health - Non-ringfenced	0.19	0.19	0.00	0.00	0.00
Public Health - Population Healthcare	3.77	3.77	0.00	0.00	0.00
Social Fund & Property	0.18	0.18	0.00	0.00	0.00
Stronger Communities	0.52	0.42	0.10 F	0.09 F	0.01 F
Travellers Sites	(0.04)	(0.04)	0.00	0.00	0.00
Total Wellbeing & Housing	**95.28**	**98.52**	**3.23 A**	**4.01 A**	**0.77 F**
Total Directorates	**230.77**	**242.75**	**11.98 A**	**14.61 A**	**2.63 F**

Portfolio
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Communities & Leisure
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Portfolio
Environment & Transport
Economic Development
Economic Development
Environment & Transport
Environment & Transport
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Environment & Transport
Environment & Transport
Safer City
Safer City
Environment & Transport
Safer City
Housing
Environment & Transport
Leader
Economic Development
Safer City
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Economic Development
Economic Development
Economic Development
Economic Development
Economic Development
Environment & Transport
Finance & Change
Leader
Finance & Change
Finance & Change
Leader

Portfolio
Adult Social Care & Health
Adult Social Care & Health
Adult Social Care & Health
Adult Social Care & Health
Adult Social Care & Health
Safer City
Safer City
Communities & Leisure
Housing
Adult Social Care & Health
Adult Social Care & Health
Communities & Leisure
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Communities & Leisure
Communities & Leisure
Safer City

Directorate previously agreed savings and in-year cost control measures

Directorate	Ref	Description	2023/24 £000	Full Saving to be achieved £000	There is a risk that up to 25% will not be achieved but there are plans in place to achieve the rest £000	There is a large risk that more than 25% of the target will not be achieved £000	The saving will not be achieved £000
Children & Learning	24S207	Virtual school, do not recruit to vacant post	(44)	(44)			
Children & Learning	24S208	Focus School Improvement Funding	(42)	(42)			
Children & Learning	24S209	Virtual School - Utilise additional funding	(15)	(15)			
Children & Learning	24S210	Music Service income increase.	(15)	(15)			
Children & Learning	24S211	Not use surplus from Holiday Activities Fund.	(7)	(7)			
Children & Learning	24S212	Maximise impact of Family Hubs grant.	(419)	(419)			
Children & Learning	24S213	Maximise Supporting Families payment by results claim.	(81)	(81)			
Children & Learning	24S214	Non recruitment of vacant posts within SEND	(59)	(59)			
Children & Learning	24S242	Reduction in training and conference costs.	(21)	(21)			
Children & Learning	24S249	Early saving from moving to Family Safeguarding Model	(72)	(72)			
Children & Learning	24S288	Fostering and Adoption Service redesign.	(107)	(107)			
Children & Learning	24S289	BRS Service redesign.	(100)	(100)			
Children & Learning	24S290	Safeguarding Service redesign.	(88)	(88)			
Children & Learning	24S291	Quality Assurance Unit redesign.	(87)	(87)			
Children & Learning	24S292	Language Service redesign.	(19)	(19)			
Children & Learning	24S293	Reduce music service management costs	(23)	(23)			
Children & Learning	24S294	Holiday Activities and Food efficiencies	(13)	(13)			
Children & Learning	24S354	Reduce No Recourse to Public Funds spend	(62)	(62)			
Children & Learning	24S355	Cease outsourced contacts	(47)	(47)			
Children & Learning	24S356	Reduction in translation costs	(96)	(96)			
Children & Learning	24S357	Reduce taxi costs through use of sessional workers and service participation in the corporate taxi project	(50)		(50)		
Children & Learning	24S358	Reduce Preventative spend back to budget	(225)	(225)			
Children & Learning	24S360	Reduce Care costs (net) by 4 per month	(664)		(664)		
Children & Learning	24S361	Rigorously monitor claims to Home Office to support increased number of UASC.	(211)	(211)			
Children & Learning	24S362	Reduce by one residential place every 2 months	(702)		(702)		
Children & Learning	24S363	Bring ADM (Agency Decision Maker) role in house	(7)	(7)			
Children & Learning	24S364	Reduce accommodation costs for care leavers	(180)	(180)			
Children & Learning	24S365	Children & Learning - average 31 agency staff for the whole of 23/24	(2,628)	(2,628)			
Children & Learning	24S366	Cease Tripod costs (re: overseas recruitment)	(390)	(390)			
Children & Learning	24S367	Cease Consultancy costs	(176)	(176)			
Children & Learning	24S368	Control salary overpayments	(57)	(57)			
Children & Learning	24S369	Reduce project costs through focus on 6 priorities and BAU	(113)	(113)			
Children & Learning	24S390	Increasing offset with Family Hubs grant	(27)	(27)			

Directorate	Ref	Description	2023/24	Full Saving to be achieved	There is a risk that up to 25% will not be achieved but there are plans in place to achieve the rest	There is a large risk that more than 25% of the target will not be achieved	The saving will not be achieved
			£000	£000	£000	£000	£000
Children & Learning	24S391	Non recruitment of vacant posts within the contact team	(60)		(60)		
Children & Learning	24S463	Education Property budget no longer needed re academisation	(135)	(135)			
Children & Learning	24S491	Music Service income increase.	(34)	(34)			
Children & Learning	23S160	Redesign of Young People's, Missing, Exploited, Trafficked and Youth Justice Service	(111)				(111)
Children & Learning	23S161	Reduction of one post in the Placements Service	(44)		(44)		
Children & Learning	23S165	Creation of framework agreement for temporary accommodation to support no recourse to public funds/homeless families	(10)		(10)		
Children & Learning	23S151	Review non-staffing budgets that supports families in need	(15)		(15)		
Children & Learning	23S157	Increase public health funding for the PAUSE service which is preventing women having repeat removals of children to care	(72)		(72)		
Children & Learning	23S170	Review of Asset management budgets within Education portfolio	(60)	(60)			
Children & Learning	23S173	Review of Education non-staffing budgets	(47)	(47)			
Children & Learning	23S159	Freeze Children and Learning Service Workforce Academy spending on promotional materials and staff conferences	(20)		(20)		
Children & Learning	23S209	Ensure appropriate application of contractual car user policy	(8)		(8)		
Children & Learning	22S1	Children's Social Care - residential unit projections	(13)			(13)	
Children & Learning	22S2	Children's Social Care - agency reductions	(1,052)		(1,052)		
Children & Learning	22S5	Fostering	(356)			(356)	
Children & Learning	22S7	Looked After Children projections	(3,744)	(3,744)			
Children & Learning		Children's Services - LGA Review	(1,854)		(1,854)		
Children & Learning		SEND Staffing	(159)	(159)			
Children & Learning	22S51	Education psychologists	(25)		(25)		
Children & Learning	22S52	Home to school transport	(60)			(60)	
Sub-Total Children & Learning			**(14,725)**	**(9,610)**	**(4,576)**	**(429)**	**(111)**

Directorate	Ref	Description	2023/24 £000	Full Saving to be achieved £000	There is a risk that up to 25% will not be achieved but there are plans in place to achieve the rest £000	There is a large risk that more than 25% of the target will not be achieved £000	The saving will not be achieved £000
Corporate Services	24S143	Extend street lighting switch off from current hours to 00:30 – 05:30	(125)	(125)			
Corporate Services	24S225	IT savings to meet pressures	(350)	(350)			
Corporate Services	24S277	Increased Top Up Grant following change of NNDR3 return	(432)	(432)			
Corporate Services	24S281	Minimum Revenue Provision (MRP)	(72)	(72)			
Corporate Services	24S282	In Year reduced premiums as 6 schools opt out of Council insurance arrangements	(5)	(5)			
Corporate Services	24S138	Removal of remaining Find and Fix gang	(114)	(114)			
Corporate Services	24S489	Delay S24149 saving in current year to next financial year.	20	20			
Corporate Services	24S124	Added years pensions adjustment	(230)	(230)			
Corporate Services	24S125	Amend staff time charging	(12)	(12)			
Corporate Services	24S126	Charge various grants for finance staff time including overheads	(25)	(25)			
Corporate Services	24S127	Charge Finance Business Partner work on school improvement to the associated grant	(5)	(5)			
Corporate Services	24S128	Unallocated receipts over 2 years old, credited as a saving (**budget held centrally**)	(10)	(10)			
Corporate Services	24S129	Low claims rebate on property insurance	(28)	(28)			
Corporate Services	24S130	Staff changes in Insurance Team	(5)	(5)			
Corporate Services	24S131	Reduction in insurance premiums	(30)	(30)			
Corporate Services	24S132	Slippage factor (C £2M) for capital programme - reduction in capital financing costs (**budget held centrally**)	(80)	(80)			
Corporate Services	24S133	Reduction in bad debt provision general debt (NB 22/23)	(150)	(150)			
Corporate Services	24S134	Reduction in investment property bad debt provision (NB 22/23)	(72)	(72)			
Corporate Services	24S135	Legal Service removal of 1 Apprentice Legal Services Officer post	(15)	(15)			
Corporate Services	24S136	Legal Service removal of 1 Childcare Solicitor post	(65)	(65)			
Corporate Services	24S137	Legal Service S106 income increase	(15)	(15)			
Corporate Services	24S140	Recharge work on capital projects by Supplier Management to the capital programme	(31)	(31)			
Corporate Services	24S141	Find and fix rebate from Balfour Beatty	(29)	(29)			
Corporate Services	24S144	Recovery of funding paid on account (Leisure)	(75)	(75)			
Corporate Services	24S145	Support Services - Delete vacancy (Grade 10)	(60)	(60)			
Corporate Services	24S149	Facilities Management - Centralisation of cleaning	(20)	(20)			
Corporate Services	24S150	Facilities Management remove vacant cleaner post	(20)	(20)			
Corporate Services	24S151	Facilities Management - changes to building security arrangements	(5)	(5)			

Directorate	Ref	Description	2023/24	Full Saving to be achieved	There is a risk that up to 25% will not be achieved but there are plans in place to achieve the rest	There is a large risk that more than 25% of the target will not be achieved	The saving will not be achieved
			£000	£000	£000	£000	£000
Corporate Services	24S152	Customer Experience - automation of processes	(19)	(19)			
Corporate Services	24S153	Customer Ops - Deletion of citizen service apprentice post	(26)	(26)			
Corporate Services	24S154	HR & OD - Organisational Design Officer Grade 8 0.4 FTE vacancy removed	(19)	(19)			
Corporate Services	24S155	HR & OD - Payroll and Pensions Admin Assistant Grade 6 1 FTE vacancy removed	(35)	(35)			
Corporate Services	24S156	HR & OD - HR Business Partner Grade 10 post seconded to transformation	(60)	(60)			
Corporate Services	24S157	HR & OD - Further reduce Organisational Design budget for management development	(6)	(6)			
Corporate Services	24S327	Reduction in Mobile Phone costs	(125)	(125)			
Corporate Services	23S195	Review fees & charges across the Council	(165)	(165)			
Corporate Services	21S111	Review pricing strategy	(250)	(250)			
Corporate Services	21S56	City lottery proposal	(40)				(40)
Corporate Services		Commercialisation Target - General	(230)				(230)
Corporate Services	21S90	Enhancement of Salary Sacrifice Scheme	(42)			(42)	
Corporate Services	21S121	Business Support	(133)		(133)		
Corporate Services	21S121	Business Support	(24)	(24)			
Corporate Services	21S121	Business Support	(10)	(10)			
Corporate Services	23S58	Improve and automate business support processes as part of transformation programme	(229)	0			(229)
Corporate Services	21S121	Business Support	(60)	(60)			
Corporate Services	23S213	Improve performance on recovering duplicate payments	(65)		(65)		
Corporate Services	19-MSC 12	Charging for Appointeeship service	(26)				(26)
Corporate Services	20S28	IDEA including Duplicate Payments	(50)				(50)
Corporate Services	21S60	Renegotiate payment terms with suppliers	(25)				(25)
Corporate Services	21S55	Greater use of purchase cards	(115)				(115)
Corporate Services	21S108	Finance and Commercialisation Directorate – cost reduction	(37)				(37)
Corporate Services		Deferred Payments Income	(8)				(8)
Corporate Services	19-MSC 7	Introduce fees to cover the cost of Universal Deferred Payment Scheme, which extends loans to adult social care clients in residential care	(14)				(14)
Corporate Services	21S108	Finance and Commercialisation Directorate – cost reduction	(118)				(118)
Corporate Services	17-MSCBAU	Reduction in cost of collecting council tax and business rates and review of bad debt provisions	(600)	(440)			(160)
Corporate Services	23S89	Review the Digital and Customer Experience budget	(5)	(5)			
Corporate Services	23S205	Efficiency from Civic Centre energy controls	(60)				(60)

Directorate	Ref	Description	2023/24	Full Saving to be achieved	There is a risk that up to 25% will not be achieved but there are plans in place to achieve the rest	There is a large risk that more than 25% of the target will not be achieved	The saving will not be achieved
			£000	£000	£000	£000	£000
Corporate Services	23S80	Closure of the Civic Centre between the winter bank holidays to reduce building management costs (heating etc.)	(8)	0			(8)
Corporate Services	23S81	A restructure of the Facilities Management Team to realise efficiencies	(50)	0			(50)
Corporate Services	23S82	A reduction in available budget for equipment within the Facilities Management Team	(31)	0			(31)
Corporate Services	23S83	Spending less on external building security provisions with external providers	(20)			0	(20)
Corporate Services	23S84	Closing areas of Civic Centre office spaces on one day a week in line with demand to reduce building running costs	(20)	0			(20)
Corporate Services	23S85	Consolidation of building cleaning activities and resources under one contract to bring efficiencies / economies of scale including the Civic Centre	(60)	0			(60)
Corporate Services	23S183	Reduce spend within Finance on postage, subscriptions and conferences	(14)	(14)			
Corporate Services	23S184	Redesign of Finance service, including removal of vacant posts	(42)	(42)			
Corporate Services	23S184	Redesign of Finance service, including removal of vacant posts	(120)		(60)		(60)
Corporate Services	23S206	Local Government Pension Scheme revaluation contribution: SCC funding level remains at 105%, but additional gain above that can be applied in the form of contribution reductions	(1,330)	(1,330)			
Corporate Services	21S108	Finance and Commercialisation Directorate – cost reduction	(151)	(43)			(107)
Corporate Services	21SS	Staff travel, office consumables, postage etc savings	(32)			0	(32)
Corporate Services	21S124	Temp staff/agency workers etc savings	(39)				(39)
Corporate Services	21S121	Business Support	(12)	(12)			
Corporate Services	23S76	Redesign of the Human Resources & Organisational Development service following the senior management restructure	(154)	(154)			
Corporate Services	23S50	Legal Services staffing restructure	(54)	(54)			
Corporate Services	23S51	Stop using the DX postal service	(9)	(9)			
Corporate Services	23S52	Reduction in Legal Services books budget to essential texts only	(10)	(10)			
Corporate Services	23S53	Reduction in Legal Services attendance at external courses to mandatory only	(2)	(2)			
Corporate Services	23S54	Deletion of Records Management part-time post	(13)	(13)			
Corporate Services	23S55	Deletion of apprentice post within Complaints Team after end of current fixed term contract	(24)	(24)			
Corporate Services	23S56	Increase income for Legal Services work on S106 agreements	(5)	(5)			

Directorate	Ref	Description	2023/24	Full Saving to be achieved	There is a risk that up to 25% will not be achieved but there are plans in place to achieve the rest	There is a large risk that more than 25% of the target will not be achieved	The saving will not be achieved
			£000	£000	£000	£000	£000
Corporate Services	23S57	Review potential for a new legal services partnership with new partner council	(60)	(60)			
Corporate Services	23S193	Reduce 1 Internal Audit from full-time to part-time - to reflect actual staffing level	(20)	(20)			
Corporate Services	23S40	IT - Staffing - post restructure review	(90)		(90)		
Corporate Services	23S43	Remove MS Visio licenses	(4)	(4)			
Corporate Services	23S45	Tether (share) connectivity from one mobile device to another to reduce the number of mobile SIM contracts needed	(12)	(12)			
Corporate Services	23S46	Review all parking permits and remove where roles have changed and no longer required	(4)	(4)			
Corporate Services	23S47	Reduce the number of multi function devices by 50% when the contract is renewed and use print management tools to minimise the impact on staff	(75)	(75)			
Corporate Services	23S48	Rationalise the number of mobile SIM contracts in use across the Council	(66)	(66)			
Corporate Services	23S49	Migrate remaining users from the Avaya phone system to Teams telephony and decommission the Avaya system.	(70)	(70)			
Corporate Services		IT Major Projects - Anticipated Revenue Savings	(200)			0	(200)
Corporate Services	22S14	Stretch Contract Management and Procurement Savings	(200)		(200)		
Corporate Services	23S186	Look at options for energy cost efficiency and environmental benefit, through part-night residential street lighting - see Annex 1.7 for further details	(428)		(428)		
Corporate Services	23S202	Procurement savings to be made across Council services on revenue contracts (further savings on capital contracts are expected)	0				
Corporate Services	21Sf	Procurement and contract management savings	(200)		(40)		(160)
Sub-Total Corporate Services			**(8,283)**	**(5,326)**	**(1,016)**	**(42)**	**(1,899)**

Directorate	Ref	Description	2023/24	Full Saving to be achieved	There is a risk that up to 25% will not be achieved but there are plans in place to achieve the rest	There is a large risk that more than 25% of the target will not be achieved	The saving will not be achieved
			£000	£000	£000	£000	£000
Place	24S7	Reduction in museums rateable value	(225)	(225)			
Place	24S75	Golf Course - increased income from change in VAT treatment	(120)	(120)			
Place	24S159	Off Street Parking - Increased income position based on prior year outturn	(250)	(250)			
Place	24S160	Vacancy saving in Environmental Health	(10)	(10)			
Place	24S181	Rebased waste income budgets for recycling (Dry Mixed Recyclables & Glass)	(200)	(200)			
Place	24S186	Bus Shelter Advertising Income from profit share	(60)	(60)			
Place	24S189	Align Dial A Ride Service budget to current provision	(25)	(25)			
Place	24S260	Vacancy saving in Bereavement Services	(16)	(16)			
Place	24S264	Absorb additional food safety inspections within existing budget	(45)	(45)			
Place	24S285	Vacancy saving in Estates Regeneration	(18)	(18)			
Place	24S303	Vacancy saving in Libraries (non-frontline)	(5)	(5)			
Place	24S305	Increase income by Archaeology Unit	(134)	(134)			
Place	24S306	Reduce Events (subscriptions) Budget	(14)	(14)			
Place	24S308	Delete Strategic Projects Budget	(46)	(46)			
Place	24S310	Increase income generation in museums and gallery	(48)	(48)			
Place	24S312	Integrated Transport - FTE reduction and maximise recharge for work on capital projects	(58)	(58)			
Place	24S313	Integrated Transport -Reduced Studies Budget	(43)	(43)			
Place	24S315	Reduction in concessionary fares budget in 23/24 to reflect forecast spend	(59)	(59)			
Place	24S316	Flood Risk Management - Service Reduction	(60)	(60)			
Place	24S317	Bus Stop Maintenance Budget - fund from capital not revenue	(12)	(12)			
Place	24S187	Reduce Arts Complex budget	(33)	(33)			
Place	24S192	Moving Traffic Enforcement - Income	(75)	(75)			
Place	24S262	Increase income generation for Bereavement Services through increased supply chain engagement	(22)	(22)			
Place	24S266	Increase income through new Registration Services venue	(10)	(10)			
Place	24S271	Increase of charges to simplify and uplift tariffs - City Centre Car parks	(284)	(284)			
Place	24S273	On Street Tariff review	(100)	(100)			
Place	24S286	Service Redesign - Construction project delivery	(235)	(235)			
Place	24S287	Service Redesign - Design Team	(305)	(305)			
Place	24S349	Reduction in energy costs due to movements in the energy market	(250)	(250)			

