

Public Document Pack

Cabinet

Monday, 16th August, 2021
at 6.00 pm

PLEASE NOTE TIME OF MEETING

Members

Leader – Councillor Fitzhenry

Deputy Leader and Cabinet Member for Growth –
Councillor Moulton

Cabinet Member for Finance – Councillor Hannides

Cabinet Member for Environment – Councillor S Galton

Cabinet Member for Communities, Culture and Heritage –
Councillor Vassiliou

Cabinet Member for Health and Adult Social Care –
Councillor White

Cabinet Member for Children’s Social Care – Councillor P
Baillie

Cabinet Member for Education – Councillor J Baillie

Cabinet Member for Customer Service and
Transformation – Councillor Harwood

(QUORUM – 3)

Contacts

Cabinet Administrator

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BACKGROUND AND RELEVANT INFORMATION

The Role of the Executive

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

The Forward Plan

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

Implementation of Decisions

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

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

Use of Social Media

The Council supports the video or audio recording of meetings open to the public, for either live or subsequent broadcast. However, if, in the Chair’s opinion, a person filming or recording a meeting or taking photographs is interrupting proceedings or causing a disturbance, under the Council’s Standing Orders the person can be ordered to stop their activity, or to leave the meeting.

By entering the meeting room you are consenting to being recorded and to the use of those images and recordings for broadcasting and or/training purposes. The meeting may be recorded by the press or members of the public. Any person or organisation filming, recording or broadcasting any meeting of the Council is responsible for any claims or other liability resulting from them doing so. Details of the Council’s Guidance on the recording of meetings is available on the Council’s website.

Municipal Year Dates (Mondays)

2021	2022
15 June (Tues)	17 January
19 July	7 February
16 August	21 Feb (budget)
13 September	14 March
18 October	18 April
15 November	
20 December	

Executive Functions

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

Key Decisions

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

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

Procedure / Public Representations

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

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

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

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

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

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

CONDUCT OF MEETING

TERMS OF REFERENCE

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

RULES OF PROCEDURE

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

DISCLOSURE OF INTERESTS

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

DISCLOSABLE PECUNIARY INTERESTS

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

(i) Any employment, office, trade, profession or vocation carried on for profit or gain.

(ii) Sponsorship:

Any payment or provision of any other financial benefit (other than from Southampton City Council) made or provided within the relevant period in respect of any expense incurred by you in carrying out duties as a member, or towards your election expenses. This includes any payment or financial benefit from a trade union within the meaning of the Trade Union and Labour Relations (Consolidation) Act 1992.

(iii) Any contract which is made between you / your spouse etc (or a body in which the you / your spouse etc has a beneficial interest) and Southampton City Council under which goods or services are to be provided or works are to be executed, and which has not been fully discharged.

(iv) Any beneficial interest in land which is within the area of Southampton.

(v) Any license (held alone or jointly with others) to occupy land in the area of Southampton for a month or longer.

(vi) Any tenancy where (to your knowledge) the landlord is Southampton City Council and the tenant is a body in which you / your spouse etc has a beneficial interests.

(vii) Any beneficial interest in securities of a body where that body (to your knowledge) has a place of business or land in the area of Southampton, and either:

a) the total nominal value of the securities exceeds £25,000 or one hundredth of the total issued share capital of that body, or

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

BUSINESS TO BE DISCUSSED

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

QUORUM

The minimum number of appointed Members required to be in attendance to hold the meeting is 3.

Other Interests

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

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

Any public authority or body exercising functions of a public nature

Any body directed to charitable purposes

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

Principles of Decision Making

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

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

In exercising discretion, the decision maker must:

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

AGENDA

1 **APOLOGIES**

To receive any apologies.

2 **DISCLOSURE OF PERSONAL AND PECUNIARY INTERESTS**

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

EXECUTIVE BUSINESS

3 **STATEMENT FROM THE LEADER**

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

Record of the decision making held on 19th July 2021, attached.

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

There are no matters referred for reconsideration.

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

There are no items for consideration

7 **EXECUTIVE APPOINTMENTS**

To deal with any executive appointments, as required.

ITEMS FOR DECISION BY CABINET

8 **BUDGET MATTERS - AUGUST 2021** □ (Pages 5 - 68)

Report of the Cabinet Member for Finance and Capital Assets setting out any key financial decisions of a capital or revenue nature.

9 **DECISION TO APPOINT A LOCAL PARTNERSHIP BOARD PURSUANT TO PART 4 OF THE DOMESTIC ABUSE ACT 2021.** (Pages 69 - 82)

Report of the Cabinet Member for Communities, Culture and Heritage seeking the establishment of a Local Partnership Board consisting of key partners with an interest in tackling domestic abuse and supporting victims, including their children, pursuant to s.58 of the Domestic Abuse Act 2021.

10 CONSOLIDATION OF EXISTING CLEANING CONTRACTS □ (Pages 83 - 86)

Report of the Cabinet Member for Customer Service and Transformation outlining a proposed approach to consolidate existing cleaning contracts across the Council.

Friday, 6 August 2021

Service Director – Legal and Business Operations

SOUTHAMPTON CITY COUNCIL
EXECUTIVE DECISION MAKING

RECORD OF THE DECISION MAKING HELD ON 19 JULY 2021

Present:

Councillor Fitzhenry	-	Leader of the Council
Councillor Moulton	-	Cabinet Member for Growth
Councillor Hannides	-	Cabinet Member for Finance and Capital Assets
Councillor S Galton	-	Cabinet Member for Environment
Councillor Vassiliou	-	Cabinet Member for Communities, Culture and Heritage
Councillor P Baillie	-	Cabinet Member for Children's Social Care
Councillor Harwood	-	Cabinet Member for Customer Service and Transformation

Apologies: Councillor White and J Baillie

3. EXECUTIVE APPOINTMENTS

Cabinet approved the following amendments to the Executive Appointments for 2021-22:-

- Corporate Parenting Committee – Councillor P Baillie
- Solent Growth Forum – Councillor Kaur

4. BUDGET 2021-22 AND BEYOND – UPDATE

DECISION MADE: (CAB 21/22 31943)

On consideration of the report of the Cabinet Member for Finance and Capital Assets, Cabinet agreed the following:-

CAPITAL PROGRAMME (GENERAL FUND AND HOUSING REVENUE ACCOUNT)

That Cabinet:

- (i) Notes the proposed additions to the General Fund capital programme to 2022/23 and its financing as shown in table 1 (paragraph 12);
- (ii) Notes the total additions amounting to £22.007M for the General Fund. These schemes are proposed to be included in the capital programme with approval to spend £21.007M plus a further £1.000M (as detailed paragraph 14) which will require subsequent approval to spend;
- (iii) Notes the proposed additions amounting to £4.431M to 2022/23 in the HRA capital programme with approval to spend and its financing as shown in table 3 (paragraph 19).

GENERAL REVENUE FUND

That Cabinet:

- (iv) Notes the budget proposals of the Executive as set out in table 2 (paragraph 15), to deliver the manifesto pledges of the Administration;
- (v) Notes the revised Medium-Term Financial Forecast (MTFF) estimate for 2022/23 as set out in table 5 and paragraphs 23 to 27, with an update of the MTFF to be brought forward during the autumn.
- (vi) Notes that the proposed additional net revenue spend for 2021/22 of £2.132M will be funded from the central contingency budget.

HOUSING REVENUE ACCOUNT

That Cabinet:

- (vii) Notes the additions to the Housing Revenue Account budget estimates as set out in table 4 (paragraph 21).

5. BUDGET MATTERS: REVENUE AND CAPITAL OUTTURN 2020-21

DECISION MADE: (CAB 21/22 31932)

On consideration of the report of the Cabinet Member for Finance and Capital Assets, Cabinet agreed the following:-

General Fund – Revenue

That Cabinet:

- (i) Noted the General Fund revenue outturn for 2020/21 is a balanced position after transfer of £8.63M surplus to reserves, as outlined in paragraph 4 and in paragraph 2 of Appendix 1.
- (ii) Noted the performance of individual Portfolios in managing their budgets as set out in paragraphs 3 to 6 of Appendix 1 and Annex 1.1.
- (iii) Recommends Council to approve the budget carry-forward requests totalling £6.06M as outlined in paragraph 8 of Appendix 1 and detailed in Annex 1.3.
- (iv) Recommends Council to note the performance of the Property Investment Fund (PIF) as detailed in paragraphs 9 to 11 of Appendix 1 and Annex 1.4.
- (v) Noted that the level of General Fund balances at 31 March 2021 was £10.07M and the level of earmarked reserves was £134.55M as detailed in paragraph 18 and 19 of Appendix 1 and Annex 1.5.
- (vi) Noted the accounts for the Collection Fund in 2020/21 detailed in paragraphs 24 to 29 of Appendix 1 and Annex 1.7.
- (vii) Accepts the allocation of £1.011M Rough Sleeping Initiative funding for 2021/22 secured through the recent bidding round.

Housing Revenue Account

That Cabinet:

- (viii) Noted the HRA revenue outturn for 2020/21 as outlined in paragraph 6 and paragraphs 21 to 23 of Appendix 1 and Annex 1.6.

Capital Programme

That Cabinet:

- (ix) Noted the actual capital spending in 2020/21 for the General Fund was £50.20M and for the HRA was £33.97M, as outlined in paragraphs 10 and 11 below and detailed in paragraphs 3 to 6 of Appendix 2.
- (x) Noted the capital financing in 2020/21 as shown in table 3 of Appendix 2.
- (xi) Noted the revised capital programme for 2020/21 to 2025/26 and its financing as summarised in paragraph 11 of Appendix 2 and detailed in Annex 2.2.
- (xii) Noted the latest prudential indicators for the revised capital programme as detailed in Annex 2.3.

