

SOUTHAMPTON CITY COUNCIL

IMPROVEMENT BOARD

REPORT OF THE CHAIR OF THE BOARD

October 2024

In 2023 Southampton City Council then Leader Satvir Kaur and their S151 Officer, Mel Creighton, in realising the scale of the financial and cultural challenges facing the organisation, instigated the establishment of a Voluntary Improvement Board.

The Board was established and met for the first time in October 2023. Throughout its first year, the Improvement Board has been well supported, originally by Mike Harris CEO until December 2023, and since February 2024 by Andrew Travers, Interim CEO.

Board membership has seen some changes during the first year and we are grateful to those who served as the Children's and Adults representatives for the first few months. At this point, the Board Membership is of a high calibre, made up of expert individuals representing specific areas that are most challenged in the organisation, such as Children's Services, Adult Social Care, Housing, Finance, with a Political Advisor and an experienced Chair. (A list of Board Members is included at the end of the report)

The Council has also seen dramatic changes over the 12 months, with a new Leader appointed in December 2023, Cllr Lorna Fielker, an Interim CEO appointed in February 2024, followed by an election in May 2024 which seen further changes to the Cabinet; and several members of the Senior Management Team have also left and post are currently being recruited to.

At the commencement of the Board in October 2023, the financial challenges of the organisation were such that the issuing of a S114 Notice was imminent. There was no credible budget set for 2024/25 and the in-year position was running at a substantial overspend, with a high continuing dependency on the use of rapidly depleting reserves.

During the first quarter of 2024, the organisation secured Exceptional Financial Support (EFS) of £123m from the Government to enable a balanced budget to be set for 2024/25, to support the development of a Transformation Programme and to fund Equal Pay Claims.

In tandem with the financial support from Government, the Senior Management Team and the new Interim CEO, and with some strong input from the Improvement Board and directly from the Leader, focused their efforts and working as a team set a credible budget for 2024/25 with the 2023/24 year-end position coming down to a £1m overspend – much reduced from the original prediction. However, it was dependent on the planned use of £20m of the organisation's reserves.

Whilst the financial challenges of the organisation remain substantial, the current in-year position is predicting a healthy underspend for 2024/25. However, there is a risk that in appearing that the worst is over, the organisation could take its foot off the pedal. There is still high risk within the Adults and Children's services that they will overspend. Also, the in-year budget is heavily dependent on a large contribution of EFS, which is not free money and will need to be repaid to Government with interest.

EFS provision is for one financial year and even if the Council does not utilise the full amount, there is currently no EFS provision for future years.

There is an ambitious Transformation Programme in place, with a target of £50m savings for the period of the MTFS up to 2027/28. Whilst a large portion of the Transformation savings have been identified, there is still a substantial amount of Transformation savings to be identified. It is essential that this programme is delivered in full and at pace, if the Council is to become sustainable and this will require a doubling down of efforts of both Officers and Members and the right resources to see it through.

Apart from the financial status of the organisation, some of the individual service areas are also struggling to perform, with Housing being a major concern with particularly poor performance in some areas of the service.

Also of concern to the Board is the recent departure of the Director of Adult Social Services (DASS). This role is currently being covered by the Director of Children's Services (DAS), who is already managing a major service with high savings targets and it could be up to 12 months before the DASS role is filled. Whilst the DAS was appointed to the joint role through a competitive process, the Board considers the lack of a single focused Director on Adults Social Care to be high risk for the organisation.

Whilst there has been some good progress made on areas such as Financial Management, with clear accountability for budgets now in place and improvements in transparency and Member engagement, there is still some way to go in terms of Governance and the culture of the organisation. These are areas that will require some focus going forward, if the organisation wishes to get itself into a sustainable position.

Culturally there is evidence to suggest that the fragile financial position the organisation finds itself in is not fully accepted by some Members - an example of which is a unilateral decision reversing a budget decision which was agreed by Cabinet and published in the budget, which raises cause for concern.

More recently, the decision to bring the management of Elections back into the control of the organisation, which should have been a straightforward decision and one that shows the new Leadership's confidence in the organisation's ability to manage its own affairs, was heavily challenged by some Members - this shows a lack of maturity in the

organisation's governance, with a focus on political point scoring, rather than the stability and survival of a much challenged Council.

As the organisation looks to Devolution and a potential deal with Isle of Wight, Portsmouth and Hampshire, providing a major opportunity to stimulate growth and prosperity for the region, it will need to create a stable environment and put its own house in order so it can ensure its residents are well placed to reap the benefits.

Whilst there has been substantial positive change and good outcomes delivered over the past 12 months, with the Leader and Interim CEO providing real stability and leadership throughout a tumultuous year, there is still much to do and the required changes needed to the culture and good governance of the organisation, both from a political and officer perspective, are a long way from being realised.

The Improvement Board is very aware that the financial position is still very fragile with equal pay claims still to be settled, reserves still being precariously low and a large number of assets needing to be disposed of to repay the Exceptional Financial Support.

The Council and the Board cannot afford to take its eye off the ball and the entirety of the organisation, both Members and Officers, need to keep a laser focus on the improvement journey so it can turn the Council around and provide a stable environment where its residents can thrive and receive the services they deserve.

View from Cllr P Marland, Political Representative on the Improvement Board:

The political understanding, leadership and grip of the overall scale of the financial problems facing Southampton City Council have vastly improved over the past twelve months. The Leader of the Council has been fundamental to this shift. However, work remains to be done to ensure that all the executive and members of the council have a single version of the truth regarding the precarious state of the finances and to understand work to remedy the problem has only just started rather than nearing completion.

Politically there are some significant concerns that still need to be addressed. The clarity and timeliness of information, appointment of permanent senior officers, the scale of the equal pay problem and the long-term capacity to embed change in the organisation remain as areas of significant risk, and despite some early positive improvements to the overall trajectory, the pace of the work now needs to accelerate with improvements needed on the content of transformation plans and grip on financial detail across the organisation. The leader must continue to push for whole corporate ownership of the challenges as senior appointments are made and that they work to clear and unambiguous political direction

Theresa Grant OBE

Chair

Board Attendance:

Number of Meetings held during 2023/24: 11

Board Member Attendance Record

Chair, Theresa Grant: 11

Leader of the Council, Councillor Lorna Fielker: 11

Deputy Leader of the Council, Councillor Simon Letts: 4

Chief Executive Andrew Travers: 7 (commenced in February 2024)

Rob Whiteman, Finance rep: 8

Councillor Peter Marland: 10

Trevor Doughty, Children's rep: 3 (served part-year)

Craig McCardle, Adult's rep: 3 (served part-year)

Anna Earnshaw, Adult's rep: 6 (commenced in February 2024)

Annie Hudson, Children's rep: 6 (commenced in March 2024)

Gerri Scott, Housing rep: 2 (commenced in July 2024)

Mike Harris (ex Chief Executive SCC): 4 (served part-year)

Satvir Kaur (ex Leader SCC): 3 (served part-year)