Directorate	Ref	Description	2023/24	Full Saving to be achieved	There is a risk that up to 25% will not be achieved but there are plans in place to achieve the rest	There is a large risk that more than 25% of the target will not be achieved	The saving will not be achieved
			£000	£000	£000	£000	£000
Place	24S410	Off Street Parking - Increased income position based on Quarter 1 position	(120)	(120)			
Place	24S411	Allotment income	(30)	(30)			
Place	24S414	Remove Waste Transformation budget	(332)	(332)			
Place	24S476	Rebase Golf Course budget	(100)	(100)			
Place	24S490	Rebased waste income budgets for recycling (Dry Mixed Recyclables & Glass)	(80)	(80)			
Place	23S100	Fleet Operations - savings to be achieved through reduced repair costs as newer vehicles come on line, and a service redesign to introduce a more resilient management structure and efficient operating model. All staffing reductions to be achieved by not filling vacancies.	(120)	(120)			
Place	23S101	Review of the central street cleansing team in line with saving opportunities supported by the introduction of solar bins and a re-focussed city-wide task team	(28)	(28)			
Place	23S103	Move to a commissioning model for the Landscaping team to support the delivery of SCC capital projects and concentrate internal delivery on external contracts where full costs can be recovered and capitalised, and more commercial contracts can be supported	(255)	(155)		(100)	
Place	23S11	Increase income from the City Golf Course	(70)	(70)			
Place	23S99	Install additional solar compactor bins across the city and reduce open litter bins to enable more efficient collection, reduce scavenging by animals and rodents and prevent wind blown litter	(30)		(30)		
Place	23S130	Itchen Bridge fees for non-residents - increase of 20p and 10p (peak and off peak) from April 2023, subject to Traffic Regulation Order consultation and response	(400)	(400)			
Place	23S132	Remove concessions for Itchen Bridge charges for electric vehicles, subject to Traffic Regulation Order consultation and response	(10)	(10)			
Place	23S133	Reinstate multi-storey car park evening charges	(20)	(20)			
Place	23S134	Increase income from cremation	(100)	(100)			
Place	23S137	Increase burial income	(25)	(25)			
Place	23S138	Increase the number of ceremonies being undertaken by the Registration Service	(25)	(25)			
Place	23S139	Review allocation of staffing costs between on street and off street parking	(30)	(30)			

Directorate	Ref	Description	2023/24 £000	Full Saving to be achieved £000	There is a risk that up to 25% will not be achieved but there are plans in place to achieve the rest £000	There is a large risk that more than 25% of the target will not be achieved £000	The saving will not be achieved £000
Place	23S141	One-off contribution from Trading Standards South East	(70)	(70)			
Place	23S143	Review/simplification of parking tariffs	(187)		(187)		
Place	23S115	Increased museum income from various streams	(48)	(48)			
Place	23S119	Transfer Cobbett Road Library to a third party operator (subject to fulfilling Council requirements)	(70)		(59)	(11)	
Place	23S212	Founding partner contributions to Cultural Trust to deliver City of Culture legacy will be made from existing budgets	(82)	(82)			
Place	23S26	Integrate the courier service with wider post room activities within the Civic Centre as part of the Business Support service review and new income generation opportunities	(35)	(35)			
Place	23S27	Revenue savings from road safety review	(19)	(19)			
Place	23S28	Review in Transport Policy studies budget	(81)	(81)			
Place	23S29	Extension of e-scooter trials to 2024 and generate income via third party contract	(50)	(50)			
Place	23S30	Progression of the Coastal Partners partnership arrangement and review of Flood Team studies budget	(22)		(22)		
Place	23S31	Review of the Green Cities studies budget	(7)	(7)			
Place	23S9	Concessionary fares - reduced operator claims linked to reduced demand and payments on actual patronage	(1,787)	(1,787)			
Place	23S32	Investigate options for an increase to the S106 administration fee	(5)	(5)			
Place	23S33	Building Control review of budget and reserves	(25)	(25)			
Place	23S39	Review the Strategic Skills non-staffing budgets	(13)	(13)			
Place	23S16	Restructure the Property service area to remove long-term vacancies and conversion of interim posts to permanent positions	(370)	(370)			
Place	23S17	Review training and supplies budgets within the Property service area	(15)	(15)			
Place	23S18	Capitalise structural repairs and maintenance and fund from borrowing to create a one-off savings in revenue	(710)	(710)			
Place	23S19	Review property repairs and maintenance budget against essential spend criteria	(140)	(140)			
Place	23S20	Relocate services from One Guildhall Square into the Civic Centre and rent out vacated space	(300)	(300)			
Place	23S21	Maximise capitalisation of Property staff time spent on capital projects	(30)	(30)			
Place	23S22	Increase Property team's charge out hourly rates in line with salary increases	(40)	(40)			

Directorate	Ref	Description	2023/24	Full Saving to be achieved	There is a risk that up to 25% will not be achieved but there are plans in place to achieve the rest	There is a large risk that more than 25% of the target will not be achieved	The saving will not be achieved
			£000	£000	£000	£000	£000
Place	22S34	Decarbonisation Measures	(273)	(273)			
Place	22S16	Bereavement Services Income Generation	(100)		(100)		
Place	22S9	Cultural Services Venues (Income) - stretch target	(220)	(220)			
Place	22S18	Port Health Income	(30)				(30)
Place	22S49	Income from Dry Mixed Recyclables	(200)	(200)			
Place		Income budgets to be rebased	(140)	(140)			
Place		Reduction of 15% in pressures - additional savings to find	(69)	(69)			
Place	19-AMC 21	Reduce number of bins and replace with 'smart' compactor bins to reduce collection costs	(100)			(100)	
Sub-Total Place			**(9,775)**	**(9,136)**	**(398)**	**(211)**	**(30)**
Strategy & Performance and CEO	24S258	Reduction to Leader's budget	(53)	(53)			
Strategy & Performance and CEO	23S174	Review agency staff spend in Intelligence, Innovation & Change Team	(40)	(40)			
Strategy & Performance and CEO	23S176	Review of policy related roles across the organisation to understand any synergies and whether additional income can be obtained through funding opportunities	(75)				(75)
Strategy & Performance and CEO	23S177	Delete vacant post within Intelligence, Innovation & Change Team	(44)	(44)			
Strategy & Performance and CEO	23S86	Generate income from outdoor advertising being managed on council land	(50)	(50)			
Strategy & Performance and CEO	23S87	Improve efficiency of printing across the organisation	(30)	(30)			
Strategy & Performance and CEO	23S88	Marketing and advertising activity efficiencies	(20)	(20)			
Strategy & Performance and CEO	23S58	Improve and automate business support processes as part of transformation programme	(61)			(61)	
Strategy & Performance and CEO	23S8	Senior management restructure	(258)	(258)			
Strategy & Performance and CEO	21S121	Business Support	(10)	(10)			
Sub-Total Strategy & Performance and CEO			**(641)**	**(505)**	**0**	**(61)**	**(75)**

Directorate	Ref	Description	2023/24	Full Saving to be achieved	There is a risk that up to 25% will not be achieved but there are plans in place to achieve the rest	There is a large risk that more than 25% of the target will not be achieved	The saving will not be achieved
			£000	£000	£000	£000	£000
Wellbeing & Housing	24S224	Stronger Communities Holding vacant posts	(40)	(40)			
Wellbeing & Housing	24S259	Savings arising from negotiations on inflationary uplift applied to care provision costs	(1,380)	(1,380)			
Wellbeing & Housing	24S407	Wellbeing & Housing agency review	(200)	(200)			
Wellbeing & Housing	24S415	Additional Government funding to meet Adult Social Care cost pressures (Market Sustainability Grant)	(1,687)	(1,687)			
Wellbeing & Housing	24S457	Stronger Communities Holding vacant posts - month 5 update to saving number 224	(50)	(50)			
Wellbeing & Housing	24S511	Repurposing of public health grant for employment support in delivery of public health outcomes (resulting in saving for ASC)	(38)	(38)			
Wellbeing & Housing	24S512	Repurposing of public health grant for employment support in delivery of public health outcomes (resulting in saving for ICU)	(138)	(138)			
Wellbeing & Housing	23S92	Use the results of the Association of Directors of Adult Social Services peer review to reduce costs for Adult Social Care continuing healthcare/S117 aftercare	(100)	(100)			
Wellbeing & Housing	23S95	Adult Social Care - shift to home first policy, avoiding need for residential placement	(134)	(134)			
Wellbeing & Housing	23S97	Adult Social Care - reduce agency staffing budgets/freeze vacancies	(850)	(850)			
Wellbeing & Housing	23S142	Review need for vacant Community Safety Warden post	(35)	(35)			
	23S98	Proposal for Public Health Grant to be invested in activities delivering w	(500)	(500)			
	23S145	Meet homelessness service staff costs from ringfenced grant funding	(500)	(500)			
	22S40	Adult Social Care - Contract Reviews	(1,044)	(1,044)		0	
Sub-Total Wellbeing & Housing			**(6,696)**	**(6,696)**	**0**	**0**	**0**
Total Directorate Savings			**(40,120)**	**(31,273)**	**(5,990)**	**(743)**	**(2,115)**

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Appendix 4

	Treasury Management
	Borrowing and Investments
1.	Table 1 below shows the year's opening balance of borrowing and investments, current levels, and the year-end forecast. Forecast borrowing is based on the forecast capital programme and will be subject to review during the year. The Authority maintained its strategy of keeping borrowing and investments below their underlying levels to reduce risk and make a net saving.

2. **Table 1 - Borrowing and Investments**

	31-Mar-23 Actual £M	31-Mar-23 Average Yield / Rate %	31-Dec-23 Actual £M	31-Dec-23 Average Yield / Rate %	31-Mar-24 Forecast £M	31-Mar-24 Forecast Average %
Long Term Borrowing						
Public Works Loan	289.19	3.52	283.40	3.45	350.70	3.03
LOBO Loans from Banks	9.00	4.86	4.00	4.86	4.00	4.85
	298.19	**3.63**	**287.40**	**3.56**	**354.70**	**3.07**
Short Term Borrowing						
Other Local Authorities	5.00	3.36	20.00	5.79	20.00	5.79
Total External Borrowing	**303.19**	**2.96**	**307.40**	**2.96**	**374.70**	**3.17**
Other Long Term Liabilities						
PFI Schemes	44.37	9.56	43.55	9.56	41.08	9.82
Deferred Debt Charges (HCC)	12.73	3.27	12.73	3.27	12.37	4.98
Total Gross External Debt	**360.29**	**4.08**	**363.68**	**4.08**	**428.15**	**4.00**
Investments:						
Managed In-House						
Government & Local Authority	(11.06)	4.05	0.00	0.00		
Cash (Instant access)	(15.49)	4.08	(23.75)	5.32	(20.00)	5.40
Cash (Notice Account)	0.00	0.00	0.00	0.00	0.00	0.00
Long Term Bonds	(1.01)	5.27	(1.03)	5.27	(1.00)	5.27
Managed Externally						
Pooled Funds (CCLA) & Shares	(27.00)	4.04	(27.00)	4.56	(27.00)	3.00
Total Investments	**(54.56)**	**4.08**	**(51.78)**	**4.59**	**(48.00)**	**4.05**
Net Debt	**305.73**		**311.90**		**380.15**	

3.	After taking into account maturing and new debt requirements in year and a forecast reduction in investment balances, net borrowing is expected to increase by £74.42M, to £380.15M, a reduction of £7.1M from the last reported position of £387.25M, due to a reduction in proposed draw on balances. This forecast remains subject to change; most notably regarding the increased use of balances, (which increase borrowing need as use of internal borrowing will reduce) and changes to the capital programme, which due to the current financial environment is subject to ongoing review against the backdrop of rising inflation (which is significantly increasing construction costs) and rising interest rates which has seen the cost of borrowing increase dramatically in the last year.
4.	The interest cost of financing the council's long 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.	As of December 2023, the forecast cost of financing the council's loan debt is £20.45M of which £5.88M relates to the HRA, however this will be subject to movement as the need for further borrowing for the remainder of the year becomes more certain.
6.	As outlined in the treasury strategy, the Authority's primary objective when borrowing is to strike an appropriately low risk balance between securing low interest costs and achieving cost certainty over the period for which funds are required, with flexibility to renegotiate loans should the Authority's long-term plans change being a secondary objective. The Authority's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio.
7.	Interest rates have seen substantial rises over the last two years, although these rises began to plateau in the later months of 2023. Rates over the last 3 quarters were at the peak between June and October, since then they have fallen back to lows last seen in April 2023. Gilt yields have remained volatile, facing upward pressure following signs that UK growth had been more resilient and inflation stickier than expected. However more recent signs of slowing inflation and the perception of an increasingly struggling economy have now begun to change this sentiment, resulting in falling gilt yields and, consequently, PWLB rates. On 31st December, the PWLB certainty rates for maturity loans were 4.19% for 10-year loans, 4.90% for 20-year loans and 4.67% for 50-year loans. Their equivalents on 31st March 2023 were 4.33%, 4.70% and 4.41% respectively
8.	A new PWLB HRA rate which is 0.4% below the certainty rate has been made available from 15th September 2023. This rate will now be available until to June 2025. The discounted rate is to support local authorities borrowing for the Housing Revenue Account and for refinancing existing HRA loans, providing a window of opportunity for HRA-related borrowing and to replace the Authority's £10.3M loans relating to the HRA maturing during this time frame.
9.	The Authority has previously raised the majority of its long-term borrowing from the PWLB but will consider long-term loans from other sources including banks, pensions and local authorities, and will investigate the possibility of issuing bonds and similar instruments, in order to lower interest costs and reduce over-reliance on one source of funding in line with the CIPFA Code. PWLB loans are no longer available to local authorities planning to buy investment assets primarily for yield; the Authority does not intend to do this and will therefore retain its access to PWLB loans.
10.	**Loans restructuring**: The sharp rise in gilt yields over the past 18 months has now resulted in some of the Authority's loans being in or close to a discount position if repaid early. However, as the prepaid loans would need to be replaced by new loans at higher interest rates, this isn't a cost-effective option for the Authority.
11.	**LOBO loans**: LOBO (Lender's Option Borrower's Option) loans are where the lender has the option to propose an increase in the interest rate at set dates, following which the Authority has the option to either accept the new rate and terms or to repay the loan at no additional cost. As reported previously with market interest rates having risen, the probability of LOBOs being called increased and in September one lender exercised their option to increase the rate. The proposed increase from 4.94% to 6.11% was not deemed acceptable, given lower market rates, so in consultation with our treasury management advisors Arlingclose, the £5M loan was repaid and is currently being financed by temporary borrowing from other local authorities.

	We currently have £4M remaining in LOBO loans and all have call dates within the next 12 months, we will continue to monitor and liaise with Arlingclose over the likelihood of the options being exercised and take appropriate action.
12.	**Short-term borrowing:** cost increased with the rise in Bank Rate in July and August, and we took out £20M (5.79%) of short term debt during this period and anticipate further borrowing before year end. Rates have fallen slightly since the bank of England maintained the base rate at its meeting on 20th September and is currently around 5.65% for a 1 year loan. Any borrowing will be done in consultation with our advisors as although short term borrowing is currently higher than 25 year maturity debt at 5.27%, long term debt is expected to fall in the medium term and the overall cost needs to be considered.
13.	The Authority has an increasing CFR due to the capital programme, and after future debt maturities currently has an estimated borrowing requirement of £72.10M for the year, as determined by the Liability Benchmark, which considers capital spend, maturing debt, usable reserves and working capital and is summarised in Table 2 below.

Table 2 – Estimated Borrowing Requirement

	2023/24 £M	Previous £M	Movement £M
New Capital Expenditure	35.92	35.92	(0.00)
Repayment of Principle (MRP)	(8.69)	(8.69)	(0.00)
Maturing Debt	20.60	20.60	(0.00)
Movement in Resources	44.27	51.39	(7.12)
	92.10	**99.22**	**(7.12)**
New Borrowing Taken in Year	(20.00)	(20.00)	(0.00)
Cumulative Borrowing Need	**72.10**	**79.22**	**(7.12)**

Investment

14.	Both the CIPFA Code and government guidance require the Authority to invest its funds prudently, and to have regard to the security and liquidity of its treasury investments before seeking the optimum rate of return, or yield. The Authority's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income. As demonstrated in table 2 above, the Authority expects to be a long-term borrower and new treasury investments are therefore primarily made to manage day-to-day cash flows using short-term low risk instruments. The existing portfolio of strategic pooled funds will be maintained to diversify risk into different sectors and boost investment income.
15.	The Authority holds invested funds, representing income received in advance of expenditure plus balances and reserves. During the year investment balances have ranged between £94.52M and £48.08M and are currently £51.78M and expected to reduce to £48M by year end.
16.	Bank Rate increased by 1%, from 4.25% at the beginning of April to 5.25% in August. Short-dated cash rates rose commensurately, with 3-month rates rising to around 5.6% and 12-month rates to nearly 6.6%, although these rates subsequently began to reduce towards the end of the period. The rates on DMADF deposits also rose, ranging between 4.8% and 5.4% by the end of September and Money Market Rates between 4.2% and 5.35%, they have since fallen

	back in anticipation of an interest rate reduction during 2024. DMADF rates are currently 5.18% for a 3 month deposit. Due to shortage of cash availability in the LA to LA market rates have remained higher at 5.50% for a 3 month loan / deposit. Forecast income is now £2.99M, £1.15M higher than originally budgeted which helps to partly mitigate the increase in borrowing costs.
	<u>Investment Performance</u>
17.	The council's advisors undertake quarterly investment benchmarking across its client base. We previously had a more diversified portfolio 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 have seen a fall in suitable instruments. With this in mind, and the changes to Prudential code to only borrow when cash flows dictate, our investments primarily now consist of a previous long-term investment in property funds and short term investments for cash flow purposes.
18.	Our current investment in bonds remains at £1M and we maintained the pooled property fund at £27M, with all other cash being placed in short term deposits as shown in table 1.
19.	As detailed in paragraph 15 our cash balances have continued to fall in line with yearend forecast and at £51.78M have reduced by £42.74M since highest point, when we held £94.52M. Our target is to reduce this to a £20M working balance to reduce borrowing and therefore net interest costs but this will be dependent on actual capital spend and movement in balances.
20.	Investments managed internally are currently averaging a return of 5.32% which is slightly higher than the average unitary authority at 5.13%, whilst maintaining a high credit rating at AAA compared to A+. Average LA returned 5.08% against a credit rating of A+. Total income returns at 5.03% is in line other unitary (5.06%) and the average for LA's (5.04%). As we are now operating on a cash flow basis for investm5nts to avoid higher borrowing costs we maintain a lower cash balances, £49.7M as opposed to £76.7M for other Unitaries and £72.8M for other Local Authority. Cash is performing well in the current financial environment. We hold 40% of our investments in strategic funds which offer higher return over the long term, as detailed in paragraphs 21 to 26, which is higher than the average but not unexpected as our cash flows have reduced. The capital value of our external strategic funds has fallen by a further £0.5M in the last quarter, which is consistent across all local authorities that hold funds in pooled property funds. The income return over the longer term was and remains the driver to invest, although this is kept under review.
	<u>External Managed Investments</u>
21.	The council has invested £27M in pooled 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. They 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.
22.	Because these funds have no defined maturity date but are usually available for withdrawal after a notice period (180 days), their performance and continued suitability in meeting the Authority's investment objectives is regularly reviewed.
23.	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.