6. ADOPTING A DESTINATION MANAGEMENT PLAN FOR SOUTHAMPTON

DECISION MADE: (CAB 21/22 32006)

On consideration of the report of the Cabinet Member for Communities, Culture and Heritage, Cabinet agreed the following:-

- (i) That Cabinet agrees and adopts the Southampton Destination Management Plan 2021-2031 as attached at Appendix 1
- (ii) That Cabinet agrees to additional resources to support the creation and implementation of a virtual Destination Management Partnership. Specifically, the additional resource will be 1 additional post to (£50, 000 per annum) to support bespoke marketing, engagement and inward investment and a funding pot of £50, 000 per annum for the partnership to act as seed funding for future investment.
- (iii) That the Head of Culture & Tourism is delegated authority to make minor and consequential amendments to the Plan, take all decisions and actions arising from recommendations of the DMO partnership and any other ancillary decisions required in order to give effect to the recommendations in this report;
- (iv) That the Head of Culture & Tourism is delegated authority to agree the Terms of Reference of the DMO Partnership Board following consultation with Board Members.

7. REMOVAL OF EVENING PARKING CHARGES AND SUSPENSION OF OFF-STREET SUNDAY PARKING CHARGES

DECISION MADE: (CAB 21/22 31973)

On consideration of the report of the Cabinet Member for Growth, Cabinet agreed the following:-

- (i) Remove parking charges from all on-street pay and display bays between 18:00 and 20:00 and all Council off-street car parks between 18:00 and Midnight.
- (ii) To commit to proposing the re-implementation of evening charges in the Council's 5 Multi-Storey car parks from 1st June 2023.
- (iii) Suspend parking charges on Sundays in all Council off-street car parks between 12:00 and 18:00 until 02/01/2022

8. GO! SOUTHAMPTON BID RENEWAL BALLOT

DECISION MADE: (CAB 21/22 31854)

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

- (i) To instruct the Returning Officer to hold a ballot in relation to GO! Southampton's renewal proposals. The postal ballot will run for at least 28 days prior to closing on 11 November 2021.
- (ii) To agree to delegate authority to Executive Director of Place to vote on behalf of the Council in the GO! Southampton ballot, as a non-domestic ratepayer of Council-owned properties in the enlarged BID area. (A map of the current and new BID areas can be found in Appendix 2.)
- (iii) Authorise the Service Director - Legal and Business Operations to complete the necessary legal agreements required for the operation of the GO! Southampton BID arrangements.

Agenda Item 8

DECISION-MAKER:	CABINET		
SUBJECT:	BUDGET MATTERS – AUGUST 2021: FINANCIAL MONITORING FOR THE PERIOD TO THE END OF JUNE 2021		
DATE OF DECISION:	16 AUGUST 2021		
REPORT OF:	CABINET MEMBER FOR FINANCE & CAPITAL ASSETS		
<u>CONTACT DETAILS</u>			
AUTHOR:	Name:	Steve Harrison, Head of Financial Planning and Management	Tel: 0739 2864525
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S151 Officer:	Name:	John Harrison, Executive Director for Finance, Commercialisation & S151 Officer	Tel: 023 8083 4897
	E-mail:	John.Harrison@southampton.gov.uk	
STATEMENT OF CONFIDENTIALITY			
N/A			
BRIEF SUMMARY			
<p>The report summarises the General Revenue Fund, Housing Revenue Account (HRA) and Collection Fund financial position for the Council as at the end of June 2021 and informs Cabinet of any major changes in the overall General Fund and HRA capital programme for the period 2021/22 to 2025/26. It also provides an update on the impact of COVID-19 on the Council's financial position.</p>			

RECOMMENDATIONS:

	<u>General Revenue Fund</u>	
	It is recommended that Cabinet:	
i)	Notes the forecast outturn position for business as usual activities is a £2.69M deficit, as outlined in paragraph 4 and in paragraph 1 of appendix 1.	
ii)	Notes the financial position arising from COVID-19 is a surplus of £0.04M, as outlined in paragraph 5 and in paragraph 1 of appendix 1.	
iii)	Notes the performance of treasury management, and financial outlook in paragraphs 7 to 11 of appendix 1.	
iv)	Notes the forecast year end position for reserves and balances as detailed in paragraphs 12 and 13 of appendix 1.	
v)	Notes the Key Financial Risk Register as detailed in paragraph 14 of appendix 1.	
vi)	Notes the performance against the financial health indicators detailed in paragraphs 18 and 19 of appendix 1.	
vii)	Notes the forecast outturn position outlined in the Collection Fund Statement detailed in paragraphs 22 to 26 of appendix 1.	

	<u>Housing Revenue Account</u> It is recommended that Cabinet:
viii)	Notes the forecast outturn position on business as usual activities is a surplus of £1.11M as outlined in paragraph 6 and paragraph 20 of appendix 1.
ix)	Notes that a favourable variance of £0.57M is forecast arising from COVID-19, as outlined in paragraph 6 and paragraph 20 of Appendix 1.
	<u>Capital Programme</u> It is recommended that Cabinet:
x)	Notes the revised General Fund Capital Programme, which totals £437.08M as detailed in paragraph 1 of appendix 2.
xi)	Notes the HRA Capital Programme is £340.81M as detailed in paragraph 1 of appendix 2.
xii)	Notes that the overall forecast position for 2021/22 at quarter 1 is £209.09M, resulting in a potential surplus of £7.90M, as detailed in paragraphs 4 and 5 of appendix 2.
xiii)	Notes that the capital programme remains fully funded up to 2025/26 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.
xiv)	Notes that £25.69M has been added to the programme with relevant approvals. These changes are detailed in annex 2.1 to appendix 2.
xv)	Notes forecast slippage and rephasing as detailed in paragraph 4 and 5 of appendix 2. Noting that the movement has zero net movement over the 5-year programme.
xvi)	Notes that no variances are forecast arising from COVID-19 as detailed in paragraph 8 of appendix 2.
REASONS FOR REPORT RECOMMENDATIONS	
1.	To ensure that Cabinet fulfils its responsibilities for the overall financial management of the Council's resources.
ALTERNATIVE OPTIONS CONSIDERED AND REJECTED	
2.	Not Applicable.
DETAIL (including consultation carried out)	
	<u>Revenue</u>
3.	The financial position for the General Revenue Fund, Housing Revenue Account (HRA) and Collection Fund for the Council as at the end of June 2021 and key issues are summarised in appendix 1.
4.	The current forecast spending on business as usual activities against the council's net General Fund revenue budget for the year of £173.85M is projected to be a £2.69M deficit.

5.	The forecast General Fund variance relating to COVID-19 pandemic budgets as at the end of June 2021 is a surplus of £0.04M.
6.	The forecast position for the HRA on business as usual activities is a surplus of £1.11M against an expenditure budget of £75.87M. There is a forecast surplus of £0.57M relating to the COVID-19 pandemic for the HRA.
	<u>Capital</u>
7.	Appendix 2 sets out any major changes in the overall General Fund and Housing Revenue Account (HRA) capital programme for the period 2021/22 to 2025/26, highlighting the changes in the programme since the last reported position in July 2021. The report also notes the major forecast variances against the approved estimates.
8.	The current forecast position for 2021/22 at quarter 1 is £209.09M, resulting in a potential surplus of £7.90M, as detailed in paragraphs 4 and 5 of appendix 2.
RESOURCE IMPLICATIONS	
<u>Capital/Revenue</u>	
9.	The revenue and capital implications are contained in the report.
<u>Property/Other</u>	
10.	There are no specific property implications arising from this report other than the schemes already referred to within appendix 2 of the report.
LEGAL IMPLICATIONS	
<u>Statutory power to undertake proposals in the report:</u>	
11.	Financial reporting is consistent with the Section 151 Officer's duty to ensure good financial administration within the Council.
<u>Other Legal Implications:</u>	
12.	None.
RISK MANAGEMENT IMPLICATIONS	
13.	See comments within report.
POLICY FRAMEWORK IMPLICATIONS	
14.	The update of the Capital Programme forms part of the overall Budget Strategy of the Council.

KEY DECISION? No

WARDS/COMMUNITIES AFFECTED:	All
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SUPPORTING DOCUMENTATION

Appendices

1.	Revenue Financial Monitoring
2.	Capital Financial Monitoring

Documents In Members' Rooms

1.	None	
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 2021/22, Medium Term Financial Forecast 2021/22 to 2024/25 and Capital Programme 2020/21 to 2025/26 (Council 24 February 2021)	

Agenda Item 8

Appendix 1

REVENUE FINANCIAL MONITORING FOR THE PERIOD TO JUNE 2021

FINANCIAL POSITION

1. The current forecast spending against the Council's net General Fund revenue budget on business as usual (BAU) activities for the year is projected to be a £2.69M deficit. In addition, there is a surplus of £0.04M on COVID-19 pandemic budgets. This is summarised in Table 1 below.