Considering their performance over the long-term and the Authority's latest cash flow forecasts, investment in these funds has been maintained but will be monitored carefully especially as the statutory override on accounting for gains and losses on pooled investment funds ends on 31st March 2025, when any difference between initial investment and the current value will be a cost/gain to the Authority. Tables 3 and 4 below shows current value and income due in year together with the performance of the fund since we invested and how it has performed against cash.

We have ongoing discussions with Arlingclose about the implications for the investment strategy and what action may need to be taken, current advice is to give notice on part of the fund once we have seen two consecutive increases in the value of fund.

24. Investor sentiment for UK commercial property remained subdued with caution showed by buyers and sellers. With interest rates and bond yields remaining relatively high and investors demanding higher yields, property prices remained under pressure. The outlook for offices remains challenging from changing working practices. This was evident in the capital value of the CCLA fund which were below those in March and September.

The change in the funds' capital values and income earned over the 9-month period is shown in Table 3 below.

The dividend for this quarter is forecast to be slightly lower than previous quarter which included one off activity. Based on this the forecast dividend for the year is £1.29M.

Table 3 - Pooled Fund Performance (Year to Date)

Quarter Ending	Valuation £M	Movement since Reported in SOA	Dividends £M
1st April	25.80		
30th June	25.77	(0.04)	0.30
30th September	25.46	(0.34)	0.34
31st December	24.96	(0.84)	0.33 E
Total			0.97

25. As mentioned in paragraph 23 above investments in the CCLA were 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.

26.	Table below shows that although the investment currently shows an unrealised capital loss of £2.04M at 31st December 2023, since investing we have earned dividends of £8.76M, a net return of £6.72M which equates to an annualised income return of 3.87% compared to the average bank rate of 0.97% for the same period. This also compares favourably to the investments that were made directly in property, which returned a net return of 2.13% after financing costs (excluding unrealised loss/gain).
	<u>Non – Treasury Investments</u>
27.	The definition of investments in CIPFA's revised 2021 Treasury Management Code covers all the financial assets of the Authority as well as other non-financial assets which the Authority holds primarily for financial return. Investments that do not meet the definition of treasury management investments (i.e., management of surplus cash) are categorised as either for service purposes (made explicitly to further service objectives) and or for commercial purposes (made primarily for financial return).Investment Guidance issued by the Department for Levelling Up Housing and Communities (DLUHC) and Welsh Government also broadens the definition of investments to include all such assets held partially or wholly for financial return. Between 2016 and 2017, SCC implemented a strategy to invest in commercial properties with the expected return on investment being used to fund council services, known as the Property investment fund (PIF). To date the authority has purchased 3 properties. The rate of return on investment in 2022/23 before borrowing costs and other on-costs was 5.74%. Borrowing costs of 3.90% were incurred giving a net rate of return of 2.13% before any realised gains or losses. All of the properties remain fully let and the tenants are meeting their financial obligations under the leases (although one tenant has vacated the premises but continues to honour the lease). A full review of all the authority assets is underway and may result in the disposal of some or all of these assets. Further details will be included in the TM Strategy report for 24/25. Details of the properties purchased are shown in table 4 below.
28.	**<u>Table 4 – Property Investment Fund</u>**

Property	Actual	31.03.2022 Actual		31.03.2023 Actual		Outstanding Debt 31.03.2023	Outstanding Debt 31.03.2024
	Purchase Cost £M	Value in Accounts	Gain or (Loss) in Year	Value in Accounts	Gain or (Loss) in Year	£M	£M
Property 1	6.47	4.88	(0.33)	4.79	(0.09)	5.81	5.75
Property 2	14.69	11.64	1.32	10.61	(1.03)	13.18	13.05
Property 3	8.53	9.16	0.43	8.42	(0.74)	7.65	7.57
	29.69	**25.68**	**1.42**	**23.82**	**(1.86)**	**26.64**	**26.37**

Financial Review and Outlook

29. 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:

Table 5 - Arlingclose's Economic Outlook (December 2023 interest rate forecast)

	Current	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26
Official Bank Rate													
Upside risk	0.00	0.00	0.25	0.25	0.50	0.50	0.50	0.50	0.50	0.75	0.75	1.00	1.00
Central Case	5.25	5.25	5.25	5.25	5.00	4.75	4.25	4.00	3.75	3.50	3.25	3.00	3.00
Downside risk	0.00	0.00	-0.25	-0.50	-0.75	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00

30. The economic interest rate outlook provided by the Council's treasury advisor, Arlingclose Ltd, for December 2023 is based on the following underlying assumptions:

- The MPC held Bank Rate at 5.25% in December. We believe this is the peak for Bank Rate.
- The MPC will cut rates in the medium term to stimulate the UK economy but will be reluctant to do so until it is sure there will be no lingering second-round effects. We see rate cuts from Q3 2024 to a low of around 3% by early-mid 2026.
- The immediate risks around Bank Rate have become more balanced, due to the weakening UK economy and dampening effects on inflation. This shifts to the downside in the short term as the economy weakens.
- Long-term gilt yields are now substantially lower. Arlingclose expects yields to be flat from here over the short-term reflecting medium term Bank Rate forecasts. Periodic volatility is likely.

Economic background

31. UK inflation rates finally started to decline, mirroring the sharp but earlier drop seen in the Eurozone and US. Despite the fall, the Consumer Price Index (CPI) remained substantially in excess in the Bank of England's (BoE) 2% target, at 3.9% for November 2023. Market expectations for further rises in Bank Rate fell from October through to year end, indicating that the 5.25% level reached in August 2023 was indeed the peak for Bank Rate.

Economic growth in the UK remained weak over the period, edging into recessionary territory. In calendar Q3 2023, the economy contracted by 0.1%, following no change in Q2. Monthly GDP data showed a 0.3% contraction in October, following a 0.2% rise in September. While other indicators have suggested a pickup in activity in the subsequent months, Q4 GDP growth is likely to continue the weak trend.

July data showed the unemployment rate increased to 4.2% (3mth/year) while the employment rate rose to 75.7%. Pay growth edged lower as the previous strong pay rates waned; total pay (including bonuses) growth was 7.2% over the three months to October 2023, while regular pay growth was 7.3%. Adjusting for inflation, pay growth in real terms were positive at 1.3% and 1.4% for total pay and regular pay respectively.

Inflation continued to fall from its peak as annual headline CPI declined to 3.9% (down from 4.6%) in November 2023. The largest downward contribution came from energy and food prices. The core rate also surprised on the downside, falling to 5.1% from 5.7%.

The BoE's Monetary Policy Committee held Bank Rate at 5.25% throughout the period, although a substantial minority continued to vote for a 25 basis point rate rise. The Bank continues to tighten monetary policy through asset sales, as it reduces the size of its balance sheet. Financial market Bank Rate expectations moderated over the period as falling inflation

	and weakening data showed that higher interest rates were working in the UK, US, and Eurozone. Following the December MPC meeting, Arlingclose, the authority's treasury adviser, maintained its central view that 5.25% is the peak in Bank Rate. Short term risks are broadly balanced, but over the remaining part of the time horizon the risks are to the downside from economic activity weakening more than expected. The lagged effect of monetary policy together with the staggered fixed term mortgage maturities over the next 12-24 months means the full impact from Bank Rate rises are still yet to be felt by households. As such, while consumer confidence continued to improve over the period, it is likely this will reverse at some point and spending will struggle. Higher rates will also impact exposed businesses; according to S&P/CIPS survey data, the UK manufacturing and construction sectors contracted during the quarter. The services sector recovered, however, with the PMI rising strongly in December, possibly due to improving consumer confidence. The US Federal Reserve held its key interest rate at 5.25-5.50% over the period. While policymakers continued to talk up the risks to inflation and therefore interest rates, this stance ebbed over the quarter culminating in a relatively dovish outcome from the December FOMC meeting. The European Central Bank continues to resist market policy loosening expectations, but the Eurozone CPI rate has fallen sharply as GDP growth as markedly slowed, hitting 2.4% in November (although rising to 2.9% on energy-related base effects).
	<u>Financial Markets</u>
32.	Financial market sentiment and bond yields remained volatile, but the latter rapidly trended downwards towards the end of 2023 on signs of sharply moderating inflation and economic growth. Gilt yields fell towards the end of the period. The 10-year UK benchmark gilt yield rose from 4.57% to peak at 4.67% in October before dropping to 3.54% by the end of December 2023. The Sterling Overnight Rate (SONIA) averaged 5.19% over the period.
	<u>Credit Review</u>
33.	Arlingclose maintained the advised maximum duration limit for all banks on its recommended counterparty list to 35 days over the period. In October, Moody's revised the outlook on the UK's Aa3 sovereign rating to stable from negative. This led to similar rating actions on entities that include an element of government support in their own credit ratings, including banks and housing associations. Local authorities were, however, downgraded on expectations of lower government funding. Following the issue of a Section 114 notice, in November Arlingclose advised against undertaking new lending to Nottingham City Council. After reducing its recommended duration on Warrington Borough Council to a maximum of 100 days in September, the local authority was subsequently suspended from the Arlingclose recommended list following a credit rating downgrade by Moody's to Baa1. Arlingclose continued to monitor and assess credit default swap levels for signs of ongoing credit stress, but no changes were made to recommended durations over the period. Heightened market volatility is expected to remain a feature, at least in the near term and, as ever, the institutions and durations on the Authority's counterparty list recommended by Arlingclose remains under constant review.

	Consultations
34.	The Department for Levelling Up, Housing and Communities (DLUHC) issued two consultations in December. a “final” consultation on proposed changes to regulations and statutory guidance on MRP closing on 16th February and a “call for views” on capital measures to improve sector stability and efficiency closing on 31st January. Draft regulations and draft statutory guidance are included in the MRP consultation. The proposals remain broadly the same as those in June 2022 – to limit the scope for authorities to (a) make no MRP on parts of the capital financing requirement (CFR) and (b) to use capital receipts in lieu of a revenue charge for MRP. In its call for views on capital measures, Government wishes to engage with councils to identify and develop options for the use of capital resources and borrowing to support and encourage ‘invest-to-save’ activity and to manage budget pressures without seeking exceptional financial support. Whilst Government has identified some options including allowing authorities to capitalise general cost pressures and meet these with capital receipts, there is no commitment to take any of the options forward. We are currently reviewing these consultations and will report back any action or changes required to our practices and procedures.
	Prudential Indicators
35.	As required by the 2021 CIPFA Treasury Management Code, the Authority monitors and measures the following treasury management prudential indicators, which together with Capital Prudential Indicators can be seen in Appendix 4 (6 – 11): • Liability Benchmark • Maturity Structure of Borrowing • Long-term Treasury Management Investments • Security • Liquidity • Interest Rate Risk Indicator

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PRUDENTIAL INDICATORS QUARTER 3 2023/24

Appendix 5

The Local Government Act 2003 requires the Authority to have regard to the Chartered Institute of Public Finance and Accountancy's Prudential Code for Capital Finance in Local Authorities (the Prudential Code) when determining how much money it can afford to borrow. The objectives of the Prudential Code are to ensure, within a clear framework, that the capital investment plans of local authorities are affordable, prudent and sustainable, and that treasury management decisions are taken in accordance with good professional practice. To demonstrate that the Authority has fulfilled these objectives, the Prudential Code sets out several indicators.

It is now a requirement of the CIPFA Prudential Code that these are reported quarterly.

1. Capital Financing Requirement

The Authority's cumulative outstanding amount of debt finance is measured by the capital financing requirement (CFR). This increases with new debt-financed capital expenditure and reduces with MRP repayments and capital receipts used to replace debt.

Capital Financing Requirement	**31-Mar-23** **Actual** **£M**	**31-Mar-24** **Forecast** **£M**	**31-Mar-25** **Forecast** **£M**	**31-Mar-26** **Forecast** **£M**	**31-Mar-27** **Forecast** **£M**
Balance Brought forward	339.15	342.57	352.07	359.23	358.66
New Borrowing	14.53	21.85	21.04	13.27	28.33
MRP	(7.61)	(8.69)	(9.54)	(9.99)	(9.80)
Movement in Other Liabilities	(3.50)	(3.66)	(4.34)	(3.85)	(3.57)
Total General Fund Debt	**342.57**	**352.07**	**359.23**	**358.66**	**373.62**
HRA	174.88	190.95	232.03	281.55	293.04
Total CFR	**517.45**	**543.02**	**591.26**	**640.21**	**666.66**
Estimated Debt	360.29	428.15	477.32	524.25	544.78
Under / (Over) Borrowed	**157.16**	**114.87**	**113.94**	**115.96**	**121.88**

2. Gross Debt and the Capital Financing Requirement

This is a key indicator of prudence. In order to ensure that over the medium-term debt will only be for a capital purpose, the local authority should ensure that debt (including PFI, leases and HCC Transferred debt) does not, except in the short term, exceed the total of CFR in the preceding year plus the estimates of any additional CFR for the current and next two financial years.

There is a significant difference between the gross external borrowing requirement and the net external borrowing requirement represented by the Council's level of balances, reserves, provisions and working capital. The Council's current strategy is only to borrow to the level of its net borrowing requirement.

The Authority has complied and expects to continue to comply with this requirement in the medium term as is shown below.

Gross Debt	**31/03/2023** **Actual** **£M**	**31/03/2024** **Forecast** **£M**	**31/03/2025** **Forecast** **£M**	**31/03/2026** **Forecast** **£M**	**31/03/2027** **Forecast** **£M**	**Debt at** **31/12/2023** **£M**
Total Debt	**360.29**	**428.15**	**477.32**	**524.25**	**544.78**	**363.68**
Capital Financing Requirement	**517.45**	**543.02**	**591.26**	**640.21**	**666.66**	
Under / (Over) Borrowed	**157.16**	**114.87**	**113.94**	**115.96**	**121.88**	

3. **Debt and the Authorised Limit and Operational Boundary**

The Operational Boundary for External Debt is based on the Authority's estimate of most likely, i.e. prudent, but not worst case scenario for external debt. It links directly to the Authority's estimates of capital expenditure, the capital financing requirement and cash flow requirements and is a key management tool for in-year monitoring. Other long-term liabilities comprise finance lease, Private Finance Initiative and other liabilities that are not borrowing but form part of the Authority's debt.

The Authorised Limit for External Debt is the affordable borrowing limit determined in compliance with the Local Government Act 2003. It is the maximum amount of debt that the Authority can legally owe. The authorised limit provides headroom over and above the operational boundary for unusual cash movements.

The S151 Officer confirms that there were no breaches to the Authorised Limit and the Operational Boundary during 2023/24; borrowing at its peak was £312.90M plus other deferred liabilities of £57.10M.

4. **Net Income from Commercial Investment to Net Revenue Stream (NRS)**

The Authority's income from commercial investments as a proportion of its net revenue stream has been and is expected to be as indicated below. This shows that the Authority is not over dependent on income form investments.

	2022/23 Actual £M	2023/24 Forecast £M	2024/25 Forecast £M	2025/26 Forecast £M	2026/27 Forecast £M
Total net income from commercial investments	6.48	6.69	7.45	8.10	8.10
Net Revenue Stream GF	193.17	221.37	250.50	255.25	262.81
Proportion of NRS	**3.36%**	**3.02%**	**2.97%**	**3.17%**	**3.08%**

5. **Proportion of Financing Costs to Net Revenue Stream**

Although capital expenditure is not charged directly to the revenue budget, interest payable on loans and MRP are charged to revenue This is an indicator of affordability and highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of the revenue budget required to meet borrowing costs.

The ratio is based on the forecast of net revenue expenditure in the medium term financial model. The upper limit for this ratio was updated, as part of the MTFS report to Council in July 2023 and is currently set at 11% for the General Fund to allow for known borrowing decision in the next two years and to allow for additional borrowing affecting major schemes, it includes the cost of long term liabilities but now excludes investment income in line with the revised code. The table below shows the likely position based on the proposed capital programme.

This indicator is not so relevant for the HRA, as financing costs have been built into their 30 year business plan, including the voluntary payment of MRP. No problem is seen with the affordability but if problems were to arise then the HRA would have the option not to make principle repayments in the early years.

Ratio of Financing Costs to Net Revenue Stream	2022/23 Actual %	2023/24 Forecast	2024/25 Forecast %	2025/26 Forecast %	2026/27 Forecast %
General Fund	9.58	9.58	10.02	10.07	9.62
HRA	6.81	7.93	9.92	11.49	13.19
Total	**8.79**	**9.16**	**9.99**	**10.43**	**10.52**

6. Liability Benchmark

This indicator compares the Authority's actual existing borrowing against a liability benchmark that has been calculated to show the lowest risk level of borrowing. The liability benchmark is an important tool to help establish whether the Council is likely to be a long-term borrower or investor in the future, and so shape its strategic focus and decision making. It represents an estimate of the cumulative amount of external borrowing the Council must hold to fund its current capital and revenue plans while keeping treasury investments at the minimum level of £48M required to manage day-to-day cash flow.

	31-Mar-23 Actual £M	31-Mar-24 Forecast £M	31-Mar-25 Forecast £M	31-Mar-26 Forecast £M	31-Mar-27 Forecast £M
Loans CFR	**460.34**	**489.57**	**542.14**	**594.94**	**624.98**
Less Balance sheet Resources	(211.70)	(160.87)	(162.02)	(164.02)	(169.90)
Plus Minimum Investments	48.01	48.00	48.00	48.00	48.00
Liability Benchmark	**296.65**	**376.70**	**428.12**	**478.92**	**503.08**
Less Committed External Borrowing	(303.20)	(302.60)	(272.00)	(261.40)	(250.80)
Minimum Borrowing Need	**(6.55)**	**74.10**	**156.12**	**217.52**	**252.28**
Less HRA Borrowing Liability	(0.71)	(23.14)	(68.12)	(121.53)	(136.91)
GF Minimum Borrowing Need /	**(7.26)**	**50.96**	**88.00**	**95.99**	**115.37**

7. Maturity Structure of Borrowing

This indicator is set to control the Authority's exposure to refinancing risk. The upper and lower limits on the maturity structure of all borrowing were:

	Upper Limit %	Lower Limit %	30.12.23 Actual £M	30.12.23 Actual %	Complied?
Under 12 months	0	50	27.12	9	Yes
12 months and within 24 months	0	50	13.12	4	Yes
24 months and within 5 years	0	50	30.35	10	Yes
5 years and within 10 years	0	55	50.58	16	Yes
10 years and within 20 years	0	60	32.37	11	Yes
20 years and within 40 years	0	60	149.86	49	Yes
Over 40 years	0	75	0.00	0	Yes
Uncertain Date**	0	5	4.00	1	Yes
Total			**307.40**	**100**	

8. Long-term Treasury Management Investments

This indicator allows the Council to manage the risk inherent in investments longer than a year and the limit is set at £30M. The actual principal sum invested in 2023/24 is £28.03M and consists of £27M in CCLA property funds (see Appendix 2 paragraphs 21 - 24 for more details) and £1M EIB bond which will mature on 15th April 2025.

9. Security

The Authority has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average credit rating of its investment portfolio. This is calculated by applying a score to each investment (AAA=1, AA+=2, etc.) and taking the arithmetic average, weighted by the size of each investment. Unrated investments are assigned a score based on their perceived risk.

	2023/24 Target	Q3 Actual	Complied?
Portfolio average credit Rating	A	AAA	Yes

10. Liquidity

The Authority has adopted a voluntary measure of its exposure to liquidity risk by monitoring the amount of cash available to meet unexpected payments within a rolling three-month period, without additional borrowing or can borrow without giving prior notice.

We held £23.8M of liquid cash at end of December but based on current cash flow in order to maintain minimum balance and meet outgoing commitments we expect to borrow before year end.

	2023/24 Target	Q3 Actual	Complied?
Total cash available within 3 months	£20M	£23.8M	Yes
Total sum borrowed in past 6 months without prior notice		£20M	Yes

11. Interest Rate Exposures

This is a voluntary indicator which is set to control the Authority's exposure to interest rate risk. Bank Rate rose by 1.00% from 4.25% on 1st April to 5.25% by 31st December.

The impact of a change in interest rates is calculated on the assumption that maturing loans and investment will be replaced at new market rates.

For context, the changes in interest rates during the year were:

	31/03/23	30/09/23	30/12/23	Yearly Increase
Bank Rate	4.25%	5.25%	5.25%	1.00%
1-year PWLB certainty rate, maturity loans	4.78%	5.69%	5.13%	0.35%
5-year PWLB certainty rate, maturity loans	4.31%	5.22%	4.19%	0.12%
10-year PWLB certainty rate, maturity loans	4.33%	5.26%	5.37%	1.04%
20-year PWLB certainty rate, maturity loans	4.70%	5.64%	4.90%	0.20%
50-year PWLB certainty rate, maturity loans	4.41%	5.43%	4.67%	0.26%

We did not take out any new loans during the period and have budgeted new long-term borrowing at 5.00%. The benchmark was based on a 1% increase of forecast borrowing as of 31st March 2023. The forecast reflects the current borrowing need for the year, prior to any borrowing taken in year, of £92.10M, as detailed in Appendix 3, table 2.

Interest rate risk indicator	2023/24 Benchmark £M	2023/24 Forecast £M
Upper limit on one-year revenue impact of a 1% rise in interest rates	1.0M	0.92M
Upper limit on one-year revenue impact of a 1% fall in interest rates	(1.02M)	(0.92M)

12. Summary

As indicated in this report the Council has operated within the limits set by the Prudential Indicators.

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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)		
A - Almost certain	> 95%	Is expected to occur in most circumstances
B - Likely	↑	Will probably occur in most circumstances
C - Possible	50%	Might occur at some time
D - Unlikely	↓	Could occur at some time
E - Very Unlikely	< 5%	May only occur in exceptional circumstances

IMPACT	5 - Minor	4 - Moderate	3 - Significant	2- Major	1- Extreme
Service delivery / key priorities	No noticeable effect	Some temporary disruption to a single service area/ delay in delivery of one of the council's objectives	Regular disruption to one or more services/ a number of corporate objectives would be delayed or not delivered	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	*• Prudent estimates are made around future rates when costing the financing of the capital programme.* *• Market intelligence provided by Treasury Management advisors.* *• Treasury Management Strategy is aligned with CIPFA Code and DLUHC 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	*• 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.* *• Impairment allowances for non-collectability of debts are assessed at least annually.*	Possible	Significant
FE3.	**New income streams:** Projected levels of income within the period are not achieved.	Possible	Significant	*• Income generating activity has been identified as part of current approved savings proposals. There is a risk that in light of the economic backdrop that these levels of income will not be achieved.* *• Higher risk as it is based on new sources of income.*	Possible	Significant
FE4.	**Volatility of Business Rates funding** given the uncertainty around impact of successful appeals.	Likely	Major	*• The appeals provision has been reviewed and updated in light of known current appeals/challenges and potential threats and will be reviewed on a regular basis.* *• 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 2017 rating list closed on 31 March 2023, other than in relation to a tribunal case or court decision for which the deadline was 30 September 2023, so no further checks can be lodged.* *• Estimates have been made on the likely successful appeals against the 2023 rating list and provided for within estimates of collectable business rates.*	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	Extreme	*• Demand led pressures are under regular review as part of in-year monitoring and budget setting processes.* *• Monitoring of capital and revenue budgets, reported to the Executive Management Board (EMB) and Cabinet.* *• Action plans to address any significant in year budget variances are agreed with EMB with the status of the agreed actions reported to EMB on a monthly basis.*	Possible	Major
FE6a.	Third party provider costs will increase as a result of increases in the **National Living Wage**	Almost certain	Significant	*• 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 a result of SCC having to 'step in' in the event of potential provider failure (social care providers)	Unlikely	Significant	*• Integrated Commissioning Unit (ICU) contract monitoring arrangements and general market oversight and intelligence*	Very Unlikely	Moderate
FE7.	**Legal challenge to savings proposals** that could result in the proposal being either discontinued or revised.	Possible	Significant	*• Robust budget consultation process in place for any service redesign proposals.*	Unlikely	Moderate
FE8.	**Pressure on returns from investment properties** in both the short and longer term.	Possible	Major	*• Investments are diversified between sectors.* *• Asset development and disposal programme being implemented will result in a reduced property investment portfolio in the longer term*	Possible	Significant
FE9.	**Voluntary sector** is either unwilling or unable to support the delivery of certain services or activities	Possible	Major	*• 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	*• 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 receive **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	*• The Council will plan for any proposed changes through the Medium Term Financial Strategy process.* *• As outlined in the Local Government Finance Policy Statement published in December 2022 and confirmed in the December 2023 Provisional Local Government Finance Settlement, no changes will be made to the main funding mechanisms in 2024/25.*	Unlikely	Major
FE12.	**Employer pension contribution rates** are under estimated.	Possible	Significant	*• Local Government Pension Scheme employer contribution rates are assessed as part of the triennial revaluation process and set for a three year period. The latest rates apply to the period 2023/24 to 2025/26. Draft results from the triennial review are normally available 6 months ahead of any revised rate being applicable.* *• Hampshire Pension Fund provide advice to employers on performance of the Fund.* *• Any changes to employer contribution rates for nationally run schemes such as the Teachers Pension Fund are normally notified in advance.*	Very Unlikely	Significant

- **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	*• The government froze the business rate multiplier for 2023/24, however councils are being compensated for this via grants. Effective from 2024/25, the government has set separate standard and small business rates multipliers. The small business rates multiplier has been frozen for 2024/25 and councils will be compensated via grants. The standard rated mulitplier has been uplifted by the annualised CPI rate. The MTFS assumes both multipliers will be uplifted by CPI in future years (or the council receives government funding in compensation).* *• The MTFS includes assumptions on growth which have been reviewed in conjunction with the Economic Development team, including pipeline developments and their assumed operational dates. This will be monitored on a frequent basis as part of the standard monitoring arrangements.* *• Business rates have been revalued with an effective date of April 2023. This may impact on business rates collectability, however a transitional relief scheme applies to dampen the impact where there has been an increase in rateable value.The council's Top-Up Grant has been adjusted to eliminate, as far as reasonably practicable, the impact of the 2023 revaluation on its retained business rates.*	Possible	Significant
FR2.	**Delivery of all of the agreed savings** is not achieved.	Possible	Extreme	*• Progress and delivery of the overall programme and individual projects is monitored at Executive Director level, by EMB, with any non achievement forming part of the normal budget monitoring action plan process.* *• EMB review the validity and achievability of projects and provide approval (or not) to projects*	Possible	Major
FR3.	The Government could impose a lower **Council Tax referendum** threshold and/or reduce or remove the **Adult Social Care Precept**	Possible	Significant	*• SCC's 'core' Council Tax was increased by 2.99% and the Adult Social Care Precept by 2.0% in the 2023/24 budget, in line with the referendum limits.* *• The Adult Social Care Precept was introduced as part of the Autumn 2015 Spending Review and allowed local authorities with social care responsibilities to increase Council Tax provided it was ring-fenced to Adult Social Care budgets.* *• The Provisional Local Government Finance Settlement in December 2023 confirmed that for 2024/25 a 'core' Council Tax increase of up to 3% and an Adult Social Care Precept of up to 2% could be applied without the need for a local referendum.*	Unlikely	Significant
FR4.	**Slippage in capital receipts** (not accompanied by a slippage in spend).	Possible	Significant	*• 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 the short term (the interest payments).* *• A shortfall in capital receipts may impact on delivery of the transformation programme.*	Possible	Significant
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	*• Surpluses are liable to change annually, either favourably or not, and this will be reflected in 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	Major
FR6.	The level of funds within the **internal insurance provisions** is inadequate to meet current or future demand	Possible	Significant	*• 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	Extreme	*• The council has limited reserves to deal with 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, specific government funding (such as in response to COVID-19).*	Possible	Major
FR8.	The cost of implementing the **Care Act** 2014 is greater than anticipated.	Possible	Significant	*• The Government announced a new basis for Social Care provision in September 2021, with a "cap and floor" scheme due to be implemented from October 2023 to be funded via a new Health and Social Care Levy. In the Growth Plan published in September 2022 the Health and Social Care Levy was scrapped. A delay in implementation of the "cap and floor" scheme to October 2025 was announced in the Autumn Statement in November 2022. Funding previously earmarked within the Spending Review for the scheme was allocated to local government for other purposes in the 2023/24 local government finance settlement and this treatment continues into 2024/25. No funding for the new scheme has been identified for future years. • No costing analysis has been provided so it is unclear whether the quantum of funding previously identified at a national level would have been sufficient to cover the costs of the scheme. There is also a risk that the method for distributing such funding may be unfavourable to the Council.*	Possible	Significant
FR9.	**The Integrated Care Board (ICB)** could seek to reduce its level of contribution to the **'pooled budgeting'** arrangement with SCC	Possible	Major	*• Ongoing relationship and dialogue with ICB 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	*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	Likey	Significant	*• Assumptions have been made in the estimates about the likely level of general inflation that will apply in 2023/24. CPI is currently running at 4.0% (December 2023) and the rate of reduction has levelled off. • Market intelligence provided by Arlingclose - independent treasury advisors. • Directorate cash limited budgets include provision for contract inflation. Beyond this provision it would be managed as an 'in year' issue and services are expected to absorb the difference.*	Likely	Significant
FR12.	**Pay Inflation** is at a higher rate than anticipated	Likely	Major	*• The MTFS approved in February 2023 was based on a pay award of 4.0% for 2023/24 and 2.0% thereafter. The estimate for 2024/25 was amended to 3.0% in the October MTFS update. • Pay awards for the majority of local government employees are agreed through the National Joint Council for Local Government Services, with representatives from both employers and trade unions. • The NJC's offer for 2023/24 of a £1,925 flat rate increase on all NJC pay points on the pay spine and an increase of 3.88% on all pay points above the maximum of the pay spine but graded below deputy chief officer was agreed in November 2023. This is equivalent to around a 5.6% increase for the council. The additional cost of the pay award over budget is to be managed by directorates as part of their cash limited budgets.*	Likely	Significant

- **Adequacy of proposed financial reserves**

Key Financial Risk		INHERENT RISK		Comments/Mitigating Actions	RESIDUAL RISK	
		Likelihood	Impact		Likelihood	Impact
FR13.	**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	*• 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
FR14.	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	*• A Projects and Change Team is in place. A full programme management approach is taken, including planning and risk assessment, with significant support to major projects.*	Unlikely	Significant
FR15.	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	*• 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 Government put in place legislation to mitigate the impact on the General Fund for the five years 2018/19 to 2022/23 and in December 2022 this was extended for a further two years to 2024/25. A new Investment Risk Reserve has been set up to manage the volatility that the timing difference may cause.*	Possible	Significant
FR16.	**COVID-19** will adversely impact on budgets	Almost certain	Major	*• COVID-19 is having ongoing financial effects through its impact on income streams and service costs rising due to increased demand e.g. for social care.The Council included anticipated additional expenditure/income losses in the MTFS agreed in Feb 2021. The MTFS will continue to be used to model the potential effects and ensure the authority continues to plan ahead with robust estimates.*	Almost certain	Significant
FR17.	The cumulative deficit on the **Dedicated Schools Grant** (DSG) may have to be met from the General Fund.	Very Likely	Extreme	*• A cumulative DSG deficit of £11.1M as at the end of 2021/22 is being held in an unusable reserve in accordance with legislation. The statutory override has been extended until the end of 2025/26. A £1.0M in-year surplus for 2022/23 is held within earmarked revenue reserves as the statutory override regulations do not allow for this to be used to reduce the cumulative deficit held in the unusable reserve. An in-year surplus of £2.2M is forecast for 2023/24, which would reduce the cumulative net deficit to £7.9M. • Work is being undertaken as part of the DfE programme Delivering Better Value in Special Education Needs & Disabilities to reduce costs, however may only serve to limit cost increases.*	Likely	Major
FR18	Pressure on the **Housing Revenue Account** means it becomes financially unsustainable without savings and/or reductions in capital spending plans.	Possible	Extreme	*• A minimum working balance has been set at £2M to provide an in-year buffer. • This buffer should be increased over time to at least £3.5M to provide a suitable safety net for any major financial risks and shocks and allow time to adjust plans within the 40- year HRA business plan.*	Possible	Major
FR19	Costs are incurred in meeting **uninsured claims** against the Council.	Possible	Extreme	*• Appropriate legal advice is taken to mount a successful defence.*	Possible	Major
FR20	The Council incurs unfunded costs relating to **new legislative burdens**.	Possible	Significant	*• The Government has a policy of funding any "new burdens" imposed on local government, either through the local government finance settlement or via specific grants.*	Unlikely	Moderate
FR21	**School deficits** may have to be met from the General Fund if a school in deficit transfers to academy status.	Possible	Significant	*• The Government may mandate a school that "requires improvement" to become an academy. When a school in deficit transfers to academy status the deficit must be borne by the General Fund. • Schools in deficit are required to develop deficit recovery plans to get back to a balanced position within 3 years (which may be extended to 5 years if necessary, for schools that have experienced significant COVID-19 pressures).*	Possible	Moderate

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PERFORMANCE INDICATORS – QTR 3 2023/24

Prudential Indicators Relating to Treasury

	Maximum	Forecast	Status
Maximum Level of External Debt £M	£1010M	£429M	Green
As % of Authorised Limit	100%	42.48%	Green

	Maximum	Highest YTD	Status
Authorised Limit for external debt £M	£1,010M	£361M	Green
Operational Limit for external debt £M	£865M	£361M	Green
Maximum external borrowing year to date	£805M	£308M	Green
Limit of fixed interest debt %	100%	87.31%	Green
Limit of variable interest debt %	50%	12.69%	Green
Limit for Non-specified investments £M	£30M	£28M	Green

Other Treasury Performance Indicators	Target	Actual Qtr 3	Status
Average % Rate Long Term New Borrowing	5.50%	None Taken	Green
Average % Rate Existing Long Term Borrowing	3.40%	2.96%	Green
Average % Rate Short Term New Borrowing	5.50%	5.79%	Amber
Average Short Term Investment Rate - Cash	3.50%	5.32%	Green
Average Short Term Investment Rate – Fixed	3.50%	None Held	Green
Average Long Term Investment Rate - Bonds	5.25%	5.27%	Green
Average Return on Property Fund	3.50%	4.56%	Green
Average Return on All Investments	3.72%	4.59%	Green

Minimum Level of General Fund Balances

		Status
Minimum General Fund Balance	£10.1M	
Forecast Year End General Fund balance	£10.1M	Green

Income Collection

	2023/24 Target	Qtr 3 YTD	Status
Collection rate (in year)	>100%	97.98%	Amber
Average days sales outstanding	</= 62 days	79	Red
Percentage of debt more than 12 months old*	</= 20.52%	37.04%	Red
Debt written off	</= 1%	0.61%	Green

*At the time of preparing this report we are still awaiting the major works arrears figures. However, this would only slightly change the aged debt percentage

Creditor Payments

	2023/24 Target	Qtr 3 YTD	Status
Valid and undisputed invoices paid within 30 days	88.37%	89.63%	Green

Tax Collection rate

	2022/23 Actual Rate	Target Collection Rate	Qtr 3 Collection Rate Last Year	This Year	Status
Council Tax (in-year)	93.61%	94.50%	79.29%	79.49%	Red
National Non Domestic Rates (in-year)	96.02%	96.02%	85.80%	85.82%	Green

Appendix 8

HOUSING REVENUE ACCOUNT FORECAST OUTTURN POSITION FOR 2023/24

The Housing Revenue Account is currently forecast to have a surplus of £0.59M, which will be used to increase the HRA working balance to £2.59M**.**

	Budget Quarter 3 £M	Annual Forecast Quarter 3 £M	Forecast Variance Quarter 3 £M	Forecast Variance Quarter 2 £M	Movement from Quarter 2 £M
Expenditure					
Responsive repairs	15.10	15.12	0.02 A	0.01 F	0.03 A
Cyclical maintenance	6.44	6.48	0.04 A	0.07 A	0.03 F
Rents payable	0.20	0.45	0.25 A	0.25 A	0.00
Debt management	0.09	0.09	0.00	0.00	0.00
Supervision & management	26.16	26.92	0.76 A	0.81 A	0.05 F
Interest & principal repayments	5.71	6.46	0.75 A	1.00 A	0.25 F
Depreciation	22.07	21.50	0.57 F	0.57 F	0.00
Direct revenue financing of capital	4.00	2.18	1.82 F	2.12 F	0.30 A
Total Expenditure	**79.77**	**79.20**	**0.58 F**	**0.58 F**	**0.00**
Income					
Dwelling rents	(75.14)	(74.94)	0.20 A	0.20 A	0.00
Other rents	(1.24)	(1.20)	0.04 A	0.04 A	0.00
Service charge income	(2.34)	(2.52)	0.18 F	0.18 F	0.00
Leaseholder service charges	(1.05)	(1.05)	0.00	0.00	0.00
Interest received	0.00	(0.08)	0.08 F	0.08 F	0.00
Total Income	**(79.77)**	**(79.78)**	**0.01 F**	**0.01 F**	**0.00**
(SURPLUS)/DEFICIT	**0.00**	**(0.59)**	**0.59 F**	**0.59 F**	**0.00**

NB Numbers are rounded

The SIGNIFICANT issues for the HRA are:

Service Area	Forecast Variance Qtr 3 £M	Explanation
Supervision & Management	0.76 A	The adverse variance of £0.76M includes an anticipated increase in bad debt provision contribution of £0.10M due to continuing high levels of arrears; £0.18M disrepair claims costs over and above the existing budget; an increase of £0.05M on waste disposal costs as a result of new Persistent Organic Pollutants legislation;

		ongoing net operating loss of £0.07M at the Potters Court cafe; unachieved savings of £0.23M in respect of housing management restructuring, and £0.30M of voluntary redundancy costs. These pressures are partially offset by a favourable cost control variance of £0.12M resulting from a reduction in Employer's pension contributions from 18.2% to 16.8%, and reduced financing costs expected on vans of £0.05M. The favourable movement of £0.05M since quarter 2 relates to the reduction expected on financing costs for vans.
Rents Payable	0.25 A	The adverse variance relates to council tax charges on empty properties, which has exceeded budget due to continuing high levels of voids.
Interest & Principal repayments	0.75 A	The adverse variance reflects the estimated impact of interest base rate increases, and a borrowing decision in February 2023 to fix borrowing at a favourable rate which increases short term borrowing costs but creates a larger saving to the HRA over the longer term. The favourable movement in forecast of £0.25M relates to a slight softening in borrowing costs resulting from the Bank of England's decision to hold rate increases during November and December 2023.
Depreciation	0.57 F	The depreciation charge for 2022/23 was based on a lower stock valuation than anticipated, this has a knock on effect on the depreciation calculation for 2023/24, generating a favourable variance of £0.57M. Due to the scale of the depreciation charge, small % variances can have a large financial impact and therefore any favourable variance on depreciation will be taken to increase the working balance.
Direct Revenue Financing of Capital	1.82 F	The net pressures recorded above, allowing for an increase in working balance, have been offset by a reduction in the Direct Revenue Financing of Capital line. The adverse movement of £0.3M since Quarter 3 is offset by favourable movements across the HRA.