Table 1 – General Revenue Fund Forecast 2021/22

	Budget Qtr 1 £M	BAU Annual Forecast Qtr 1 £M	BAU Forecast Variance Qtr 1 £M	COVID Forecast Variance Qtr 1 £M
Portfolios Net Expenditure	199.80	202.48	2.69 A	1.03 A
Non-Portfolio Net Expenditure	(25.94)	(25.94)	0.00	0.00
Net Revenue Expenditure	173.85	176.54	2.69 A	1.03 A
Financing	(173.85)	(173.85)	0.00	1.08 F
(Surplus) / Deficit for the year	0.00	2.69	2.69 A	0.04 F

NB Numbers are rounded

2. More detail, including explanations of significant variances as at Quarter 1 (in excess of £0.2M) is provided in Annex 1.1.
3. The most significant adverse variance on business as usual activities is in the Children's Social Care portfolio, which is forecast to be in deficit by £1.52M. This deficit relates to Looked After Children Provision, with increased numbers and cost of residential placements and higher numbers of Special Guardianship Orders. Opportunities to mitigate deficits will be investigated by services. Ultimately any persisting deficit will need to be covered by reserves which would therefore impact on the council's future financial resilience.
4. The budget agreed by Council in February 2021 included provision for expected pressures from COVID-19 related additional expenditure and income losses. The most significant adverse variance for COVID-19 is in the Growth portfolio, which is forecasting a COVID-19 deficit of £0.71M, most of which is the continuing impact of restrictions on Off Street Parking income. However, the Council is expecting to receive a total of £1.08M of fees and charges losses compensation grant for the first quarter of 2021/22 which will help to offset this income shortfall.

5.	In June 2020, Council agreed that in order to help respond quickly to the pandemic, agreeing significant grants and associated spending could be delegated to the S151 officer, following consultation with senior members of the Cabinet. Annex 1.2 reports on all grants received which are COVID-19 related, for information.
	<u>Implementation of Savings Proposals</u>
6.	Of the £10.77M savings plans included within the 2021/22 budget £9.52M have been achieved or are on track to be achieved before the end of this financial year. £0.38M of the remaining £1.25M have not been progressed because of the COVID-19 pandemic and are included within the COVID forecast variance reported in Table 1 above.
	<u>Treasury Management</u>
7.	Treasury Management borrowing and investment balances as at 30 June 2021 and forecasts for the year-end are set out in Annex 1.3. 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 £184.18M for 2021/22. We anticipate borrowing from September onwards to replace maturing long term debt (£11M), expected reduction in reserves (£90M) and to fund the forecast capital programme for the year (£83M). The major capital projects include Schools Investment £18M, Highways £10M, Vehicle replacement £5M, Investing in New Homes £12M and Investing in Existing HRA Stock £16M.
8.	Short term interest rates have remained low and are likely to do so for the remainder of the year. It is anticipated that short term borrowing will be undertaken from September onwards to take advantage of these low rates.
9.	Government grant support for businesses during the pandemic administered by the Council has resulted in higher than expected cash flow during the first quarter of the year. Investment balances are currently running at £55.8M however are expected to fall during the year.
10.	The Council will continue to monitor the impact of COVID-19 on financial markets and provide updates via the Treasury Management reports to Governance Committee.
11.	Annex 1.3 includes an overview of current performance along with an update on the financial outlook. The Council approved a number of indicators at its meeting in February 2021. The Council has operated within the agreed prudential indicators for the first 3 months of the year and is forecast to do so for the remainder of the year.
	<u>Reserves & Balances</u>
12.	The General Fund Balance is currently £10.07M with no planned drawdown during the year.
13.	At the 31 March 2021, earmarked revenue reserves totalled £130.38M, plus Schools Balances totalling £4.17M. The balance at 31 March 2021 included revenue grants totalling £35.04M carried forward via the Revenue Grants Reserve - General, predominantly relating to COVID-19, which are expected to be used in 2021/22. The estimated forecast position as at the 31 March 2022 is £61.73M, plus Schools Balances forecast to be £1.00M. The council holds a Medium Term Financial Risk Reserve (MTFR), which exists to provide cover for a variety of anticipated risks such as future funding via Government financial settlements, budget management issues including

	any non delivery of expected savings and unexpected events that produce financial 'shocks'. The MTFR reserve is currently estimated as having a £38.3M balance unallocated. This reserve is also important as it creates capacity for transformation and invest to save measures and therefore enhances our financial resilience and sustainability.
	<u>Key Financial Risks</u>
14.	The Council maintains a financial risk register which details the key financial risks that face the Council at a given point in time. It is from this register that the level of balances and reserves is determined when the budget is set at the February Council meeting. The register has been reviewed and is attached as Annex 1.4.
	<u>Schools</u>
15.	<p>As at 30 June 2021 there were 14 schools reporting a deficit balance totalling £4.5M This is an increase of 1 school compared to the position reported at 31 March 2021. There are 30 schools reporting a surplus totalling £5.5M. The net position is therefore an overall surplus of £1.0M which is £2.3M adverse movement from the year end position.</p> <p>Schools with deficit budgets continue to be supported by the Education Finance Team to develop Deficit Recovery Plans (DRP). There are 2 schools scheduled to transfer to academy status. Two of these conversions are compulsory orders and planned to take place in September and October 2021. The two compulsory conversions have a combined budget deficit position forecast of between £1.0M - £1.2M for which the Council will need to pay for under school's legislation. The schools are working with the Finance Team to identify in-year savings to reduce the forecast deficits prior to conversion as far as possible.</p> <p>The increase in the school's deficits is mainly due to delayed staff restructures due to COVID-19. Two schools will be issued with notices of concern.</p>
16.	The current 3-year deficit recovery timetable for schools in deficit to get back to a balanced budget may be extended to 5 years if necessary, for schools with significant COVID-19 pressures.

	Dedicated Schools Grant (DSG) 2021/22
17.	<p>The Forecast outturn for the Dedicated Schools Grant (DSG) as at the end of June 2021 is a £8.85M deficit, which includes £0.15M for COVID-19 related pressures. The DSG Grant is ring-fenced and the deficit will not impact on the General Fund and non-school services the council provides.</p> <p>This deficit is being driven by significant year on year annual increases in the number and complexity of Education Health Care Plans (EHCPs) and increasing numbers of pupils with Special Educational Needs and Disability (SEND) being placed in expensive out of city placements in independent school settings. A working party commenced a strategic review of High Needs activity to manage SEND demand and is increasing pupil capacity within the City to avoid external placements, with provision within the General Fund capital programme related to this. The variance includes a brought forward deficit of £8.9M from the previous year, of which £8.0M is High Needs and £0.9M is from the impact of COVID-19 and lost fee income on Early Years. Pressures on the High Needs services is a nationally recognised issue with significant pressures reported in most local authorities as a result of historical grant funding allocations not having kept pace with the significant demand increases in the number and complexity of children with SEND. The 12% increase in High Needs funding in 2021/22 and a £0.23M transfer from the schools block will mitigate some of the pressure being experienced but further work is needed to reduce costs where possible.</p>
	<u>Financial Health Indicators</u>
18.	In order to make an overall assessment of the financial performance of the authority it is necessary to look beyond pure financial monitoring and take account of the progress against defined indicators of financial health. Annex 1.5 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.
19.	<p>For Income Collection, the impact of COVID-19 on those paying commercial rent is seen in both the average day sales outstanding and outstanding debt more than 12 months old. Payment plans are being negotiated on a case by case basis (e.g. payment in instalments and/or over a period longer than one financial year).</p> <p>The Creditor Payments figure shows the average for the quarter. Performance has improved since April, with June actual performance being 90.4%. This improvement has been driven by an increase in consolidated (bulk) invoicing which has in turn improved processing and approval times. Opportunities to further increase consolidated invoicing are being explored, along with continuing to remind managers to approve invoices in a timely fashion.</p>
	<u>Housing Revenue Account</u>
20.	The forecast position for the Housing Revenue Account on business as usual (BAU) activities for the year is projected to be a surplus of £1.11M as summarised in Table 2 below. In addition, there is a forecast surplus of £0.57M relating to the COVID-19 pandemic.

Table 2 – Housing Revenue Account Forecast 2021/22

	Budget Qtr 1 £M	BAU Annual Forecast Qtr 1 £M	BAU Forecast Variance Qtr 1 £M	COVID Forecast Variance Qtr 1 £M
Expenditure	75.87	74.76	1.11 F	0.57 F
Income	(75.87)	(75.87)	0.00	0.00
(Surplus) / Deficit for the year	0.00	(1.11)	1.11 F	0.57 F

NB Numbers are rounded

21. The most significant favourable variance to budget on business as usual activities relates to Cyclical Maintenance (£0.80M). The COVID-19 favourable variance relates to Supervision & Management. Further details are provided in Annex 1.6.

Collection Fund

22. Annex 1.7 shows the forecast outturn position for the Collection Fund at Quarter 1, with the position summarised in Table 3.

Table 3 – Collection Fund Forecast 2021/22

	Council Tax £M	Business Rates £M	Total £M
Contribution to previous years' estimated deficit	(2.60)	(52.31)	(54.91)
Net income and expenditure for 2021/22	(0.88)	25.52	24.64
Deficit for the year	(3.48)	(26.79)	(30.27)
Deficit brought forward from 2020/21	1.18	50.68	51.86
Overall Deficit/(Surplus) Carried Forward	(2.30)	23.89	21.59
SCC Share of Deficit/(Surplus)	(1.95)	11.71	9.75
Less: SCC additional Government Grant for business rates reliefs		(15.41)	(15.41)
SCC Net Share of Deficit/(Surplus) after additional Government Grant	(1.95)	(3.70)	(5.65)
Less: Estimated 2020/21 in-year deficit spread into 2023/24	(0.22)	(0.98)	(1.20)
SCC Net Share of Deficit/(Surplus) after additional Government Grant to be taken into account in 2022/23 budget setting	(2.17)	(4.68)	(6.85)

NB Numbers are rounded

23.	The position on the Collection Fund as a whole is a deficit to be carried forward of £21.59M <u>before</u> extra Government grant. The deficit primarily relates to the Government's continuation of the business rates expanded retail and nursery discount schemes (100% relief for April – June 2021 and 66% relief for the remainder of the year), a total of £31.20M additional relief compared to the original estimate. These additional reliefs are being funded in full by Government grant. Without these additional reliefs there would have been a surplus for the year. This forecast is based on bills raised for 2021/22 as at the end of June 2021.
24.	The table shows the net impact for SCC only as a forecast surplus of £5.65M, once the additional Government grant for extra business rates reliefs is factored in. This surplus is a combination of a lower deficit being carried forward from 2020/21 into 2021/22 than had been estimated in January 2021 and better in-year performance due to fewer working age local council tax support claimants, less empty property business rates reliefs and a reduction in the amount required to be set aside for business rates appeals compared with what had been estimated. The latter in part stems from a ministerial announcement to legislate to prohibit appeals relating to COVID-19 restrictions. However, significant uncertainty still underpins any estimate relating to the economic effects of COVID-19 as the country emerges from lockdown measures plus the winding down of the furlough scheme job retention measures due to end in September 2021. As a risk area to the SCC budget, financial trends will be carefully monitored.
25.	To reduce the financial impact in 2021/22 of exceptional losses arising in 2020/21 due to the COVID-19 pandemic, the government made regulations to require 2020/21 in-year deficits to be spread over 3 years. For SCC this means £1.20M of the deficit brought forward from 2020/21 is being carried over into 2023/24 and does not form part of the Collection Fund surplus/deficit to be taken into account in setting the 2022/23 budget.
26.	It remains to be seen what impact the ending of COVID-19 restrictions and the winding down of some Government support schemes (e.g. the furlough scheme) has on Collection Fund income.

	Conclusion and Outlook
27.	<p>This is the first report on our financial forecast for 2021/22 and we continue to endeavour to separate the impact of the COVID-19 pandemic from the Council agreed business as usual (BAU) budgets; to enable a clear view of the financial impact the pandemic has caused.</p> <p>The Council continues to face significant financial pressure on BAU, much of it related to demand and cost pressures in social care (both Adults and Children). This is a major contributing factor behind a £2.7M adverse variance forecast at quarter 1. Budgetary pressure also continues to arise due to the pandemic, which is separately identified above and totals £1.03M as a gross cost, with losses of parking revenue and toll bridge fees being substantial factors. After allowing for the Government compensation, estimated at £1.08M, the net position with COVID-19 costs becomes broadly neutral at £0.04M Favourable. Government's scheme of compensation for income losses attributable to COVID-19 ceases this quarter, so any additional forecast reductions will produce a worsening forecast for the Council.</p> <p>Accordingly, as the country moves forward with the easing of lockdown restrictions, the future remains uncertain as the longer-term financial impact of the pandemic becomes clearer on the services the Council provides to residents as well as the impact on businesses and residents livelihoods. The Council is currently in a solvent position, however, the impact of the pandemic including any pent-up demand in social care and the impact of business rates as the normalisation of the business sector begins continues to be major issues and financial risk.</p>

Annexes

1. General Revenue Fund Forecast Qtr 1 2021/22
2. COVID-19 Government Grants
3. Treasury Management Qtr 1 2021/22
4. Key Financial Risk Register Qtr 1 2021/22
5. Health Indicators Qtr 1 2021/22
6. HRA Forecast Qtr 1 2021/22
7. Collection Fund Qtr 1 2021/22

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Agenda Item 8

Appendix 2

OVERALL GENERAL REVENUE FUND FORECAST OUTTURN POSITION FOR 2021/22

Portfolio	Budget Quarter 1	BAU* Annual Forecast Quarter 1	BAU* Forecast Variance Quarter 1	COVID Forecast Variance Quarter 1
	£M	£M	£M	£M
Children's Social Care	49.89	51.41	1.52 A	0.37 F
Communities, Culture & Heritage	9.38	9.25	0.14 F	0.16 A
Customer Service & Transformation	26.70	27.16	0.47 A	0.07 A
Education	6.62	6.57	0.05 F	0.02 A
Environment	19.43	19.83	0.40 F	0.08 A
Finance & Capital Assets	1.38	1.37	0.01 F	0.12 A
Growth	4.74	4.69	0.04 F	0.71 A
Health & Adult Social Care	75.89	76.33	0.44 A	0.23 A
Leader	5.77	5.87	0.10 A	0.03 A
Total Portfolios	199.80	202.48	2.69 A	1.03 A
Levies & Contributions	0.09	0.09	0.00	0.00
Capital Asset Management	7.85	7.85	0.00	0.00
Other Expenditure & Income	(33.88)	(33.88)	0.00	0.00
Net Revenue Expenditure	173.85	176.54	2.69 A	1.03 A
Council Tax	(103.68)	(103.68)	0.00	0.00
Business Rates	(26.56)	(26.56)	0.00	0.00
Non-Specific Government Grants	(43.61)	(43.61)	0.00	1.08 F
Total Financing	(173.85)	(173.85)	2.69 A	1.08 F
(SURPLUS)/DEFICIT	0.00	2.69	2.69 A	0.04 F

NB Numbers are rounded

*Business as usual

EXPLANATIONS BY PORTFOLIO

1. CHILDREN'S SOCIAL CARE PORTFOLIO

KEY REVENUE ISSUES – QUARTER 1 2021/22

The Portfolio is currently forecast to have a deficit of **£1.52M** for business as usual (BAU) activities, which represents a percentage variance against budget of **3%**.

In addition, there is a £0.37M surplus on the COVID-19 pandemic budget.

	Forecast Variance £M	% of budget
Portfolio Outturn business as usual	1.52 A	3.0 %
COVID-19 Pandemic	0.37 F	
Total	1.15 A	

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

Service Area	Forecast Variance Quarter 1 £M	BAU £M	COVID £M
Looked After Children	1.12 A	1.52 A	0.40 F
Other	0.03 A	0.00	0.03 A
Total	1.15 A	1.52 A	0.37 F

The SIGNIFICANT business as usual issues for the Portfolio are:

Service Area	BAU Forecast Variance Qtr 1 £M	Explanation
Looked After Children	1.52 A	<p>The numbers and cost of residential placements within the service has continued to increase and the adverse forecast for these placements is £1.00M. Additionally, the higher numbers of Special Guardianship Orders (SGO) has increased the forecast for the year by £0.29M. These SGO's provide stability for the young person as well as reducing the volatility of the placement costs.</p> <p>The remaining business as usual adverse variance of £0.23M mainly relates to additional staffing required across the service to meet demand prior to the completion of the restructure of children social care that is currently underway.</p>

The SIGNIFICANT COVID-19 issues for the Portfolio are:

Service Area	COVID Forecast Variance Qtr 1 £M	Explanation
Looked After Children	0.40 F	<p>A re-assessment of the potential Covid-19 related spend on placements within the service using 2020-21 data has reduced the estimate by £0.40M. When more information is known regarding the types of placement changes and their cost, this figure will continually be refined</p>

2. COMMUNITIES, CULTURE & HERITAGE PORTFOLIO

KEY REVENUE ISSUES – QUARTER 1 2021/22

The Portfolio is currently forecast to have a surplus of **£0.14M** for business as usual (BAU) activities, which represents a percentage variance against budget of **1.5%**.

In addition, there is a £0.16M deficit on the COVID-19 pandemic budget.

	Forecast Variance £M	% of budget
Portfolio Outturn business as usual	0.14 F	1.5%
COVID-19 Pandemic	0.16 A	
Total	0.02 A	

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

Service Area	Forecast Variance Quarter 1 £M	BAU £M	COVID £M
Stronger Communities	0.14 F	0.14 F	0.00
Private Sector Housing	0.06 A	0.00	0.06 A
Cultural Services	0.10 A	0.00	0.10 A
Total	0.02 A	0.14 F	0.16 A

The SIGNIFICANT business as usual issues for the Portfolio are:

There are no significant variances

The SIGNIFICANT COVID-19 issues for the Portfolio are:

There are no significant variances

3. CUSTOMER SERVICE & TRANSFORMATION PORTFOLIO

KEY REVENUE ISSUES – QUARTER 1 2021/22

The Portfolio is currently forecasting a deficit of **£0.47M** for business as usual activities (BAU), which represents a percentage variance against budget of **1.7%**.

In addition, there is a £0.07M deficit on the COVID-19 pandemic budget.

	Forecast Variance £M	% of budget
Portfolio Outturn business as usual	0.47 A	1.7 %
COVID-19 Pandemic	0.07 A	
Total	0.54 A	

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

Service Area	Forecast Variance Quarter 1 £M	BAU £M	COVID £M
Business Support	0.25 A	0.25 A	0.00
IT Services	0.37 A	0.30 A	0.07 A
Registration of Electors & Elections Costs	0.14 F	0.14 F	0.00
Other	0.06 A	0.06 A	0.00
Total	0.54 A	0.47 A	0.07 A

The SIGNIFICANT business as usual issues for the Portfolio are:

Service Area	BAU Forecast Variance Qtr 1 £M	Explanation
Business Support	0.25 A	There is a £0.25M savings target for staff restructure within Business Support. This is forecast to be not achieved as this requires a review of the way the Business Support function interacts with all the other Council services. This was not in place at the start of the year but will commence in the next quarter where the extent of any savings will be assessed.
IT Services	0.30 A	Achievable savings of £0.40M have been identified against the savings target of £0.70M within the IT function, which leaves an adverse variance of £0.30M within BAU. The savings comprises efficiencies expected from the centralisation of all IT and telephony budgets, driving a £0.20M saving; one off reallocation of telephony costs to the Contain Outbreak Management Fund of £0.08M; and £0.12M efficiencies within licence budgets. Further savings are unlikely due to those relating to IT implementation such as travel and printing have been identified elsewhere in the accounts.

The SIGNIFICANT COVID-19 issues for the Portfolio are:

There are no significant variances.