Appendix 9

COLLECTION FUND REVENUE ACCOUNT
FOR YEAR ENDED 31ST MARCH 2024

	Current Budget 2023/24 £M	Forecast 2023/24 £M	Variance Adverse / (Favourable) 2023/24 £M
Total Council Tax Income	**(140.44)**	**(139.73)**	**0.70**
Total Council Tax Expenditure (incl. precepts)	**140.13**	**140.01**	**(0.12)**
Council Tax Deficit/(Surplus) for the Year	**(0.31)**	**0.28**	**0.58**
Council Tax Deficit/(Surplus) Brought Forward	0.31	0.90	0.59
Council Tax Deficit/(Surplus) Carried Forward	**0.00**	**1.18**	**1.18**
Total Business Rates Income	**(94.03)**	**(93.53)**	**0.51**
Total Business Rates Expenditure	**97.48**	**99.35**	**1.87**
Business Rates Deficit/(Surplus) for the Year	**3.45**	**5.83**	**2.38**
Business Rates Deficit/(Surplus) Brought Forward	(3.45)	(13.20)	(9.76)
Business Rates Deficit/(Surplus) Carried Forward	**0.00**	**(7.37)**	**(7.38)**
Total Collection Fund (Surplus)/Deficit	**0.00**	**(6.20)**	**(6.20)**
Council Tax (Surplus)/Deficit			
Contribution (to)/ from SCC		0.99	
Contribution (to)/ from H and IOW PCC		0.14	
Contribution (to)/ from H and IOW F&R		0.05	
Council Tax Collection Fund Balance c/f		1.18	
NDR (Surplus)/Deficit			
Contribution (to)/ from SCC		(3.61)	
Contribution (to)/ from DLUHC		(3.69)	
Contribution (to)/ from H and IOW F&R		(0.07)	
NDR Collection Fund Balance c/f		(7.37)	
Total SCC (Surplus)/Deficit		**(2.63)**	
ADD: Variance in grant estimated as due from Government (General Fun		0.09	
NET SCC (Surplus)/Deficit for future budget purposes at Qtr 3		**(2.54)**	

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DECISION-MAKER:	CABINET COUNCIL
SUBJECT:	The HRA Budget 2024/25 and Capital Programme 2023/24 to 2028/29
DATE OF DECISION:	20 FEBRUARY 2024 21 FEBRUARY 2024
REPORT OF:	**COUNCILLOR A FRAMPTON** **CABINET MEMBER FOR HOUSING**

CONTACT DETAILS				
Executive Director	**Title**	Executive Director for Wellbeing & Housing		
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STATEMENT OF CONFIDENTIALITY

Appendix 6 (Capital Programme detail) is exempt from publication by virtue of category 3 of rule 10.4 of the Council's Access to Information Procedure Rules i.e. information relating to the financial or business affairs of any particular person. It is not in the public interest to disclose this information due to an ongoing commercial dispute which is subject to a protected alternative dispute resolution procedure. If the information was disclosed then the Council's financial position would be available to other parties to the dispute and prejudice the Council's ability to achieve best value

BRIEF SUMMARY

This report details the Housing Revenue Account (HRA) budget for 2024/25, capital programme 2023/24 to 2028/29 and 40 year business plan.

It provides detail to inform full Council in setting rents, service charges and landlord controlled heating charges for 2024/25. The report also sets out the HRA capital programme HRA for the period 2023/24 to 2028/29, and identifies how the 2024/25 HRA budget has been balanced.

The report contains the outcome of the formal consultation on proposals for rent and landlord controlled heating charges.

Following this consultation the report recommends a rent increase of 7.7% and to continue the previously agreed charges for the landlord controlled heating in order to bring the account back into balance.

The importance of the services provided by Southampton City Council to our tenants continues to be very evident. The council's HRA budget setting process therefore centres around the key objectives of being a good landlord and ensuring resources are directed towards agreed priorities.

Details of the HRA budget and HRA capital programme are set out in this report and in the following appendices: Appendix 1 - HRA 40 year operating account Appendix 2 – Heating charges 2024/25 Appendix 3 – HRA major repairs Appendix 4 – HRA 2024/25 budget and 5 year projection Confidential Appendix 5 – HRA capital programme 2023/24 to 2028/29		
RECOMMENDATIONS:		
Cabinet is recommended to:		
	(i)	Propose to Council from 1 April 2024, an average rent increase will be applied to dwelling rents of 7.7% in line with the rent increase guidance set by Government, as detailed in paragraph 14, equivalent to an average increase of £7.15 per week in the current average weekly dwelling rent figure of £92.75 for Social rent, and £10.58 per week in the current average weekly rent for affordable rent of £151.16. Rents for Shared Ownership rents will also increase by 7.7%.
	(ii)	Propose to Council that there will be no increase in weekly service charges applied from 1 April 2024, as detailed in paragraph 21, pending further work on service charges in 2024/25.
	(iii)	Propose to Council the Housing Revenue Account revenue estimates as set out in Appendix 4.
	(iv)	Propose to Council the 40 year Business Plan for revenue and capital expenditure set out in Appendix 1 and confidential Appendix 5 respectively, that based on current assumptions are sustainable, maintaining a minimum HRA balance increasing from £2.0M in 2023/24 to £7.0M by 2027/28, following a review of policy undertaken in 2023/24 for future budgets to provide a sufficient and necessary buffer against financial risks.
	(v)	Propose to Council the increase in landlord controlled heating charges set out in paragraph 25, which represent a 5% increase (reduced from the 10% increase previously anticipated in the MTFS update in July 2023)
	(vi)	Propose to Council the revised Housing Revenue Account (HRA) capital programme, which totals £280.01M (as detailed in paragraph 60 & 61 and the associated use of resources.
	(vii)	Propose to Council the capital projections in the HRA Capital Programme for 2023/24 to 2028/29 as detailed from paragraph 60, and that spend between 2023/24 and 2027/28 has been increased following the decision of Cabinet on 6 February 2024 on the future delivery of Plots 2,9 and 10 Townhill Park, to deliver plots 2 and 9 through the Affordable Homes Framework, and adjusted for known slippages at Quarter 3.
	(viii)	Propose to Council an increase in the HRA working balance from the current £2m, to £7m by 2027/28.
COUNCIL		
Council is recommended to:		
	(i)	Following consultation (paragraphs 14 to 25) approve that, from 1 April 2024, an average rent increase will be applied to dwelling rents of 7.7% in line with Government guidance, as detailed in paragraph 14, equivalent to an average

		increase of £7.15 per week in the current average weekly dwelling rent figure of £92.75 for Social rent, and £10.58 per week in the current average weekly rent for affordable rent of £151.16. Rents for Shared Ownership rents will also increase by 7.7%.
	(ii)	Approve that there is no increase in weekly service charges to be applied from 1 April 2024, pending further work as detailed in paragraph 21.
	(iii)	Approve the Housing Revenue Account revenue estimates as set out in Appendix xx.
	(iv)	Approve the 40 year business plan for revenue and capital expenditure set out in Appendix 1 and confidential appendix 5 respectively, that based on current assumptions are sustainable, maintaining a minimum HRA balance increasing from £2.0M agreed for 2023/24 to £7M from 2027/28 in every financial year in line with current policy.
	(v)	Approve the increase in landlord controlled heating charges as detailed in paragraph 25. which represent a 5% increase (reduced from the 10% increase previously anticipated in the MTFS update in July 2023).
	(vi)	Approve the revised Housing Revenue Account (HRA) Capital Programme, which totals £280.01M (as detailed in paragraph 60 & 61 and the associated use of resources.
	(vii)	Approve the capital projections in the HRA Capital Programme for 2023/24 to 2028/29 as detailed from paragraph 60, and that spend between 2023/24 and 2027/28 has been increased following the decision of Cabinet on 6 February 2024 on the future delivery of Plots 2,9 and 10 Townhill Park,to deliver plots 2 and 9 through the Affordable Homes Framework, and adjusted for known slippages at Quarter 3.
	(viii)	Approve an increase in the HRA working balance from the current £2m, to £7m by 2027/28.
REASONS FOR REPORT RECOMMENDATIONS		
1.	The Constitution requires the Executive to recommend its HRA budget proposals for the forthcoming year to Full Council. The recommendations contained in this report set out the various elements of the budget that need to be considered and addressed by the Cabinet in preparing the final papers that will be presented to Full Council. The recommendations set out in this report help to ensure we are continuing to provise statutory services and improving the quality of life for residents, which maintaining a balanced 40 year business plan. The 40 year business plan is also set out in the report which demonstrates a balanced position.	
ALTERNATIVE OPTIONS CONSIDERED AND REJECTED		
2.	Alternative options for HRA revenue spending and assumptions form an integral part of the development of the overall HRA budget and capital programme that will be considered at the Council meeting on 21 February 2024.	
3.	This report sets out the HRA revenue budget for 2024/25 and the 40-year HRA business plan covering the period 2024/25 to 2063/64. The increases to rents, service charges and heating charges are an integral part of the revenue estimates for 2024/25. The alternative proposal would not be to increase rent or heating charges and this was rejected on the basis that business plan objectives, particularly for increasing standards of homes would not be met, and that the Council would continue with a deficit on the heating account, for which there is a legal duty to recover.	

DETAIL (Including consultation carried out)	
4.	The HRA is set in the context of a 40 year business plan and is subject to a comprehensive review as part of the budget process each year, and subsequently monitored over the course of the financial year. As the landlord account, the HRA is specifically ring fenced for income and expenditure associated with the provision and management of council owned homes in the city. This account funds a significant range of services to approximately 16,000 homes for Southampton tenants and their families and to over 2,000 homes for leaseholders. These services are those specific to housing, including but not limited to • housing and estate management, • repairs, • improvements, • statutory compliance activity; • welfare advice, • support to address anti-social behaviour and • support for the victims of domestic abuse; • supported housing services for older people and those with extra care needs, and • capital spending on council properties.
5.	The level of resources available to invest in the housing stock is dependent on overall income to the HRA. The key source of income is the rent received from tenants, which is utilised to pay for every-day services and to support borrowing costs associated with investment in the housing stock. The current approach to rent setting is set nationally and is in the context of rent reductions of 1% per annum between 2016/17 and 2019/20, and a rental freeze agreed by full Council for 2022/23, both of which have significantly reduced HRA resources over the course of the business plan.
6.	As part of the annual review of the HRA, both internal and external influences on the HRA are reviewed to assess the impact of those factors on housing services and determine the financial strategy for the HRA and the framework for the 40 year financial model.
	2023/24 Forecast Outturn
7.	The HRA year-end forecast position as at the end of December 2023 shows an overall favourable position, with an anticipated increase in working balance of £0.59M. However, this is in the context of pressures on the HRA, driven by a number of factors including: • losses on rental income and increased empty property charges resulting from high levels of voids • Increase in borrowing costs due to increases in interest rates during 2023 • Increasing cost of disrepair claims arising from deteriorating stock condition • Non-achievement of anticipated saving in respect of housing management restructuring in 2023/24. • Pay inflation higher than assumed for 2023/24 These pressures are being offset by • A reduction in employer's pension contributions from 18.2% to 16.8% • Service charge income slightly favourable to business plan estimate • A reduction in expected revenue contributions to the capital programme in order to maintain a balanced position in year, albeit at the cost of slightly higher long term borrowing costs.
	HRA Medium Term Financial Position
8.	This report sets out the HRA revenue budget for 2024/25 and the 40 year HRA business plan , covering the period 2024/25 to 2063/64. The current forecast on the HRA and

	proposed budget are summarised in the table below. More detail can be found in appendix 4.

HOUSING REVENUE ACCOUNT

Expenditure	Forecast 2023/24 £M	Proposed budget 2024/25 £M
Responsive & Repairs	15.72	18.05
Cyclical Maintenance	6.48	6.99
Rents Payable	0.48	0.45
Debt Management	0.09	0.09
Supervision & Management	26.42	29.76
Interest & Principal Repayments	6.46	6.46
Depreciation	21.50	22.35
Direct Revenue Financing of Capital	2.14	0.54
Gross Expenditure	**79.29**	**84.69**
Income		
Dwelling Rents	(74.94)	(80.29)
Other Rents	(1.20)	(1.21)
Service Charge Income	(2.52)	(2.53)
Leaseholder Service Charges	(1.05)	(1.05)
Interest Received	(0.08)	(0.11)
Total Income	**(79.79)**	**(85.19)**
Balances		
Working Balance B/Fwd	(2.00)	(2.50)
(Surplus)/deficit for year	**(0.50)**	**(0.50)**
Working Balance C/Fwd	(2.50)	(3.00)

9. The HRA business plan draws from and supports a number of council strategies, including the MediumTerm Financial Strategy, to ensure plans are affordable and budgets are aligned to the assumptions detailed in those strategies. The core HRA financial planning assumptions are:

- All HRA debt is sustainable on a yearly basis over the period of the plan since restrictions to HRA borrowing were lifted in 2018.
- The capital spending plans must include increased provision to maintain and improve all existing dwellings and is based on a housing stock capital strategy that continues to be developed and enhanced.
- Future development will be on the basis of a model of working with Registered Providers, utilising land disposals and future Right to Buy receipts to support stock replacement, replacing the existing acquisitions assumption. The first phase of this programme was approved by Cabinet in December 2022 in its report titled ‘Delivery of Affordable Housing on Council Land through the Council Framework’ and subsequently reflected as a policy change in the 2023/24 HRA budget report.. In addition, £7M is set aside for direct delivery for Plot 10 Townhill Park following the Cabinet decision on 6 February 2024 (Future delivery of Plots 2,9 and 10 Townhill Park)The minimum balance will be increased from the current working balance of £2.0M per year to a minimum balance of £7M, broadly equivalent to 5% of average

	capital programme investment and revenue expenditure, over the following three years, recognising the increased risk to the HRA of high inflation, and ensure sufficient and robust provision for unexpected pressures.
10.	The HRA business plan shows revenue balances that increase above minimum levels within the 40 year period. This has been mitigated to an extent by repayment of loans outstanding across the life of the Business Plan. The surpluses are subject to change annually and will reflect the annual review of stock investment needs, estimated unit income and expenditure, as well as the prevailing external economic factors of the time.
	HRA Priorities
11.	The overarching priority for the HRA is to 'Be a Good Landlord'. We will do this by providing safe and good quality homes; ensuring our residents have choice and protection and are able to hold us to account. Key priorities to achieving this objective include: • Improving the quality of our homes • Meeting the consumer standards as set out by the social housing regulator • Providing safe places to live, promoting social, environmental and economic wellbeing
	External Factors
	Inflation:
12.	The base rate of inflation used to drive expenditure assumptions in the HRA financial forecasts is generally the Consumer Price Index (CPI), and other measures such as the RICS (Royal Institution of Chartered Surveyors) Building Cost Information Service (BCIS) for building materials prices are also considered. The last 12 months has seen continuing high inflation with CPI inflation rates of 10.1% in January 2023, with a reduction through the year to 6.7% in September 2023. The HRA has been aligned to the council's MTFS assumptions on CPI. These are set out in Table 1 rates of: • 3.2% for 2024/25 • 2.1% for 2025/26 **2% for 2026 onwards,** with RPI assumed to be 1% higher than CPI for certain categories of expenditure.
	Interest Rates:
13.	The HRA receives a proportion of interest earned on cash balances invested by the council , notably on the HRA's working balances. The rate of interest assumed for 2023/24 was assumed to be in line with General Fund treasury returns, based on investments with minimal risk. The Bank of England base rate has increased from 4.25% in March 2023 to 5.25% as at December 2023. The actual average rate of interest earned on investments that benefited the HRA for 2022/23 was 2.9%. So far in 2023/24 the average rate earned on investments has increased and is expected to be 5.25% for the year. The business plan assumption for 2023/24 has assumed lower interest receivable at 3%, based on performance in 2022/23. Current base rate forecasts advised to the Council by Treasury Management advisors set an expectation that base rate will start to decrease in 2024, to 4.25%, and remain at this level until 2025 before falling back to 3.25%. As a result of this anticipated decrease in the base rate, the HRA retains the assumption that 3% can be earned on investments from April 2024 onwards. The interest rate assumptions are reflected in the Council's wider Treasury Management Strategy. In respect of existing HRA borrowing, the self-financing loan portfolio with the Public Works Loans Board of £166M at 1 April 2024 remains, peaking at £351M in 2033, with rates of between 1.12% and 4.94% for existing borrowing, and 5.5% assumed for borrowing undertaken in 2024/25.