4. EDUCATION PORTFOLIO

KEY REVENUE ISSUES – QUARTER 1 2021/22

The Portfolio is currently forecast to have a surplus of **£0.05M** for business as usual (BAU) activities, which represents a percentage variance against budget of **0.8%**.

In addition, there is a £0.02M deficit on the COVID-19 pandemic budget.

	Forecast Variance £M	% of budget
Portfolio Outturn business as usual	0.05 F	0.8 %
COVID-19 Pandemic	0.02 A	
Total	0.03 F	

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

Service Area	Forecast Variance Quarter 1 £M	BAU £M	COVID £M
Education - High Needs and Schools	0.03 F	0.05 F	0.02 A
Total	0.03 F	0.05 F	0.02 A

The SIGNIFICANT business as usual issues for the Portfolio are:

There are no significant variances

The SIGNIFICANT COVID-19 issues for the Portfolio are:

There are no significant variances

5. ENVIRONMENT PORTFOLIO

KEY REVENUE ISSUES – QUARTER 1 2021/22

The Portfolio is currently forecast to have a deficit of **£0.04M** for business as usual (BAU) activities, which represents a percentage variance against budget of **2.1%**.

In addition, there is a £0.08M deficit on the COVID-19 pandemic budget.

	Forecast Variance £M	% of budget
Portfolio Outturn business as usual	0.40 A	2.1%
COVID-19 Pandemic	0.08 A	
Total	0.48 A	

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

Service Area	Forecast Variance Quarter 1 £M	BAU £M	COVID £M
Bereavement Services	0.07 A	0.00	0.07 A
City Services – Commercial	0.06 A	0.06 A	0.00
City Services – District Teams	0.22 A	0.22 A	0.00
City Services – Waste Operations	0.06 A	0.06 A	0.00
Green City & Place Trading	0.06 A	0.06 A	0.00
Other	0.01 A	0.00	0.01 A
Total	0.48 A	0.40 A	0.08 A

The SIGNIFICANT business as usual issues for the Portfolio are:

Service Area	BAU Forecast Variance Qtr 1 £M	Explanation
City Services – District Teams	0.22 A	There is a forecast adverse variance of £0.22M on business as usual activities, predominantly due to increasing materials costs, temporary staff usage so far this year, and continuing pressures from an ageing vehicle fleet, which is scheduled for replacement during 2021/22.

The SIGNIFICANT COVID-19 issues for the Portfolio are:

There are no significant variances.

6. FINANCE & CAPITAL ASSETS PORTFOLIO

KEY REVENUE ISSUES – QUARTER 1 2021/22

The Portfolio is currently forecasting a surplus of **£0.01M** for business as usual activities, which represents a percentage variance against budget of **0.7%**.

In addition, there is a £0.12M deficit forecast on the COVID-19 pandemic budget.

	Forecast Variance £M	%
Portfolio Outturn business as usual	0.01 F	0.7%
COVID-19 Pandemic	0.12 A	
Total	0.11 A	

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

Service Activity	Forecast Variance Quarter 1 £M	BAU £M	COVID £M
Property Portfolio Management	0.11 A	0.01 A	0.10 A
Other minor balances	0.00	0.02 F	0.02 A
Total	0.11 A	0.01 F	0.12 A

The SIGNIFICANT business as usual issues for the Portfolio are:

There are no significant variances.

The SIGNIFICANT COVID-19 issues for the Portfolio are:

There are no significant variances.

7. GROWTH PORTFOLIO

KEY REVENUE ISSUES – QUARTER 1 2021/22

The Portfolio is currently forecast to have a surplus of **£0.04M** for business as usual (BAU) activities, which represents a percentage variance against budget of **0.9%**.

In addition, there is a £0.71M deficit on the COVID-19 pandemic budget.

	Forecast Variance £M	%
Portfolio Outturn business as usual	0.04 F	0.9%
COVID-19 Pandemic	0.71 A	
Total	0.67 A	

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

Service Activity	Forecast Variance Quarter 1 £M	BAU £M	COVID £M
Parking & Itchen Bridge	0.70 A	0.14 A	0.56 A
Planning	0.13 A	0.03 A	0.10 A
Economic Development	0.05 A	0.00	0.05 A
Skills	0.10 F	0.10 F	0.00
Sustainability	0.10 F	0.10 F	0.00
Others	0.01 F	0.01 F	0.00
Total	0.67 A	0.04 F	0.71 A

The SIGNIFICANT business as usual issues for the Portfolio are:

There are no significant issues

The SIGNIFICANT COVID-19 issues for the Portfolio are:

Service Area	COVID Forecast Variance Qtr 1 £M	Explanation
Parking & Itchen Bridge	0.56 A	There is a COVID-19 related adverse variance of £0.56M related to the continuing impact on Off Street Parking of the lockdown measures since April until the forecast government lifting restrictions in mid-July 2021.

8. HEALTH & ADULT SOCIAL CARE PORTFOLIO

KEY REVENUE ISSUES – QUARTER 1 2021/22

The Portfolio is currently forecast to have a deficit of **£0.44M** for business as usual (BAU) activities, which represents a percentage variance against budget of **0.6%**.

In addition, there is a £0.23M deficit on the COVID-19 pandemic budget.

	Forecast Variance £M	% of budget
Portfolio Outturn business as usual	0.44 A	0.6%
COVID-19 Pandemic	0.23 A	
Total	0.67 A	

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

Service Activity	Forecast Variance Quarter 1 £M	BAU £M	COVID £M
Adults – Long Term	0.07 A	0.07 A	0.00
Adults – Provider Services	0.11 A	0.11 A	0.00
Adults – Safeguarding Adult Mental Health & Out of Hours	0.13 A	0.13 A	0.00
ICU – Provider Relationships	0.21 A	0.02 A	0.19 A
ICU – System Redesign	0.12 A	0.12 A	0.00
Other	0.03 A	0.01 F	0.04 A
Total	0.67 A	0.44 A	0.23 A

The SIGNIFICANT business as usual issues for the Portfolio are:

Service Area	BAU Forecast Variance Qtr 1 £M	Explanation
Adults – Long Term	0.07 A	<p>There is a £0.07M forecast adverse variance due to the ongoing commitment of purchasing Help at Home alarm devices which were acquired due to the COVID response but are now awaiting deployment. Without additional income from users to support these additional units, the rental cost is an additional cost to the service.</p> <p>However, as at month 3, a significant balance of the available additional funding for Adult Social Care which was set aside for demographic pressures has been released into the service. This was initially held back outside of service budgets as the impact of COVID on demand and cost of care was still uncertain. This was highlighted in the February budget report and release of this requires S.151 officer approval. Of the total £6.16M available, with £5.66M being demography pressure and £0.5M additional Social Care Transfer Fund balances, £4.71M is proposed to be released to cover Long Term care overspends in relation to demographic pressures, £0.72M to cover Mental Health, and £0.28M to cover the ICU. This leaves a balance of £0.45M unallocated remaining.</p> <p>The Long Term care £4.71M requirement of the demographic pressure is due to increasing numbers of Homecare clients, with an increase of 60 from pre-COVID outbreak numbers, albeit partially offset by a reduction of Nursing clients over the same period. However, across Homecare, Nursing and Residential care there has been an increase in the average cost of care since the pre-COVID outbreak levels. The average client costs that are being incurred after the COVID hospital discharge process are higher than those who have not. The discharge process is still in place and therefore represents an increased financial risk through the financial year, especially in the second half of the financial year when the 4 to 6 week period of Government support (via the CCGs) comes to an end.</p>
Adults – Safeguarding Adult Mental Health & Out of Hours	0.13 A	There is additional £0.13M expenditure above budget due to long term locum cover as a result

		<p>of long term sickness and vacancy cover where locums cost more than permanent staff.</p> <p>As per the Long Term care narrative, there has also been a £0.72M budget release from the demographic pressures budget to cover the forecast increase in the cost of Mental Health as a result of the COVID response.</p>
ICU – System Redesign	0.12 A	<p>The Way Ahead Pursuits contract has a budget shortfall. Last year the shortfall was funded by an underspend in the Improved Better Care Fund. There is no IBCF funding this year available to fund the shortfall.</p> <p>As per the Long Term care narrative, there has also been a £0.28M budget release from the demographic pressures budget to cover the forecast increase in the cost of ICU contracts as a result of the COVID response.</p>

The SIGNIFICANT COVID-19 issues for the Portfolio are:

Service Area	COVID Forecast Variance Qtr 1 £M	Explanation
ICU Provider Relationships	0.19 A	Joint Equipment Store. As a result of COVID, Long COVID and the new discharge policy, activity levels have significantly increased. This could not have been foreseen.

9. LEADER PORTFOLIO

KEY REVENUE ISSUES – QUARTER 1 2021/22

The Portfolio is currently forecasting a deficit of **£0.10M** for business as usual (BAU) activities, which represents a percentage variance against budget of **1.8%**.

In addition, there is a £0.03M deficit on the COVID-19 pandemic budget.

	Forecast Variance £M	% of budget
Portfolio Outturn business as usual	0.10 A	1.8
COVID-19 Pandemic	0.03 A	
Total	0.13 A	

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

Service Area	Forecast Variance Quarter 1 £M	BAU £M	COVID £M
HR Services	0.04 A	0.04 A	0.00
Licensing	0.03 A	0.00	0.03 A
Strategic Management of the Council	0.06 A	0.06 A	0.00
Other minor balances	0.00	0.00	0.02 A
Total	0.13 A	0.10 A	0.03 A

The SIGNIFICANT business as usual issues for the Portfolio are:

There are no significant variances.

The SIGNIFICANT COVID-19 issues for the Portfolio are:

There are no significant variances.