	The HRA business plan assumes all borrowing is fully repaid by the financial year 2063/64. The profiling across the 40 year period has been optimised as part of the business planning process.
	HRA Priorities
	Rent & Service Charge Increases
14.	Under current Government guidance the council can increase rent by a maximum of CPI plus 1 per cent based on the September CPI data; the September data release confirmed CPI at 6.7%, allowing a maximum increase of 7.7%. The council is also required to set charges for communal heating in certain properties. Following significant wholesale energy price increases in 2022/23, it is necessary to increase heating charges in order to bring cost under control in 2023/24. The proposal for rent and service charge increases is as follows: • 7.7% increase in Rent for dwellings, garages and parking spaces • No increase in Service Charges pending further review in 2024/25 • No increase in Supported Accommodation Service Charges pending further review in 2024/25 • Heating charge increase of 6.5%
15.	It is proposed that rents are increased by CPI + 1% in 2024/25, in line with Central Government guidelines for HRA rents issued within the current rent standard. Rental policy beyond 2025/26 will be subject to a forthcoming government consultation, which was committed as part of the rent cap proposals during 2023. However, given the uncertainty of the outcome of any consultation, the business plan assumes increases in line with target CPI from 2025/26 and thereafter.
16.	The proposal to increase rent by CPI + 1% also extends to shared ownership properties, garages & parking spaces and supported housing properties.
	Consultation Feedback
17.	Consultation feedback on increasing housing rents: • 65% of respondents agreed with the proposal and 19% felt the proposal could have a positive impact on them, their family, their business or the wider community. • 21% of respondents disagreed with the proposal and 30% felt that the proposal could have a negative impact. • Of tenants of a council-owned home, 39% agreed with the proposal and 50% disagreed. 17% felt that the impact of the proposals could be positive, and 70% felt that the proposal could have a negative impact on them, their family, their business or the wider community. Consultation feedback on increasing landlord controlled heating charges: • 64% of respondents agreed with the proposal and 19% felt the proposal could have a positive impact on them, their family, their business or the wider community. • 21% of respondents disagreed with the proposal and 28% felt that the proposal could have a negative impact. • Of tenants or leaseholders of a council-owned property with landlord controlled heating, 14% agreed with the proposal and 76% disagreed. 12% felt that the impact of the proposals could be positive, and 82% felt that the proposal could have a negative impact on them, their family, their business or the wider community. A full analysis of the public engagement exercise will be included with the council tax setting report.
	Rent Arrears

18.	Rent arrears have continued to rise in the current financial year, 2023/24. Arrears have increased significantly since 2020/21, linked to the impact of Welfare Reform, the lasting impact of suspension of recovery action during COVID times and exacerbated by the impact of increasing cost of living during 2022/23 and 2023/24. The bad debt provision contribution was increased significantly in the 2023/24 business plan and there are currently no plans to reduce the contribution.
19.	As part of the Council's debt recovery action plan, measures have already been taken to reduce the arrears position, including additional direct debit days, increasing use of alternative payment arrangements and increasing the level of support to tenants., as at November 2023, current tenant arrears stood at £8.44M, and former tenant arrears at £3.4M.
20.	The Business Plan for 2024/25 continues to recognise the risk of increasing arrears and is trialling the use of specialist debt collection agency utilising their expertise on former tenant arears recovery. This will support the work of the Customer Payments and Debt team, and correlates with the wider debt management project across the Council to improve debt recovery performance, and the impact of this approach will be reviewed during 2024/25.
	Service Charges
21.	Service charges are not proposed to increase in 2024/25, pending a review of the existing contribution basis currently in place and proposals to move towards a cost recovery model in future years. The benefit of this will be to build capacity in the HRA business plan to increase investment in decent homes projects. Future years service charges are assumed to increase at inflation pending further work around cost recovery (see para 40).
22.	The weekly charges remain static and those to be levied for next year are shown in Tables 2 and 3 below.

Table 2 – General Service Charges

	23/24	24/25
Concierge monitoring	£3.02	£3.02
Walk-Up Block Wardens	£1.60	£1.60
Cleaning service in walk-up blocks	£0.80	£0.80
Door Entry System	£0.24	£0.24
Emergency Lighting Testing	£0.29	£0.29
Garden/Ground Maintenance	£0.24	£0.24
Tower Block Wardens	£5.67	£5.67

23. **Table 3 – Supported Accommodation**

	23/24	24/25
Community Alarm	£1.42	£1.42
Support	£3.01	£3.01
Management	£5.59	£5.59

	Careline Charges
24.	The Careline service is provided to both tenants within and outside of the HRA. The charges have not increased significantly for a number of years, and it is proposed that these charges remain static at :

	2023/24 Charge	2024/25 Charge
Monitoring (weekly)	£3.85	£3.85
Responding (weekly)	£5.50	£5.50
Installation (one-off)	£27.50	£27.50
Key safe (one-off)	£44.00	£44.00

Heating Charges

25. The landlord controlled heating (LCH) account was significantly adversely impacted by increasing energy costs during 2022/23, There was no decision made to increase LCH charges during 2022/23, with an increase of 100% applied form April 2022. The increase agreed was a compromise between cost recovery and minimising impact on tenants.

As a result, a deficit of £3.7M was forecast as at the end of 2022/23. The final position on the account was calculated during completion of the statement of accounts in April 2023 at £3.5M.

Cabinet and Council agreed to the principle of recovering the deficit over a period of 5 years at its meeting in July 2023. At that time, the estimated increase was anticipated to be approximately 10% per annum based on forecasts received in June 2023.

Revised energy cost forecasts were received in October 2023 and these estimates will be used to calculate the percentage increase in charges required to feed into the budget consultation in November 2023. A comparison of the energy cost forecasts received between June and October 2023, for the period from November 2023 to October 2024 are outlined below:

	June 2023	Oct 2023
Electricity		
Best case	+ 6.8%	- 3%
Mid case	+ 7.8 %	- 3%
Worst case	+ 33.9%	- 3%
Gas		
Best case	-12.8%	- 9.6%
Mid case	-11.9%	- 9.6%
Worst case	+ 14.8%	- 9.6%

The estimates provided in October 2023 are more favourable than those provided in June and are more certain due to the advance purchase of energy now having taken place for the forecast period.

In calculating the impact on the LCH account, a number of assumptions are made as follows;

1) Inflation on energy costs has been assumed at 5% per annum from the second half of 2024/25 over the period of the forecast
2) Leaseholder contributions based on actual cost and 1 year in arrears
3) That the LCH account will contribute a sum to the HRA bad debt provision, recognising the risks associated with high charges and minimising the impact on tenants not in receipt of Landlord Controlled Heating

The impact of the revised forecasts is an anticipated reduction in the LCH balance from £3.6M to £3.0M as at 31 March 2024. In order to recover the deficit it will still be necessary to increase charges. In order to recover this deficit over the next 5 years, the required increase is 6.5% in 2024, and estimated at 5% per annum in 2025/26 and 2026/27, returning to an inflationary increase in 2027/28 based on the assumptions outlined above.

The revised charges are provided in the table 4 below.

Table 4 Landlord Heating Charges

Band	2023/24 Charge	2024/2025 Proposed Charge
A	1,106.96	1,178.91
B	1,329.06	1,415.45
C	1551.16	1,651.99
D	1773.26	1,888.52
E	1,995.36	2,125.06
F	2,232.76	2,377.89
G	2,473.56	2,634.34
H	2,717.76	2,894.41
J	384.46	409.45

This table (and Appendix 2) shows the proposed weekly and annual changes by band. The bands are set on the basis of floor space in square metres, ensuring smaller properties pay proportionately less than larger properties, and a specific band (J) for hostels. The proposed percentage increase is applied equally to each band.

This increase (and future annual increases in line with energy inflation) are designed to strike a balance between cost recovery and a fair increase in price for tenants.

Identified pressures built into the Business Plan:

26. **Increased cost of disrepair claims**

The number of claims has increased significantly since 2020 and is expected to continue to increase in the short term to medium term. The current budget cover has been increased to £0.25M, based on a current caseload of approximately 200 claims and will continue to be monitored.

27. **Voids and rent loss**

The business plan model assumes void losses of 3%, equivalent to £2.5M, in 2024/25, reducing to 2.5% in 2027/28 based on current capital expenditure. In addition, council tax charges and empty properties are assumed at £0.45M per annum. This is an area of focus and measures are being taken to reduce voids, in order to both improve income collection and also bring homes back into circulation, as outlined at paragraph 35.

28.	**Cost of borrowing** The HRA business plan assumes average interest rates of 5.5% in the short term, reducing to 4% in the medium to long term. This is a significant increase over and above the rates seen prior to 2022/23.
29.	**Depot rent increase** Rental charges for Nursling depot increased during 2023/24 by £0.04M per annum. This has been factored into the business plan model going forward. A historic backdated increase was accounted for in 2022/23.
30.	**Disposal of waste** Changes to regulations around the disposal of Persistent Organic Pollutants (POPs) is expected to increase disposal costs for items such as sofas. A pressure of £0.05M per annum is reflected in the business plan.
31.	**Inadequate working balance** The working balance was set historically at £2M. This is inadequate against the current level of annual expenditure and the current capital programme. The business plan assumes an increase to £3M in 2024/25, £4M in 2025/26 and £7M form 2026/27.
32.	**Tenancy fraud additional resourcing** Counter fraud measures are key to minimising losses due to fraud, particularly in relation to tenancy fraud and right to buy fraud. Additional counter fraud resources have been built in to the business plan model as part of the Housing Management restructure. Tenancy fraud is key to cost avoidance in the HRA. As at Q3 8 properties have been returned with a cost avoidance of £0.4M housing management associated in respect of tenancy fraud. In addition, a further £2.3m in respect of right to buy sales has also been prevented.
33.	**Corporate Landlord – additional Building Safety Managers** In recognition of increased landlord responsibilities under the Building Safety Act, two additional building safety managers have been budgeted within the 202425 HRA. Workloads and effectiveness to be reviewed during 2024/25. At a cost of £XX
34.	**Additional regulatory cost** On 7 September 2023, the Regulator of Social Housing (RSH) proposed to start charging councils with large social housing portfolios for the costs of regulation. For councils with more than 1,000 social housing units, the RSH proposed to start charging an annual fee of £7- £8 per unit. Councils with fewer than 1,000 units will continue not to be charged. The flat fee for smaller associations would increase from £300 to £600-£700 annually. The fee for housing associations with more than 1,000 units would increase from £5.40 to £9-£10 per unit. The increases willapply from 1 July 2024, and the cost to the HRA is estimated at £0.13M per annum.
35.	**Housing Operations** The housing operations budgets reflect immediate mitigations proposed to address voids, including reallocation of long standing vacant posts to increase logistics resource to manage additional workload, additional plasterers, roofers and gas fitters, alongside additional resource to address training needs. Overall budget for reactive and void repairs within the HRA revenue account now stands at £17.35M (an increase of £2.23M from 2022/23) and capital budget for major repairs within the capital programme is now £2M per year for the next 5 years (an increase of £1.2M per annum).
36.	**Inflationary pressures** A cost of living pay award assumption of 3% has been built in to the HRA business plan model, and wider inflationary pressure has been built in line with the assumptions outlined in this report.
	Savings proposals

37	All expenditure within the HRA is currently subject to ongoing review under cost control criteria. This approach will continue into 2024/25. Savings proposals for 2024/25 include:
38.	**A restructuring to Housing Management** **This** is currently being implemented, which will provide a more streamlined staffing structure. This will produce an estimated saving of £0.23M from 2024/25.
39.	**Ensuring cost neutrality on the provision of food within supported housing complexes**. The contract with City Catering will be terminated in 2023/24. This was running at a net loss of £158k in 2022/23. Alternative options for the provision of catering are currently being mobilised within the boundaries of cost neutrality.
	Improvement Projects
40.	**Trialling the use of debt collection agency resources to recover former tenant arrears**. The performance of this trial will be reviewed in 2024/25, and aligns to a wider review of debt recovery across the Council.
41.	**Service Charge Review** A project to review of service charges to move from a contribution model to a cost recovery model is planned in 2024/25, with a view to implementation from 2025/26.
42.	**Technical calculations have been reviewed to ensure they are reasonable in the context of the current business plan.** The depreciation calculation methodology has been reviewed to ensure it remains reasonable in the context of the overall HRA budget, and internal overheads between the HRA and General Fund have been reviewed for reasonableness.
43.	Following a review of the delivery of plots 2,9 and 10 Townhill Park, Cabinet, on 6 February 2024, have recommended to Council to transfer plots 2 and 9 into the Affordable Homes Framework. Plots 2 and 9 were not cost neutral to the HRA. This decision has reduced future revenue pressure on the HRA through reduced borrowing costs, and allowed scope to increase in investment into Decent Homes projects in the Capital Programme.
44.	**Housing Operations and Voids** Housing operations teams have been reprioritised to focus on void work with a view to containing and reducing the number of outstanding void properties. A more fundamental change to working practise is required and allowance has been made in the capital programme for increased focus on void repairs, following reprofiling of fire safety spend to prioritise void repair. The impact of this will be monitored in 2024/25 and future business plan assumptions updated in line with improvements identified. The benefit of this reprioritisation will be to reduce void levels by 300 properties in 2024/25, and a further 50 in 2025/26, with consequent improvement in income from 2025/26 and beyond.
	HRA Balances
45.	The HRA business plan enables a longer-term repayment of debt to take place. Despite recent cost pressures, and the removal of the debt cap leading to ongoing regeneration andnew build borrowing, debt repayments take place during the life of the business plan, with model assuming repayment of all debt within the 40 year plan. This ensures the level of debt forecast in 40 years is prudent.
46.	A significant risk to the long-term plan is the risk that the capital investment requirements significantly increase over time. The impact of this could have a significant adverse impact on HRA balances as property costs would begin to exceed rental income. This risk is more significant because of the rent freeze in 2022/23 and proposed rent caps in 2023/24. This

	is exasperated by materials costs inflation and repair demand as the stock ages therefore, the forecast financial position is subject to annual review based on the prevailing economic factors and will also reflect the annual review of stock investment needs and estimated unit rates.
47.	The other significant risk is changes in central government rental policy in the future. The current guidance extends as far as 2024/25. The business plan model assumes a CPI+1% increase in 2025/26 and rent increases equivalent to CPI from 2026/27 onwards pending the outcome of future consultation on rent increases.
48.	It is necessary to regularly undertake sensitivity analysis to assess the impact of external influences such as building inflation and changes to CPI on the business plan so that the overall budget position can be maintained to support investment in services and properties to meet the expectations of tenants and our regulatory requirements. A 1% increase in inflation has a £20m adverse impact across the 40 year term of the business plan if rent cannot also be increased by an equivalent amount.
49.	The HRA minimum balance since 2017 has been maintained at £2.0M per year. However, in recognition of the level of risk associated with the rent cap and continuing high inflation, it is proposed that the minimum balance is increased to £3M from April 2024/ The current closing working balance in 2023/24 is estimated at £2.59M and it is recommended a more fundamental review of working balance is undertaken in 2024/25.
	HOUSING REVENUE ACCOUNT CAPITAL PROGRAMME 2023/24 TO 2028/29
50.	The capital programme has been subject to a review of each line, taking into account legal and statutory requirements in relation to all of our compliance activity and the principles of the Housing Asset Management Strategy. Consideration has also been given to ensuring budget lines are realistic, affordable and achievable and take into account expected slippages from the 2022/23 financial year where appropriate.
	THECAPITAL PROGRAMME 2023/24 to 2028/29
51.	Table X in paragraph 60 provides a summary of the latest capital expenditure for the period 2023/24 to 2028/29 compared to the previously reported programme.
52.	**<u>Headline Capital Programme Summary</u>** The following table outlines the headline category of budgeted spend between 2023/24 and the five years to 2028/29:

	2023/24 Forecast £M	2024/25 Budget £M	2025/26 Budget £M	2026/27 Budget £M	2027/28 Budget £M	2028/29 Budget £M	Total £M
Improving Quality of Homes	10.89	13.23	14.93	12.33	12.40	12.40	**76.17**
Improving Energy Efficiency	5.93	19.19	19.80	8.17	9.40	9.40	**71.90**
Impriving Safety of Homes	13.98	15.51	12.67	9.09	8.80	7.80	**67.85**
Regeneration	3.88	3.60	6.24	3.57	-	-	**17.29**
Supporting Communities	3.91	1.82	1.67	1.57	1.57	1.57	**12.11**
Supporting Independent Living	3.38	5.38	3.84	3.00	3.00	3.00	**21.60**
Inflation allowance			2.01	2.56	3.75	4.78	**13.09**
	41.98	**58.73**	**61.16**	**40.30**	**38.91**	**38.94**	**280.01**

53.	**<u>Capital Programme Financing</u>** The following table outlines how the capital programme from 2023/24 through to 2028/29 will be financed:

Financed by:	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	Total
	£M	£M	£M	£M	£M	£M	£M
Use of Capital Receipts (including RTB)	1.95	3.93	2.17	2.25	2.63	1.89	**14.81**
Major repairs reserve	21.49	22.35	22.84	23.40	23.79	24.20	**138.08**
DRF Contribution	1.29	0.54	0.16	0.45	0.55	0.93	**3.92**
Grants (HNES, Canberra, LAHF1)	2.28	1.85	0.00	1.40	0.00	0.00	**5.53**
Borrowing	14.97	30.05	35.99	12.80	11.94	11.92	**117.67**
	41.98	**58.73**	**61.16**	**40.30**	**38.91**	**38.94**	**280.01**

54. The Council agreed a Housing Asset Management Strategy in March 2022. The strategy has been created to ensure that robust, long term strategic capital investment plans are produced whilst ensuring that the requirements of the housing stock are affordable within the context of the HRA Business Plan. The production of a 5 year capital plan is set in the context of the strategy's objective to undertake as much work as possible in a pre-planned way to reduce future reactive repair costs.

55. The number of properties that meet the decent homes standard has moved adversely from 61% in 2018 to 46% in 2023. This is due to historic and current under investment in homes, partly because of budget constraints following rent reductions from 2016 to 2020, and partly due to insufficient capacity to deliver. The Housing Asset Management Strategy in 2022 stated that £175M was needed over a period of 5 years, and the rate of underinvestment is an average of £15M per year over the last 5 years.

The key priority for the capital programme has therefore been to seek to increase the resources required to address this issue. Plans are being progressed to set up a planned delivery works contract from April 2024 to support the work of the in-house team and speed up delivery of the capital programme. Combined with the investment in housing operations for voids, the benefits would seek to:

- Stabilise disrepair claims during 2024/25, and reduce the total claim value by 30% in 2025/26;
- Increase repairs completed on time and first callout from 41% currently to 80% by end of 2024/25, and up to 90% in 2025/26;
- To stabilise the number of complaints in 2024/25, and reduce complaints by 25% in 2025/26;
- To reduce waiting times for repairs in 2024/25 from 32 days to 25 days and further to 20 days in 2026/27;
- reduction in backlog of repairs from 5,000 currently to 4,000 in 2024/25 and 3,000 by 2025/26 (which represents the normal buffer for optimal working);
- Reduced calls and repeat calls through the customer service centre and
- Reduction in average repair cost.

56. Energy Performance

Work is continuing on improving the energy efficiency of the housing stock, working towards the government's target of all social housing achieving an Energy Performance Certificate (EPC) rating of C by 2030 for fuel poor homes, and 2035 for the remainder (where reasonably practicable to do so). As at December 2023 (December 2022 in brackets), 5,360 (5,166) properties are rated 'C' or above, 4,971 (4,251) properties are rated as D, and 2,428 (3,195) at E or below.