10. NON-PORTFOLIO EXPENDITURE & INCOME

KEY REVENUE ISSUES – QUARTER 1 2021/22

Non-Portfolio Expenditure & Income is currently forecast to break even for business as usual (BAU) activities.

In addition, there is a £1.08M surplus forecast on the COVID-19 pandemic budget.

	Forecast Variance £M	% of budget
Non-Portfolio Outturn business as usual	0.00	
COVID-19 Pandemic	1.08 F	
Total	1.08 F	

There are no **SIGNIFICANT** business as usual issues for Non-Portfolio areas.

The **SIGNIFICANT** COVID-19 issues for Non-Portfolio areas are:

Service Area	COVID Forecast Variance Qtr 1 £M	Explanation
Non-Specific Grants & Other Funding	1.08 F	£1.08M government grant income is forecast for compensation for fees and charges income losses in the first quarter of 2021/22 due to COVID-19.

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NOTE: ALL GRANTS RECEIVED, 2020/21 AND 2021/22

	General Grant support for COVID-19	Specific grant i.e. to support individual service or initiative	SCC to administer and allocate to third party	Total
Fees and charges losses compensation tranche 1	2.97			2.97
Fees and charges losses compensation tranche 2	2.14			2.14
Local Authority support tranche 1	7.40			7.40
Local Authority support tranche 2	6.99			6.99
Local Authority support tranche 3	2.49			2.49
Local Authority support tranche 4	6.05			6.05
Local Authority support tranche 5	7.82			7.82
Local Council Tax Support Schemes grant	2.82			2.82
Active Travel Fund tranche 2		0.98		0.98
Additional school and college transport capacity funding		0.15		0.15
Clinically Extremely Vulnerable Support 26th Dec - 4th Jan		0.05		0.05
Clinically Extremely Vulnerable Support 5th - 31st Jan		0.14		0.14
Clinically Extremely Vulnerable Support 1st to 31st March		0.25		0.25
Community testing		0.30		0.30
Compliance and enforcement activity		0.15		0.15
Contain Outbreak Management Fund		2.02		2.02
Contain Outbreak Management Fund 2 Dec - 29 Dec		0.58		0.58
Contain Outbreak Management Fund 30 Dec		1.01		1.01
Contain Outbreak Management Fund Jan		1.01		1.01
Contain Outbreak Management Fund 24th Feb - 31 March		1.30		1.30
Contain Outbreak Management 2021/22		2.02		2.02
COVID Winter Grant Scheme 1st April - 16th April		0.31		0.31
Culture Recovery Fund		0.27		0.27
Election Support		0.05		0.05
Emergency Active Travel Funding tranche 1		0.25		0.25
Holiday Activities and Food Programme 20/21		0.12		0.12
Holiday Activities and Food Programme 21/22		1.08		1.08
Home to School Transport tranche 2		0.20		0.20
Home to School Transport tranche 3		0.25		0.25
Housing Benefit Administration Subsidy		0.07		0.07
Local Outbreak planning, for test and trace		1.57		1.57
Local Support Grant (Formerly Winter Support grant) 17 Apr - 20 Jun		0.21		0.21
Local Support Grant (Formerly Winter Support grant) 21st June 30th Sept		0.85		0.85
New Burdens		0.29		0.29
New Burdens assessment		0.17		0.17
New Burdens C Tax Hardship Fund and BR reliefs		0.04		0.04
New Burdens Funding		0.08		0.08
Next Steps Accommodation Programme Launch		0.17		0.17
NHS and social care for COVID-19 response and recovery		0.79		0.79
NHS and social care for COVID-19 response and recovery		0.59		0.59
Reopening High Streets Safely Fund		0.23		0.23
Rough Sleepers		0.01		0.01
Rough Sleeping Drug & Alcohol Treatment Grant 2020/21		0.47		0.47
Rough Sleeping initiative		1.43		1.43
Self Isolation Payments Funding New Burden		0.04		0.04
Self-Isolation Practical Support Payment March		0.07		0.07
Social Care Workforce New Burden		0.02		0.02
Surge funding		0.02		0.02
Test and Trace Support Payment Scheme February new burden		0.04		0.04
Test and Trace Support Payment Scheme February		0.05		0.05
Test and Trace Support Payment Scheme March & April		0.30		0.30
Test and Trace Support Payment Scheme March & April new burden		0.04		0.04
Travel Demand Management		0.15		0.15
Welcome Back Fund		0.29		0.29

	General Grant support for COVID-19	Specific grant i.e. to support individual service or initiative	SCC to administer and allocate to third party	Total
Additional Restrictions Grant - indicative amount			1.56	1.56
Additional Restrictions Grant (ARG)			5.05	5.05
Additional Restrictions Grant (ARG) top up			2.24	2.24
Adult Social Care - Rapid Testing			0.51	0.51
Adult Social Care infection control fund round 1			1.97	1.97
Adult Social Care infection control fund round 2			2.19	2.19
ASC infection control & Testing fund			0.98	0.98
BEIS Business Support Grants for Small Business, Retail, Hospitality and Leisure			43.74	43.74
Business Rates Relief			22.56	22.56
Christmas grant for 'wet-led pubs'			0.08	0.08
Clinically Extremely Vulnerable Grant 5 Nov - 2 Dec			0.15	0.15
Closed Addendum Payment			5.96	5.96
Closed Business Lockdown Payment			11.92	11.92
COVID Winter Grant Scheme			0.90	0.90
Food and essential supplies			0.33	0.33
Hardship Fund for economically vulnerable households			2.58	2.58
Local Authority Discretionary Grant Fund (LADGF)			2.19	2.19
Local Restrictions Support Grant (Closed) 2 Dec - 19 Dec			0.03	0.03
Local Restrictions Support Grant (Closed) 3 Nov - 2 Dec			3.97	3.97
Local Restrictions Support Grant (LRSG OPEN 20 Dec to 4 Jan)			0.25	0.25
Local Restrictions Support Grant (LRSG) OPEN 5 Jan to 18 Jan)			0.05	0.05
Local Restrictions Support Grant (LSRG CLOSED 16 Feb to 31 March			6.24	6.24
Local Restrictions Support Grant (LSRG CLOSED 20 Dec to 4 Jan)			1.44	1.44
Local Restrictions Support Grant (LSRG CLOSED 5 Jan -18 Jan)			1.74	1.74
Local Restrictions Support Grant (Open) 2 Dec - 19 Dec			0.60	0.60
Local Transport Authority COVID-19 Bus Service Support Grant			0.00	0.00
National Leisure Recovery Fund			0.53	0.53
National Leisure Recovery Fund top up			0.08	0.08
Restart grant 1st April - 31st July			12.66	12.66
Self Isolation Payments Funding			0.24	0.24
Social Care Workforce			0.53	0.53
Test and Trace Support Payment			0.06	0.06
TOTAL	38.68	20.47	133.34	192.49

Treasury Management

Appendix 4

Borrowing and Investments

1. The table below shows the year's opening balance of borrowing and investments, current levels and those predicted for year-end. Forecast borrowing is currently based on month 3 capital monitoring and will be subject to review during the year.

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

2.

	31-Mar-21 Actual	31-Mar-21 Average	30-Jun-21 Actual	30-Jun-21 Average	31-Mar-22 Forecast	31-Mar-21 Forecast
	£M	%	£M	%	£M	%
Long Term Borrowing						
Public Works Loan	222.59	2.72	219.84	2.77	388.85	2.74
LOBO Loans from Banks	9.00	4.86	9.00	4.86	9.00	4.86
	231.59	2.75	228.84	2.80	397.85	2.82
Short Term Borrowing						
Other Local Authorities	10.00	0.28	0.00	0.28	10.00	0.06
Other	0.36	0.28	0.36	0.28	0.36	0.06
Total External Borrowing	241.95	2.75	229.20	2.80	408.21	2.78
Other Long Term Liabilities						
PFI Schemes	50.97	9.16	49.24	8.82	47.52	9.16
Deferred Debt Charges (HCC)	13.47	2.13	13.28	2.61	13.10	2.13
Total Gross External Debt	306.39	3.78	291.73	4.08	468.82	3.78
Investments:						
Managed In-House						
Government & Local Authority	0.00	0.00	0.00	0.00		
Cash (Instant access)	(30.13)	0.01	(27.74)	0.01	(10.00)	0.03
Cash (Notice Account)	0.00	0.00	0.00	0.00	0.00	0.00
Long Term Bonds	(3.17)	5.30	(1.06)	5.27	(1.10)	5.27
Managed Externally						
Pooled Funds (CCLA) & Shares	(26.57)	4.16	(27.02)	3.81	(27.02)	3.00
Total Investments	(59.87)	4.26	(55.83)	3.85	(38.12)	2.29
Net Debt	246.52		235.90		430.70	

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 £184.18M for the year.

This will change throughout the year as capital plans firm up and actual cash flow are known and will be reported at the next quarter.