The Asset Management Team continues to complete EPC surveys to improve the accuracy of the energy performance data held. The EPC surveys have shown that the energy performance of the property estate is better than previously reported. Currently, 12,759

	properties have an EPC certificate held on the Government's central register; this equates to 68% of properties within the housing stock. The Authority continues to seek external funding to support energy efficiency works. SCC has been successful in gaining grant funding via the Green Homes Grant Local Authority Delivery Scheme (Phase 2 Energy Project), replacing existing Night Storage Heaters with significantly more efficient High Retention Storage Heaters, and has secured funding towards energy efficiency works at Canberra Towers.
57.	Stock Condition – Damp & Mould The council continues to review its processes around damp & mould, including the scope of any future investment needs as part of a more proactive approach to reducing damp. Outputs of ongoing review will need to be factored into quarterly capital monitoring reviews and the budget setting process for 2025/26..
	New Build
58.	**Affordable Homes Framework** Approval was given at Cabinet on 14 March 2022 to establish a framework of affordable housing providers to deliver affordable housing throughout the city utilising council owned land. A framework is now in place ith a number of providers appointed. Several plots of council owned land have been identified as being suitable for the development of affordable housing using the framework partners. Approval was given for the first tranche of sites to be transferred using the framework by Cabinet on 20 December 2022 and the HRA business plan takes account of this decision.
59.	**Townhill Park** Cabinet have reviewed the delivery of plots 2, 9 and 10 and, at its meeting on 7 February 2024 have recommended to Council that plots 2 and 9 will move to the Affordable Homes Framework. This has been reflected in the revised capital programme with a retention of £7M for plot 10 delivery across 2025/26 and 2026/27, and a subsequent increase in decent Homes capital expenditure from 2025/26. In summary, additional spend has been prioritised as per table X : Table X Decent homes capital expenditure

Decent homes spend category	Additional resource
Roofs	£1.3M
Bathrooms	£1M
Kitchens	£1M
Electrical space heating	£0.5M
Doors & windows	£1M
Major repairs	£1.8M

	MAJOR PROGRAMME CHANGES
60.	**Improving the Quality of Homes** This category focuses on the major replacement, asset refurbishment and modernisation of the assets through component investment within properties. This includes communal areas as well as within occupied homes. The impact of investment will be reflected in key Performance Indicators (KPIs) for example the council's ability to reduce void turnaround times and reduce the average cost of reactive repairs. Key changes for 2024/25 include: an additional £3.99M on quality of homes projects, including an increase to the Major Reactive Repairs line of £1M, investment in telemeter electrical upgrades of £1.1M, and

	£0.8M for heating upgrades at Holyrood house, alongside minor increases in roofing, kitchens and bathrooms replacements budgets. For 2025/26, the telemeter project is assumed to complete, and increased investment in kitchens (£1.1M), bathrooms (£1.1M), roofing (£1.2M) and major reactive repairs (£2.8M) have been built in, with an overall increase in the 2025/26 budget of £4.8M. This level of expenditure is then assumed to continue from 2026/27 into 2028/29.
61.	**Making Homes Energy Efficient** This category groups spend that improves the thermal efficiency of assets and introduces efficient heating appliances into homes. These measures help tackle social issues such as fuel poverty and targets the provision of a comfortable home, as well as contributing to zero carbon ambitions and meeting central Government target for all social housing to reach EPC 'C' by 2030. review of the capital programme identified a total investment need of £84.8M between 2023/24 and 2026/27 including energy efficiency works on specific tower blocks, full insulation programme, replacement of gas and electric heating systems. Energy efficiency works for Millbank Towers and Redbridge Towers are currently assumed to take place after 2027/28, and other programmes of works have been profiled according to the capacity of the organisation to deliver works. The key changes to energy efficiency budgets are a reprofiling of spend between 2024/25 and 2025/26 for Canberra Towers energy efficiency work, and an increase in annual budget for window replacements of £1.1M and insulation of £0.2M from 2025/26.
62.	**Making Homes Safe** This category focuses on expenditure relating to the safety of the assets themselves including fire safety, structural works, asbestos removal, and investment related to statutory building compliance. The impact of such investment would be reflected in the council's ability to robustly deliver its related statutory obligations.. Key changes to this aspect of the capital programme include: • reprofiling of spend from 2023/24 to 2024/25; funding bid for £0.6M for cladding work; deletion of fire alarm upgrade budgets where detection systems are now installed in circulation areas forming part of escape routes. • new budgets to support projects for asbestos removal in walkway ceilings (£1.2M), • compartmentation work at Castle House (£0.75M) • Cladding assessments (£0.6M) and contingency for reactive fire safety works (£0.4M). • Budgets for sprinklers and fire door replacements have been reprofiled across future years to allow an increase in void repairs capital in the short term.
63.	**Supporting Communities** Investment is proposed in the neighbourhoods of existing council estates and encouraging engagement with local communities to develop positive outcomes within the locality. Investment proposed for 2024/25 includes £0.15M for CCTV replacements, £0.17M for HRA shops and £0.1M for tower block end of life planning.
64.	**Supporting Independent Living** This investment addresses the accessibility of homes to support people living independently through the delivery of adaptations or the investment facilities within the Supported housing element of the housing portfolio. The impact of such investment is demonstrated by KPIs reporting how long disabled tenants must wait for adaptations to their homes, which should demonstrate an improvement in waiting times as a result of capital investment.. The key change to the budgets is an additional £0.2M in 2024/25 for telecare upgrades in preparation for full digitisation of the service in 2025/26.
65.	**Estate Regeneration/New Build**

	The capital budget for estate regeneration provides for the direct delivery of new build council houses. This has been reprofiled according to estimated timelines for new build for plot 10 based on an estimated build cost of £7M with assumed construction period between 2025/26 and 2026/27. This estimate will need to be refined as work progresses. Further work will take place and be reported back to the New Homes Board during Q1 and Q2 of 2024/25.
RESOURCE IMPLICATIONS	
Capital/Revenue	
66.	The capital and revenue implications are fully detailed within the report.
Property/Other	
67.	Any property implications in respect of the HRA capital programme are fully detailed in the body of the report. The property team is resourced to deliver on existing commitments and procurement for contractor support to ensure delivery of the capital programme is ongoing.
LEGAL IMPLICATIONS	
Statutory power to undertake proposals in the report:	
68.	Unless otherwise stated the proposals within this report are authorised by virtue of S.1 Localism Act 2011 or the relevant statutory power relating to the function referred to within the budget proposal. The proposals within this report relating to Housing Service Charges are subject to additional legal considerations set out below.
69.	In relation to the Housing Revenue Account Service Charges, the Council can make a charge for services it provides to council tenants in addition to a charge for rent pursuant to the Housing Act 1985 and also in compliance with paragraph 2 of the Council's standard tenancy agreement. The Council is permitted to introduce new charges and vary existing charges so long as it follows the procedure set out in the Housing Act 1985 and complies with the Rent Standard and Guidance produced by Homes England. In particular any service charges must be reasonable and transparent and are limited to covering the actual cost for providing the services.
RISK MANAGEMENT IMPLICATIONS	
70.	The council maintains a financial risk register which details the key financial risks that face the council at a given point in time. This is updated on a quarterly basis and forms part of the Financial Monitoring Report included elsewhere on this agenda.
71.	Details of the risk assessment of the wider budget, which includes the HRA, will be given with the Chief Financial Officer's statement on the robustness of the budget estimates when the wider MTFS is presented. The key risks to the business plan include increased borrowing costs, inflation on certain categories of expenditure exceeding headline CPI figures, and the continuing impact on repair costs of historic underinvestment. In recognising this risk, the working balance has been proposed at a higher level in the recommendations to this report.
POLICY FRAMEWORK IMPLICATIONS	
72.	The HRA Budget is a key part of the Policy Framework of the Council and an HRA budget and rents for 2024/25 must be proposed by the Cabinet for consideration by the full Council under the Constitution. The update of the HRA Capital Programme forms part of the overall Budget Strategy of the Council.

KEY DECISION?	**Yes**
WARDS/COMMUNITIES AFFECTED:	All

SUPPORTING DOCUMENTATION		
Appendices		
1.	HRA 40 Year Business Plan – Operating Account	
2.	HRA heating charges	
3.	HRA 40 Year Business Plan – Major Repairs and Improvement Plan	
4.	HRA Revenue Budget and 5 year projection	
5.	HRA Capital Scheme Details	
6.	HRA Capital Programme - Confidential	

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.		**Yes**
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.	MTFS Update November 2023	
2.	MTFS Update October 2023	
3.	'Delivery of Affordable Housing on Council Land through the Council Framework' (Cabinet 22 December 2022)	
4.	Future delivery of Plots 2,9 and 10 Townhill Park (Cabinet 6th February 2024)	

Southampton CC
HRA Business Plan
Operating Account
(expressed in money terms)

Year	Year	Income: Net rent Income £,000	Other income £,000	Misc Income £,000	Total Income £,000	Managt. £,000	Depreciation £,000
1	2024.25	80,293	4,788	105	85,187	(28,757)	(22,354)
2	2025.26	83,095	4,961	225	88,280	(28,893)	(22,844)
3	2026.27	86,026	5,144	240	91,410	(29,388)	(23,402)
4	2027.28	88,732	5,299	239	94,269	(29,682)	(23,795)
5	2028.29	91,102	5,458	243	96,802	(29,979)	(24,194)
6	2029.30	92,628	5,621	246	98,495	(30,279)	(24,599)
7	2030.31	94,179	5,790	102	100,071	(30,582)	(25,012)
8	2031.32	95,755	5,964	101	101,820	(30,888)	(25,430)
9	2032.33	97,356	6,143	101	103,599	(31,197)	(25,856)
10	2033.34	98,983	6,327	100	105,409	(31,509)	(26,288)
11	2034.35	100,611	6,517	99	107,227	(31,825)	(26,727)
12	2035.36	102,239	6,712	99	109,050	(32,143)	(27,165)
13	2036.37	103,892	6,914	98	110,903	(32,465)	(27,609)
14	2037.38	105,570	7,121	97	112,788	(32,790)	(28,060)
15	2038.39	107,274	7,335	97	114,705	(33,118)	(28,519)
16	2039.40	109,004	7,555	96	116,654	(33,449)	(28,984)
17	2040.41	110,760	7,781	95	118,636	(33,784)	(29,457)
18	2041.42	112,542	8,015	94	120,651	(34,122)	(29,936)
19	2042.43	114,352	8,255	94	122,701	(34,464)	(30,424)
20	2043.44	116,189	8,503	93	124,785	(34,809)	(30,919)
21	2044.45	118,054	8,758	93	126,904	(35,157)	(31,421)
22	2045.46	119,947	9,021	92	129,059	(35,509)	(31,931)
23	2046.47	121,868	9,291	91	131,250	(35,864)	(32,449)
24	2047.48	123,818	9,570	91	133,479	(36,223)	(32,975)
25	2048.49	125,798	9,857	90	135,745	(36,586)	(33,509)
26	2049.50	127,807	10,153	89	138,049	(36,952)	(34,051)
27	2050.51	129,846	10,457	89	140,392	(37,322)	(34,602)
28	2051.52	131,916	10,771	88	142,775	(37,695)	(35,160)
29	2052.53	134,016	11,094	87	145,198	(38,072)	(35,728)
30	2053.54	136,148	11,427	87	147,662	(38,454)	(36,304)
31	2054.55	138,312	11,770	86	150,168	(38,838)	(36,888)
32	2055.56	140,507	12,123	86	152,716	(39,227)	(37,482)
33	2056.57	142,735	12,487	85	155,307	(39,620)	(38,085)
34	2057.58	144,996	12,861	84	157,942	(40,016)	(38,696)

35	2058.59	147,290	13,247	84	160,621	(40,417)	(39,317)
36	2059.60	149,618	13,644	83	163,346	(40,822)	(39,947)
37	2060.61	151,981	14,054	83	166,117	(41,230)	(40,587)
38	2061.62	154,377	14,475	82	168,935	(41,643)	(41,237)
39	2062.63	156,809	14,910	82	171,801	(42,060)	(41,896)
40	2063.64	159,277	15,357	81	174,715	(42,481)	(42,565)

Expenditure

Responsive & Cyclical £,000	Other Revenue spend £,000	Misc expenses £,000	Total expenses £,000	Capital Charges £,000	**Net Operating (Expenditure) £,000**
(25,045)	(1,000)	(450)	(77,606)	(6,543)	**1,038**
(25,749)	(1,036)	(462)	(78,984)	(8,145)	**1,152**
(26,306)	(1,064)	(474)	(80,634)	(9,326)	**1,450**
(26,689)	(1,085)	(484)	(81,735)	(9,920)	**2,614**
(27,077)	(1,107)	(493)	(82,851)	(10,446)	**3,506**
(27,472)	(1,129)	(503)	(83,983)	(10,879)	**3,634**
(27,871)	(1,152)	(513)	(85,130)	(11,375)	**3,566**
(28,277)	(1,175)	(524)	(86,294)	(11,883)	**3,642**
(28,689)	(1,198)	(534)	(87,474)	(12,403)	**3,722**
(29,033)	(1,222)	(545)	(88,597)	(12,630)	**4,182**
(29,380)	(1,247)	(556)	(89,735)	(12,462)	**5,030**
(29,732)	(1,272)	(567)	(90,879)	(12,296)	**5,875**
(30,089)	(1,297)	(578)	(92,038)	(12,139)	**6,727**
(30,449)	(1,323)	(590)	(93,212)	(11,991)	**7,585**
(30,814)	(1,349)	(601)	(94,402)	(11,610)	**8,693**
(31,183)	(1,376)	(613)	(95,607)	(11,345)	**9,702**
(31,557)	(1,404)	(626)	(96,827)	(11,086)	**10,723**
(31,935)	(1,432)	(638)	(98,064)	(10,827)	**11,761**
(32,318)	(1,461)	(651)	(99,317)	(10,517)	**12,867**
(32,705)	(1,490)	(664)	(100,586)	(10,124)	**14,075**
(33,097)	(1,520)	(677)	(101,872)	(9,563)	**15,469**
(33,494)	(1,550)	(691)	(103,174)	(9,126)	**16,759**
(33,895)	(1,581)	(705)	(104,494)	(8,593)	**18,163**
(34,302)	(1,613)	(719)	(105,831)	(8,256)	**19,392**
(34,713)	(1,645)	(733)	(107,185)	(7,683)	**20,877**
(35,129)	(1,678)	(748)	(108,557)	(7,337)	**22,155**
(35,550)	(1,711)	(763)	(109,947)	(6,972)	**23,473**
(35,976)	(1,746)	(778)	(111,355)	(7,197)	**24,223**
(36,407)	(1,780)	(793)	(112,781)	(7,073)	**25,344**
(36,843)	(1,816)	(809)	(114,226)	(6,563)	**26,874**
(37,285)	(1,852)	(826)	(115,690)	(6,163)	**28,315**
(37,732)	(1,889)	(842)	(117,172)	(6,023)	**29,521**
(38,184)	(1,927)	(859)	(118,675)	(6,231)	**30,401**
(38,642)	(1,966)	(876)	(120,196)	(6,166)	**31,580**

(39,105)	(2,005)	(894)	(121,738)	(5,785)	**33,098**
(39,574)	(2,045)	(911)	(123,299)	(5,483)	**34,564**
(40,048)	(2,086)	(930)	(124,881)	(4,428)	**36,808**
(40,528)	(2,128)	(948)	(126,484)	(3,392)	**39,059**
(41,014)	(2,170)	(967)	(128,107)	(2,702)	**40,991**
(41,506)	(2,214)	(987)	(129,752)	(1,051)	**43,912**

Repayment of loans	Transfer to MRR	Transfer from / (to) Revenue Reserve	RCCO	**Surplus (Deficit) for the Year**	**Surplus (Deficit) b/fwd**
£,000	£,000	£,000	£,000	**£,000**	**£,000**
(0)	0	0	(538)	**500**	**2,500**
(0)	0	0	(151)	**1,001**	**3,000**
0	0	0	(450)	**999**	**4,001**
(16)	0	0	(552)	**2,046**	**5,000**
(1,314)	0	0	(932)	**1,259**	**7,046**
(4,854)	0	0	(27)	**(1,247)**	**8,306**
0	0	0	0	**3,566**	**7,059**
(6,313)	0	0	0	**(2,670)**	**10,624**
(1,092)	0	0	0	**2,629**	**7,954**
(6,540)	0	0	0	**(2,357)**	**10,583**
(5,502)	0	0	0	**(473)**	**8,226**
(5,227)	0	0	0	**648**	**7,753**
(4,733)	0	0	0	**1,993**	**8,401**
(7,203)	0	0	0	**382**	**10,394**
(10,118)	0	0	0	**(1,425)**	**10,776**
(4,733)	0	0	0	**4,969**	**9,352**
(10,648)	0	0	0	**75**	**14,320**
(3,993)	0	0	(535)	**7,233**	**14,395**
(13,489)	0	0	(1,614)	**(2,236)**	**21,629**
(10,723)	0	0	(1,600)	**1,752**	**19,392**
(7,369)	0	0	(2,078)	**6,022**	**21,145**
(12,044)	0	0	(2,578)	**2,137**	**27,167**
(8,321)	0	0	(3,101)	**6,742**	**29,304**
(10,328)	0	0	(3,646)	**5,418**	**36,046**
(16,509)	0	0	(7,220)	**(2,853)**	**41,463**
0	0	0	(7,905)	**14,250**	**38,611**
(3,032)	0	0	(8,619)	**11,823**	**52,861**
(1,743)	0	0	(9,362)	**13,119**	**64,683**
(4,302)	0	0	(10,135)	**10,907**	**77,802**
(18,099)	0	0	(15,714)	**(6,939)**	**88,709**
(2,602)	0	0	(16,695)	**9,018**	**81,769**
(2,670)	0	0	(17,714)	**9,137**	**90,788**
0	0	0	(18,773)	**11,628**	**99,924**
(12,415)	0	0	(19,873)	**(707)**	**111,553**

(8,500)	0	0	(16,864)	**7,734**	**110,845**
(13,440)	0	0	(17,925)	**3,199**	**118,579**
(33,178)	0	0	(19,027)	**(15,397)**	**121,778**
(24,915)	0	0	(20,172)	**(6,027)**	**106,381**
(16,000)	0	0	(21,361)	**3,631**	**100,353**
(71,000)	0	0	(21,045)	**(48,133)**	**103,984**

Interest £,000	Surplus (Deficit) c/fwd £,000		DO NOT DELETE Working Balance check	Cashflow Balance check
0	3,000		0	0
0	4,001		0	0
0	5,000		0	0
0	7,046		0	0
0	8,306		0	0
0	7,059		0	0
0	10,624		0	0
0	7,954		0	0
0	10,583		0	0
0	8,226		0	0
0	7,753		0	0
0	8,401		0	0
0	10,394		0	0
0	10,776		0	0
0	9,352		0	0
0	14,320		0	0
0	14,395		0	0
0	21,629		0	0
0	19,392		0	0
0	21,145		0	0
0	27,167		0	0
0	29,304		0	0
0	36,046		0	0
0	41,463		0	0
0	38,611		0	0
0	52,861		0	0
0	64,683		0	0
0	77,802		0	0
0	88,709		0	0
0	81,769		0	0
0	90,788		0	0
0	99,924		0	0
0	111,553		0	0
0	110,845		0	0

0	**118,579**	0	0
0	**121,778**	0	0
0	**106,381**	0	0
0	**100,353**	0	0
0	**103,984**	0	0
0	**55,850**	0	0

Effect of charge increase on area bands

Weekly Charge	Property Band by Floor area	No of properties	2023/24 Weekly charge (£)	2024/25 Weekly Charge (£)	Increase £
	Band A <40 m^2	1,683	21.29	22.67	**1.38**
	Band B <50 m^2	2,196	25.56	27.22	**1.66**
	Band C <60 m^2	288	29.83	31.77	**1.94**
	Band D <70 m^2	631	34.10	36.32	**2.22**
	Band E <80 m^2	643	38.37	40.87	**2.49**
	Band F <90 m^2	201	42.94	45.73	**2.79**
	Band G <100 m^2	8	47.57	50.66	**3.09**
	Band H <110 m^2	11	52.26	55.66	**3.40**
	Band J <20 m^2	3	7.39	7.87	**0.48**
	Weighted average		**27.60**	**29.40**	**1.79**