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

	<u>Borrowing</u>
5.	The forecast cost of financing the council's loan debt is £16.65M of which £5.19M 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.	<p>Short term interest rates have remained low and are likely to do so for the remainder of the year and offer good value, which we will utilise to fund any further borrowing needs in the year, unless an opportunity arises to secure a long term loan at advantageous rates or to provide certainty for the portfolio.</p> <p>Although we currently do not have any short term debt, we anticipate borrowing from September onwards to replace maturing long term debt, expected reduction in reserves and to fund the forecast capital programme for the year, until a decision is taken with regards to long term borrowing. Any increase in short term borrowing costs will be offset by a reduction in long term costs. This is later than previously reported as cash flows have remained higher than expected.</p>
7.	<p>PWLB: Local authorities can borrow from the PWLB provided they can confirm they are not planning to purchase 'investment assets primarily for yield' in the current or next two financial years, with confirmation of the purpose of capital expenditure from the Section 151 Officer. Acceptable use of PWLB borrowing includes service delivery, housing, regeneration, preventative action, refinancing and treasury management.</p> <p>Competitive market alternatives may be available however, the financial strength of the individual authority and borrowing purpose will be scrutinised by commercial lenders.</p>
8.	<p>Municipal Bonds Agency (MBA): The MBA is working to deliver a new short-term loan solution, available in the first instance to principal local authorities in England, allowing them access to short-dated, low rate, flexible debt. The minimum loan size is expected to be £25 million. Importantly, local authorities will borrow in their own name and will not cross guarantee any other authorities.</p> <p>If the Authority intends future borrowing through the MBA, it will first ensure that it has thoroughly scrutinised the legal terms and conditions of the arrangement and is satisfied with them.</p>
9.	UK Infrastructure Bank: £4bn has been earmarked for lending to local authorities by the UK Infrastructure Bank. The availability of this lending to local authorities is due to commence in summer 2021 for which there is expected to be a bidding process. Loans will be available for qualifying projects at gilt yields plus 0.6%, which is 0.2% lower than the PWLB certainty rate.
	<u>Investment</u>
10.	<p>The Authority received central government funding to support small and medium businesses during the coronavirus pandemic through grant schemes which was temporarily invested in short-dated, liquid instruments such as call accounts and Money Market Funds and led to higher than expected cash flow whilst the cash was being disbursed. Investment balances have ranged between £86.05M and £43.02M during the year and are currently £55.83M.</p> <p>Continued downward pressure on short-dated cash means net returns on money market funds are low between 0.02% and zero even after some managers have temporarily lowered their fees. This supports our decision to only borrow for cash flow purposes at this stage as savings on borrowing costs more than offset the loss on short term investments.</p>

	The impact of COVID-19 will continue during the year and will be reported at each quarter and as part of Treasury Reports to Governance Committee.																																																																						
	<u>External Managed investments</u>																																																																						
11.	<p>The council has invested £27M in property funds as an alternative to buying property directly. As previously reported these funds offer the potential for enhanced returns over the longer term but may be more volatile in the shorter term and are managed by professional fund managers which allows the Authority to diversify into asset classes other than cash without the need to own and manage the underlying investments.</p> <p>Because these funds have no defined maturity date but are usually available for withdrawal after a notice period (90 days), their performance and continued suitability in meeting the Authority's investment objectives is regularly reviewed.</p>																																																																						
12.	Strategic fund investments are made in the knowledge that capital values will move both up and down on months, quarters and even years; but with the confidence that over a three to five-year period total returns will exceed cash interest rates. In light of their performance over the long-term and the Authority's latest cash flow forecasts, investment in these funds has been maintained.																																																																						
13.	<p>Since the onset of the COVID-19 pandemic and the current global economic environment, the value of the fund fell below the original investment and was reported at £26.28M in the accounts at 31 March 2021, a reduction of £0.72M against the original investment but was an increase of £0.99M from its lowest point in August 2020.</p> <p>The market has continued to improve and at June 2021 the value was £27.18M, an increase of £0.90M since March and is now above the initial investment.</p> <p>The dividend for April to June has been estimated at £0.26M, 3.86% against original investment. This is lower than 2020/21 which was boosted by a significant level of one-off receipts. If rates remain at this level the total forecast dividend for the year is £1.02M.</p>																																																																						
	<u>Financial Review and Outlook</u>																																																																						
14.	<p>A summary of the external factors, which sets the background for Treasury, as provided by the council's treasury advisors, Arlingclose Ltd, is summarised below. The low for longer interest rate outlook theme that has been at the core of the recommended strategic advice for over a decade remains.</p> <table border="1"> <thead> <tr> <th></th> <th>Sep-21</th> <th>Dec-21</th> <th>Mar-22</th> <th>Jun-22</th> <th>Sep-22</th> <th>Dec-22</th> <th>Mar-23</th> <th>Jun-23</th> <th>Sep-23</th> <th>Dec-23</th> <th>Mar-24</th> <th>Jun-24</th> <th>Sep-24</th> </tr> </thead> <tbody> <tr> <td>Official Bank Rate</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Upside risk</td> <td>0.15</td> <td>0.15</td> <td>0.15</td> <td>0.15</td> <td>0.30</td> <td>0.30</td> <td>0.30</td> <td>0.30</td> <td>0.30</td> <td>0.30</td> <td>0.30</td> <td>0.30</td> <td>0.30</td> </tr> <tr> <td>Arlingclose Central Case</td> <td>0.10</td> <td>0.10</td> <td>0.10</td> <td>0.10</td> <td>0.10</td> <td>0.10</td> <td>0.10</td> <td>0.10</td> <td>0.10</td> <td>0.10</td> <td>0.10</td> <td>0.10</td> <td>0.10</td> </tr> <tr> <td>Downside risk</td> <td>0.10</td> <td>0.15</td> <td>0.20</td> <td>0.20</td> <td>0.20</td> <td>0.20</td> <td>0.20</td> <td>0.20</td> <td>0.20</td> <td>0.20</td> <td>0.20</td> <td>0.20</td> <td>0.20</td> </tr> </tbody> </table>		Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Official Bank Rate														Upside risk	0.15	0.15	0.15	0.15	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	Arlingclose Central Case	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	Downside risk	0.10	0.15	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20
	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24																																																										
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Arlingclose Central Case	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10																																																										
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15.	Arlingclose expects Bank Rate to remain at the current 0.10% level. The risk of movement in Bank Rate in the short term is low.																																																																						
16.	The medium-term global economic outlook has continued to improve with the rollout of vaccination programmes. The UK has continued to benefit from its initial rapid vaccine rollout and has shifted focus onto second vaccinations to increase protection to counter a third wave of Covid variant.																																																																						

	<p>The opening up of the UK economy in Q2/Q3 will continue to prompt a sharp increase in GDP. While downside risks seem to have fallen somewhat after recent trends in GDP and labour, the upside risks remain relatively balanced with the MPC reiterating its commitment not to tighten policy until there is clear evidence that the recovery is eliminating spare capacity in the economy.</p>
17.	<p>Inflation has moved above the Bank of England's 2% target. Alongside the increase in commodity prices, the MPC has acknowledged the prospect of a sharper upturn in inflation, with the potential CPI could rise above 3% in the coming months. However, the nature of the commodity price rise and the base effect easing, this is likely a more transitory effect.</p>
18.	<p>Gilt yields could continue to increase in the short term but will begin to plateau and reduce once the market's expectation of rises in Bank Rate and inflation fears subside. Longer term yields may face upward pressure towards the end of Arlingclose's forecast period as the economy moves back to a sustained footing and policy expectations start to strengthen.</p>
19.	<p>Downside risks remain – the damage from the pandemic will have lasting effects and there is the risk of further virus mutations due to the uneven global rollout of vaccines. Downside risks also arise from potential future vaccine shortages as the global demand for vaccines increases.</p>
	<p><u>Credit background</u></p>
20.	<p>Economic resurgence from coronavirus pandemic continued to dominate the first quarter of the financial year. In the biggest inoculation programme the country has ever undertaken, over 44 million people in the UK had received their first dose of a COVID-19 vaccine with 32 million also having a second dose.</p> <p>The Bank of England (BoE) held Bank Rate at 0.1% throughout the period and maintained its Quantitative Easing programme at £895 billion, unchanged since the November 2020 meeting. In its June 2021 policy announcement, the BoE expected the economy to experience a temporary period of strong GDP growth and above-target CPI inflation, after which growth and inflation is expected to fall back.</p> <p>There were, however, two-sided risks around this central path, and it is possible that near-term upward pressure on prices could prove somewhat larger than expected. The Bank's Monetary Policy Committee does not intend to tighten monetary policy at least until there is clear evidence that significant progress is being made in eliminating spare capacity and achieving the 2% inflation target sustainably. Government initiatives continued to support the economy over the quarter, following the range of measures announced by the Chancellor in the 2021 Budget, which included extending the furlough (Coronavirus Job Retention) scheme until September 2021.</p>
21.	<p>Ongoing monetary and fiscal stimulus together with improving economic growth prospects and successful vaccine rollout programmes continued to boost equity markets over the period. The Dow Jones reached a record high during the period while the UK-focused FTSE 250 index was back above pre-pandemic levels and the more internationally focused FTSE 100 had recouped around three-quarters of 2020 losses.</p> <p>Inflation worries continued during the period but declines in bond yields between April and June suggest bond markets may be expecting any general price increases to be less severe, or more transitory, that was previously thought.</p>