Annual Charge	Property Band by Floor area	No of properties	2023/24 Annual Charge (£)	2024/25 Annual Charge (£)	Increase £
	Band A <40 m^2	1,705	1,106.96	1,178.91	**71.95**
	Band B <50 m^2	2,160	1,329.06	1,415.45	**86.39**
	Band C <60 m^2	213	1,551.16	1,651.99	**100.83**
	Band D <70 m^2	570	1,773.26	1,888.52	**115.26**
	Band E <80 m^2	570	1,995.36	2,125.06	**129.70**
	Band F <90 m^2	201	2,232.76	2,377.89	**145.13**
	Band G <100 m^2	8	2,473.56	2,634.34	**160.78**
	Band H <110 m^2	13	2,717.76	2,894.41	**176.65**
	Band J <20 m^2	3	384.46	409.45	**24.99**
	Weighted average		**1,435.37**	**1,528.67**	**93.30**

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Southampton CC
HRA Business Plan
Major Repairs and Improvements Financing
(expressed in money terms)

		Expenditure			
Year	Year	Major Works & Improvements	0	Leaseholder Works	New Build Development Costs
		£,000	£,000	£,000	£,000
1	2024.25	58,724	0	0	0
2	2025.26	57,688	0	0	3,471
3	2026.27	36,699	0	0	3,599
4	2027.28	38,912	0	0	0
5	2028.29	38,940	0	0	0
6	2029.30	40,470	0	0	0
7	2030.31	41,779	0	0	0
8	2031.32	43,032	0	0	0
9	2032.33	44,323	0	0	0
10	2033.34	27,982	0	0	0
11	2034.35	28,822	0	0	0
12	2035.36	29,686	0	0	0
13	2036.37	30,577	0	0	0
14	2037.38	31,494	0	0	0
15	2038.39	31,304	0	0	0
16	2039.40	32,243	0	0	0
17	2040.41	33,210	0	0	0
18	2041.42	34,207	0	0	0
19	2042.43	35,233	0	0	0
20	2043.44	35,805	0	0	0
21	2044.45	36,879	0	0	0
22	2045.46	37,985	0	0	0
23	2046.47	39,125	0	0	0
24	2047.48	40,298	0	0	0
25	2048.49	44,511	0	0	0
26	2049.50	45,846	0	0	0
27	2050.51	47,222	0	0	0
28	2051.52	48,639	0	0	0
29	2052.53	50,098	0	0	0
30	2053.54	56,373	0	0	0
31	2054.55	58,065	0	0	0
32	2055.56	59,807	0	0	0
33	2056.57	61,601	0	0	0
34	2057.58	63,449	0	0	0

35	2058.59	61,203	0	0	0
36	2059.60	63,039	0	0	0
37	2060.61	64,930	0	0	0
38	2061.62	66,878	0	0	0
39	2062.63	68,884	0	0	0
40	2063.64	70,951	0	0	0

Input Year Number up to which you require Summary Totals i.e. input

40	**1,836,910**	**0**	**0**	**7,070**

New Build Major Repairs	Other	Total Expenditure	Borrowing	RTB 141 Receipts	Other RTB Receipts
£,000	£,000	£,000	£,000	£,000	£,000
0	0	58,724	30,050	0	1,771
0	0	61,158	35,994	335	1,834
0	0	40,298	12,802	347	1,896
0	0	38,912	11,936	0	1,949
0	0	38,940	11,928	0	2,003
0	0	40,470	13,082	0	2,058
0	0	41,779	14,673	0	2,116
25	0	43,057	15,937	0	2,175
26	0	44,349	16,848	0	2,235
26	0	28,009	0	0	2,298
27	0	28,849	0	0	2,585
28	0	29,715	0	0	2,657
29	0	30,606	0	0	2,732
30	0	31,524	0	0	2,809
31	0	31,335	0	0	2,888
32	0	32,275	0	0	2,970
33	0	33,243	0	0	3,054
33	0	34,240	0	0	3,141
34	0	35,267	0	0	3,230
36	0	35,840	0	0	3,322
37	0	36,915	0	0	3,416
38	0	38,023	0	0	3,514
39	0	39,164	0	0	3,614
40	0	40,338	0	0	3,717
41	0	44,552	0	0	3,823
42	0	45,889	0	0	3,933
44	0	47,266	0	0	4,045
45	0	48,684	0	0	4,162
46	0	50,144	0	0	4,281
48	0	56,421	0	0	4,404
49	0	58,114	0	0	4,531
51	0	59,857	0	0	4,661
52	0	61,653	0	0	4,796
54	0	63,503	0	0	4,934

55	0	61,258	0	0	5,076
57	0	63,096	0	0	5,223
59	0	64,988	0	0	5,374
60	0	66,938	0	0	5,530
62	0	68,946	0	0	5,690
64	0	71,015	0	0	5,855

10 for a cumulative total from years 1 to 10

1,372	**0**	**1,845,352**	**163,250**	**682**	**140,299**

Financing						
Grant	Other Capital Receipts	Other	MRR	RCCO	Total Financing	**Shortfall**
£,000	£,000	£,000	£,000	£,000	£,000	**£,000**
1,850	0	2,162	22,354	538	58,724	**0**
0	0	0	22,844	151	61,158	**0**
1,400	0	0	23,402	450	40,298	**0**
0	1,550	(870)	23,795	552	38,912	**0**
0	0	(117)	24,194	932	38,940	**0**
0	0	703	24,599	27	40,470	**0**
0	0	284	24,706	0	41,779	**0**
0	0	0	24,946	0	43,057	**0**
0	0	0	25,265	0	44,349	**0**
0	0	0	25,711	0	28,009	**0**
0	0	0	26,265	0	28,849	**0**
0	0	0	27,057	0	29,715	**0**
0	0	0	27,874	0	30,606	**0**
0	0	0	28,715	0	31,524	**0**
0	0	0	28,446	0	31,335	**0**
0	0	0	29,305	0	32,275	**0**
0	0	0	30,189	0	33,243	**0**
0	0	0	30,565	535	34,240	**0**
0	0	0	30,424	1,614	35,267	**0**
0	0	0	30,919	1,600	35,840	**0**
0	0	0	31,421	2,078	36,915	**0**
0	0	0	31,931	2,578	38,023	**0**
0	0	0	32,449	3,101	39,164	**0**
0	0	0	32,975	3,646	40,338	**0**
0	0	0	33,509	7,220	44,552	**0**
0	0	0	34,051	7,905	45,889	**0**
0	0	0	34,602	8,619	47,266	**0**
0	0	0	35,160	9,362	48,684	**0**
0	0	0	35,728	10,135	50,144	**0**
0	0	0	36,304	15,714	56,421	**0**
0	0	0	36,888	16,695	58,114	**0**
0	0	0	37,482	17,714	59,857	**0**
0	0	0	38,085	18,773	61,653	**0**
0	0	0	38,696	19,873	63,503	**0**

0	0	0	39,317	16,864	61,258	**0**
0	0	0	39,947	17,925	63,096	**0**
0	0	0	40,587	19,027	64,988	**0**
0	0	0	41,237	20,172	66,938	**0**
0	0	0	41,896	21,361	68,946	**0**
0	1,550	0	42,565	21,045	71,015	**0**

3,250	**3,100**	**2,162**	**1,266,402**	**266,206**	**1,845,352**	**0**

	Existing	New Build
Plan Total	1,836,910	8,442

Appendix 4

Southampton CC
HRA Business Plan
Budget Reconciliation

HOUSING REVENUE ACCOUNT INCOME AND EXPENDITURE ACCOUNT

Income

- Dwelling Rents
- Voids
- Net Rents

- Non Dwelling Rents
- Charges for services and facilities (net of voids)
- Contribution towards expenditure
- Treasury Management Income

Expenditure

- Cyclical Maintenance
- Reactive Maintenance (Inc H-Ops)
- Supervision and management
- Special services

- Rents, rates, taxes and other charges
- (Increase)/decrease in provision for bad or doubtful debts
- Depreciation and impairment of fixed assets
- Debt management costs

- Other Expenditure

Net cost of services

- Interest payable, incl amortisation of premiums and discounts
- HRA share of pension interest cost and expected return on pension assets
- HRA investment income

Surplus / (deficit) for the year

STATEMENT OF MOVEMENT ON THE HRA BALANCE

Surplus / (deficit) for the year on the HRA Income and Expenditure Account

Capital Expenditure funded by the HRA (DRF)

Transfer to Major Repairs Reserve
(optional - where amount above depreciation transferred as per Item 8 Debit)

Transfer to or from Revenue Reserve
Provision for repayment of loans
Increase / (decrease) in the HRA balance for the year
HRA Balance Brought Forward
HRA Balance Carried Forward

2024.25	2025.26	2026.27	2027.28
2024/25 Budget £	**HRA Business Plan £**	**HRA Business Plan £**	**HRA Business Plan £**
82,734,135	85,400,311	88,186,538	90,543,231
-2,440,657	-2,305,658	-2,160,647	-1,811,650
80,293,478	83,094,653	86,025,890	88,731,582
1,207,600	1,371,074	1,432,363	1,471,284
2,530,767	2,621,874	2,718,884	2,800,450
1,050,000	1,087,800	1,128,049	1,161,890
105,000	105,000	105,000	104,265
-6,993,400	-25,748,858	-26,306,070	-26,688,976
-18,051,778			
-28,757,000	-9,917,564	-10,089,524	-10,190,551
	-18,975,279	-19,298,724	-19,491,745
-450,000	0	0	0
-1,000,000	-1,497,700	-1,538,138	-1,568,901
-22,353,656	-22,844,295	-23,402,043	-23,794,797
-86,630	-101,297	-112,353	-118,062
7,494,381	9,195,408	10,663,335	12,416,440
-6,456,455	-8,043,802	-9,213,558	-9,802,014
	0	0	0
1,037,926	**1,151,606**	**1,449,777**	**2,614,426**
1,037,926	1,151,606	1,449,777	2,614,426
-537,604	-150,585	-450,290	-552,248
	0	0	0

		0	0	0
-101		-101	0	-16,101
500,221		1,000,920	999,487	2,046,077
2,500,000		3,000,000	4,000,920	5,000,407
3,000,221		**4,000,920**	**5,000,407**	**7,046,484**

2028.29	2029.30
HRA Business Plan £	HRA Business Plan £
92,961,974	94,519,310
-1,860,040	-1,891,203
91,101,934	92,628,107
1,515,423	1,560,885
2,884,464	2,970,998
1,196,747	1,232,649
103,535	102,810
-27,077,458	-27,471,598
-10,292,593	-10,395,658
-19,686,697	-19,883,600
0	0
-1,600,279	-1,632,284
-24,193,901	-24,599,451
-123,066	-127,251
13,828,109	14,385,608
-10,322,465	-10,751,368
0	0
3,505,643	**3,634,240**
3,505,643	3,634,240
-932,011	-27,451
0	0

0	0
-1,314,258	-4,853,952
1,259,374	-1,247,162
7,046,484	8,305,858
8,305,858	**7,058,696**

Appendix 5

Delivery Route	Project	Q3 Forecast 23/24 £M	Proposed Budget 2024/25 £M	Proposed Budget 2025/26 £M	Proposed Budget 2026/27 £M	Proposed Budget 2027/28 £M	Proposed Budget 2028/29 £M	Total £M
External - NHF	Roofing Lot 1 Flat Roofs	1.09	1.50	2.05	2.05	2.05	2.05	10.79
External - NHF	Roofing Lot 2 Pitched Roofs	0.92	1.50	2.00	2.00	2.00	2.00	10.42
External	Door Entry Systems	0.20	0.20	0.20	0.20	0.35	0.35	1.50
Joint - NHF	Wall Structure & Finish	0.35	0.35	0.35	0.35	0.35	0.35	2.10
Joint - NHF	Bathroom refurbishment programme	1.40	1.50	2.50	2.50	2.50	2.50	12.90
External	Lift Refurbishment Programme - Shirley, Albion, Redbridge Towers	0.60	-	0.10	-	-	-	0.70
Joint - NHF	Electrical System Upgrades/Refurbishments -	0.42	0.50	0.50	0.50	0.50	0.50	2.92
Joint	HHSRS and Disrepair	0.06	0.05	0.05	0.05	0.05	0.05	0.31
Joint - NHF	Major Works - reactive	2.25	3.75	4.50	2.00	2.00	2.00	16.50
External	Holyrood Estate Heating Upgrade (HNES Grant £187176.00 added to existing budget)	0.39	0.80	-	-	-	-	1.19
External	Telemeter Electrical Upgrade - works in connection with upgrade	0.90	1.10	-	-	-	-	2.00
Joint - NHF	Kitchen refurbishment programme	1.40	1.50	2.50	2.50	2.50	2.50	12.90
Housing Ops	Emergency Lighting Upgrade & Communal Fire Detector Upgrade	0.05	0.10	0.10	0.10	0.10	0.10	0.55
External	Shed Doors Replacement - Foxcott and Fullerton	-	0.30	-	-	-	-	0.30
External	Stock Appraisal Consultant	-	0.08	0.08	0.08	-	-	0.24
	Structural Inspections to High Rise Blocks	0.60	-	-	-	-	-	0.60
	Total Mobile	0.05	-	-	-	-	-	0.05
	IT upgrade - Compliance module	0.21	-	-	-	-	-	0.21
	Wyndham Court Refurbishment	0.60	-	-	-	-	-	0.60
	Improving Quality of Homes	**11.49**	**13.23**	**14.93**	**12.33**	**12.40**	**12.40**	**76.77**
Joint - NHF	External Windows - Houses (Housing Operations) & Flats (external contractor)	0.50	1.40	2.40	2.40	2.40	2.40	11.50
Joint - NHF	Space Heating Upgrades (installation of replacement heating systems)	0.40	0.55	1.00	1.00	1.00	1.00	4.95
External	Canberra - External Upgrade (grant funding agreed May 23 - £2m Works - EWI, Windows, roof)	0.50	4.15	4.15	-	3.00	3.00	14.81
Joint - NHF	Gas Heating Upgrades/Refurbishments	1.55	1.70	1.70	1.70	1.70	1.70	10.05
Housing Ops	Insulation Upgrades	1.00	0.90	0.90	0.90	0.90	0.90	5.50
External	Millbank House ECO (clad, windows, heating)	0.04	2.60	3.00	-	-	-	5.64
External	Albion Towers - Heating and Hot Water Replacement	-	1.05	1.16	-	-	-	2.21
Joint - NHF	External Doors - Front/Rear (Housing Operations)	0.30	0.40	0.40	0.40	0.40	0.40	2.30
External	Holyrood Estate - underground pipework replacement	-	1.30	-	-	-	-	1.30
	Network Heating & District Heating meters (HIU Units)	0.21	-	-	-	-	-	0.21
External	Decarbonisation Funding Matching - SHDF Grant fund matching	0.06	-	-	-	-	-	0.06
	Rectification Safety Programme - ECO Contract Dispute	0.43	-	-	-	-	-	0.43
	Making Homes Energy Efficient	**4.98**	**14.05**	**14.71**	**6.40**	**9.40**	**9.40**	**58.95**
Housing Ops	Fire Safety - Communal Fire Safety Works	0.24	0.19	-	-	-	-	0.43
External	HFRS Fire Safety / High Rise Sprinkler Project - remedials	0.60	0.45	-	-	-	-	1.05
External	Fire Safety - FRA Remedials	0.60	0.40	0.40	0.40	0.40	0.40	2.60
Joint - NHF	Structural Works Repairs & Major Drainage	1.10	0.80	0.80	0.80	0.80	0.80	5.10
External	Fire Safety - Fire Door Replacement Programme (Low & Medium Blocks)	7.14	4.37	3.64	1.00	1.00	-	17.14
Joint - NHF	Asbestos Removal (High Risk Materials Removal)	0.25	0.20	0.20	0.20	0.20	0.20	1.25
External	Fire Safety - Sprinklers Installations	1.24	1.49	1.74	1.74	2.70	2.70	11.62
Joint - NHF	CO alarms	0.17	0.15	0.15	0.15	0.15	0.15	0.90
	Communal Fire Detector Upgrade	0.03	-	-	-	-	-	0.03
External	Fire Safety - Fire Stopping Communal Areas (Low & Medium Blocks)	0.75	1.35	1.35	1.35	1.35	1.35	7.50
External	Fire Safety - High Rise Ventilation Upgrades	0.19	1.57	1.20	1.20	1.20	1.20	6.56
External	Fire Safety - Wyndham Court Upgrade	0.80	0.20	-	-	-	-	1.00
External	Fire Safety - Fire Door Remedials	0.81	0.80	0.80	0.80	0.80	0.80	4.81
External	Fire Safety - Wyndham Court Commercial and car part sprinklers project	-	0.54	-	-	-	-	0.54
External	Fire Safety - Additional Asbestos Removal - Walkway Ceilings	-	1.25	1.25	1.25	-	-	3.75
External	Fire Safety - Cladding Assessment (A1 & A2 support grant application)	-	0.60	-	-	-	-	0.60
External	Fire Safety - Castle Housing Compartmentation (flat front replacements)	-	0.75	0.75	-	-	-	1.50
External	Fire Safety - Building Safety Case Remediation	-	0.40	0.40	0.20	0.20	0.20	1.40
	HRA IT Equipment and Software Refresh	0.07	-	-	-	-	-	0.07
	Making Homes Safe	**13.98**	**15.51**	**12.67**	**9.09**	**8.80**	**7.80**	**67.85**

Delivery Route	Project	Q3 Forecast 23/24 £M	Proposed Budget 2024/25 £M	Proposed Budget 2025/26 £M	Proposed Budget 2026/27 £M	Proposed Budget 2027/28 £M	Proposed Budget 2028/29 £M	Total £M
	Townhill Park Regen	1.50	3.60	2.77	-	-	-	7.86
	General Needs New Homes	1.25	-	3.47	3.57	-	-	8.29
	Potters Court	0.10	-	-	-	-	-	0.10
	Starboard Way	1.07	-	-	-	-	-	1.07
	Regeneration Total	**3.92**	**3.60**	**6.24**	**3.57**	**-**	**-**	**17.33**
External	Decent Neighbourhoods	1.00	1.00	1.00	1.00	1.00	1.00	6.00
External	House Roads, Paths and Hard Standings	0.25	0.25	0.25	0.25	0.25	0.25	1.50
External	DN:Estate Improvement Programme (EIP)	0.15	0.15	0.15	0.15	0.15	0.15	0.90
	CCTV	-	0.15	-	-	-	-	0.15
External	Tower Block - End of Life Review	-	0.10	0.10	-	-	-	0.20
External	HRA Shops investment programme (condition survey estimate £3.5m repairs)	-	0.17	0.17	0.17	0.17	0.17	0.85
	Deregistration - Cambridge Rd	0.10	-	-	-	-	-	0.10
	Local Authority Housing Fund (LAHF 1)	1.71	-	-	-	-	-	1.71
	Container Homes Project	0.10	-	-	-	-	-	0.10
	1000 parking spaces	0.60	-	-	-	-	-	0.60
	Supporting Communities	**3.91**	**1.82**	**1.67**	**1.57**	**1.57**	**1.57**	**12.11**
External	Renew Warden Alarm	0.63	2.18	0.84	-	-	-	3.64
Joint - NHF	Disabled Adaptations	2.80	3.00	3.00	3.00	3.00	3.00	17.80
	Telecare Upgrades	-	0.20	-	-	-	-	0.20
	Suited locks	0.06	-	-	-	-	-	0.06
	Supporting Independent Living	**3.48**	**5.38**	**3.84**	**3.00**	**3.00**	**3.00**	**21.70**

Appendix 6

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