	<p>The 5-year UK benchmark gilt yield began the financial year at 0.36% before declining to 0.32% by the end of June 2021. Over the same period the 10-year gilt yield fell from 0.80% to 0.71%, despite jumping to 0.90% in May. The 20-year yield declined from 1.31% to 1.21%. 1-month, 3-month and 12-month SONIA bid rates averaged 0.03%, 0.02% and 0.15% respectively over the period.</p>
22.	<p>The successful vaccine rollout programme is credit positive for the financial services sector in general, but there remains much uncertainty around the extent of the losses banks and building societies will suffer due to the economic slowdown which has resulted due to pandemic-related lockdowns and restrictions. The institutions and durations on the Authority's counterparty list recommended by treasury management advisors Arlingclose remain under constant review, but at the end of the period no changes had been made to the names on the list or the recommended maximum duration of 35 days</p>
23.	<p>There were only a small number of credit rating actions over the period, none of which impacted on our investment decisions.</p>
24.	<p><u>Investment Performance</u></p>
25.	<p>The council's advisors undertake quarterly investment benchmarking across its client base. As reported previously our portfolio was more diversified and at higher interest rates than the average as a result of moving into the bond programme earlier than most clients, but there is now more competition for bonds from both government bodies and other local authorities, so opportunities to replace maturing bonds are limited and we will see a fall in suitable instruments. With this in mind, and following discussions with our advisors, it was decided to move more into property funds, which are a longer term investment, and to short term investments for cash flow purposes.</p>
26.	<p>Our current investments in bonds has reduced from £3M to £1M following maturities in 2021/22 and we maintained the property funds at £27M, with all other cash being placed in short term deposits as shown in paragraph 2.</p>
27.	<p>As detailed in paragraph 11 our cash balances have continued to be higher than forecast. As a result, we had £27.74M in short term investment which is above our normal working balances. Our target is to reduce this to a £10M working balance to reduce borrowing and therefore net interest costs but this will be dependent on actual capital spend and movement in balances.</p>
28.	<p>Investments managed internally are currently averaging a return of 0.19% which is higher than the average unitary authority at 0.09% whilst still maintaining the same average credit rating of A+. Total income return at 2.31% is also higher than the average for both unitary (0.98%) and LA's (0.82%), this is primarily due to historic investment in EIB bonds which return 5.27%, although on a small balance of £1M, since maturities cannot be replaced at the same level. It should also be noted that in line with our strategy to hold minimum investments to reduce borrowing costs that our investment is below the average at £55.9M compared to £83.8M for other unitaries, 49% of which is held in strategic funds which offer higher return over the long term as detailed in paragraphs 11 to 14 above.</p> <p>In addition due to the increase in the capital value of our external funds of +6.94% our total investment return at 5.68% is significantly higher than the average LA's at 2.13% and the average unitary at 2.52% across Arlingclose's client base, but as previously reported it is the income return that is the driver to invest plus they are deemed less risky than buying individual properties and do not constitute capital spend.</p>

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KEY FINANCIAL RISKS

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

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

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

• Robustness of estimates

Key Financial Risk	INHERENT RISK		Comments/Mitigating Actions in place	RESIDUAL RISK	
	Likelihood	Impact		Likelihood	Impact
FE1. Interest rates are underestimated.	Likely	Major	<ul style="list-style-type: none"> • PWLB rates reduced by 1% for all new standard rate borrowing and by 0.8% for certainty rate loans in Spending Review 2020. Rates were discounted by 1% for new HRA loans in March 2020 Budget. • 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 MHCLG Guidance re investing funds prudently and having regard to the security and liquidity of its investments before seeking the highest rate of return. 	Possible	Significant
FE2. Existing fees and charges: Projected levels of income within the period are not achieved and/or maintained.	Possible	Significant	<ul style="list-style-type: none"> • Fees and charges have been reviewed as part of the business planning process. If there are 'in year' shortfalls these form part of the budget monitoring processes. • Loss of income from fees and charges is forecast due to the impact of COVID-19 restrictions. This will be mitigated by the Government scheme to fund 75p in every £1 lost over and above a 5% budget threshold for the first quarter of 2021/22 (continuation of the scheme in place for 2020/21). This does not apply to commercial activities. 	Possible	Significant
FE3. New income streams: Projected levels of income within the period are not achieved.	Possible	Significant	<ul style="list-style-type: none"> • Income generating activity has been identified as part of current approved savings proposals. There is a risk that in light of the economic backdrop and exit from the European Union that these levels of income will not be achieved. • Higher risk as it is based on new sources of income. • Implementation of new income generation proposals has been delayed due to the impact of COVID-19. 	Possible	Significant
FE4. Volatility of Business Rates funding given the uncertainty around impact of successful appeals.	Likely	Major	<ul style="list-style-type: none"> • The 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 2010 rating list has been closed. • The government is bringing forward legislation to prevent appeals as a consequence of measures to control COVID-19. 	Possible	Significant

- **Robustness of estimates**

Key Financial Risk		INHERENT RISK		Comments/Mitigating Actions in place	RESIDUAL RISK	
		Likelihood	Impact		Likelihood	Impact
FE5.	Increase in demand led spending pressures (including impact of Welfare Reform, social care, safeguarding) over and above the current budget provision.	Possible	Major	<ul style="list-style-type: none"> • Annual budget setting process developed in consultation with service managers • Monitoring of capital (quarterly) and revenue (monthly) budgets, reported to EMT and Cabinet (Quarterly). • Action plans to address any significant in year budget variances are agreed with EMT with the status of the agreed actions reported to EMT on a monthly basis • Action plans intended to manage/reduce the number of Looked After Children 	Possible	Significant
FE6a.	Third party provider costs will increase as a result of the introduction of the National Living Wage	Very Likely	Significant	<ul style="list-style-type: none"> • As each contract is procured any impact of this will need to be assessed and addressed to ensure services are procured within budget. 	Possible	Significant
FE6b.	Third party provider costs increase as result of SCC having to 'step in' in the event of potential provider failure (social care providers)	Possible	Significant	<ul style="list-style-type: none"> • ICU contract monitoring arrangements and general market oversight and intelligence 	Unlikely	Moderate
FE7.	Legal challenge to savings proposals that could result in the proposal being either discontinued or revised.	Possible	Significant	<ul style="list-style-type: none"> • Robust budget consultation process in place. 	Unlikely	Moderate
FE8.	Pressure on returns from investment properties in both the short and longer term.	Possible	Major	<ul style="list-style-type: none"> • There is a full and robust process around the financial and legal analysis of the individual investments. • Investments are diversified between sectors. • Expansion of the Property Investment Fund was removed in the 2021/22 budget agreed in February 2021 	Possible	Significant
FE9.	Voluntary sector is either unwilling or unable to support the delivery of certain services or activities	Possible	Major	<ul style="list-style-type: none"> • Review the overall expectation and co-ordination of the services required of the voluntary sector. • Consideration is given to this risk in deciding whether to design services around the voluntary sector 	Possible	Significant
FE10.	The council's service delivery partners seek to exit an agreement or are no longer able to deliver the required service or the council seeks to reach an exit agreement.	Likely	Major	<ul style="list-style-type: none"> • Central Contracts Team monitors and work closely with the council's significant service delivery partners. • Contractual obligations on both parties that set out the respective roles and responsibilities. 	Possible	Significant
FE11.	The Council may received reduced funding if Government make changes to the Local Government funding mechanism. Such changes may include removing the ring-fence for Public Health Grant and rolling it in to general funding.	Possible	Major	<ul style="list-style-type: none"> • The Council will plan for any proposed changes through the Medium Term Financial Strategy process. 	Possible	Major

- Adequacy of proposed financial reserves

Key Financial Risk		INHERENT RISK		Comments/Mitigating Actions	RESIDUAL RISK	
		Likelihood	Impact		Likelihood	Impact
FR1.	Business Rate Retention & Council Tax Growth - the council fails to collect, retain and grow business rate income	Possible	Major	<ul style="list-style-type: none"> • The assumption built into the MTFF is based on an annualised CPI Rate reflecting the uplift set by government. The government has frozen the business rate multiplier for 2021/22, however councils will be compensated for this via grants. • The current MTFF includes assumptions on growth which have been reviewed compared with past expectations as factored into budget plans. This has been undertaken in conjunction with the Growth service team and Business rate collection team, including pipeline developments and their assumed operation dates. This will be monitored on a frequent basis as part of the standard monitoring. • Reserves can be used to offset the impact of shortfalls in estimated business rates, giving time to adapt the budget and service planning. 	Possible	Significant
FR2.	Delivery of all of the agreed savings is not achieved.	Possible	Critical	<ul style="list-style-type: none"> • Progress and delivery of the overall Programme and individual projects is monitored at Executive Director level, by EMT, with any non achievement forming part of the normal budget monitoring action plan process. • EMT review the validity and achievability of projects and provide approval (or not) to projects 	Unlikely	Major
FR3.	The Government could impose a lower Council Tax referendum threshold and/or reduce or remove the Adult Social Care Levy	Possible	Significant	<ul style="list-style-type: none"> • The 2021/22 budget included a 1.99% increase in the general Council Tax and the MTFF agreed in February 2021 assumed a 1.99% increase in Council Tax for the years 2022/23 to 2024/25, in line with the Government's referendum limit of a 2% increase on general Council Tax in the 2021/22 Final Local Government Finance Settlement. • The Adult Social Care Levy was introduced as part of the Autumn 2015 Spending Review and allowed local authorities with social care responsibilities to increase Council Tax provided it was ring-fenced to Adult Social Care budgets. In the 2021/22 Provisional Settlement the Government consulted on a further 3% Levy, which the Council applied in full in 2021/22. • The option for a Social Care Levy has applied for a number of years, but we await the Spending Review 2021 and the financial settlement to see if it will continue to apply, or if Government present alternative proposals for the costs of Adult Social Care in the long expected green paper. • The new Executive formed in May 2021 published its approach at July Council for a freeze with Council Tax for 2022/23. 	Unlikely	Significant
FR4.	Slippage in capital receipts (not accompanied by a slippage in spend).	Possible	Significant	<ul style="list-style-type: none"> • Non-receipt of any planned income will require a permanent draw from reserves, additional borrowing or for savings to be found in the capital programme. • Impact reflects the cost of borrowing in short term (the interest payments). 	Possible	Moderate
FR5.	If building inflation was to exceed general inflation over a prolonged period, this would have a significant adverse impact on HRA balances and, in turn, the business model in respect of the redevelopment and refurbishment of the SCC Housing stock.	Possible	Major	<ul style="list-style-type: none"> • Surpluses are liable to change annually, either favourably or not, and this will be reflected the annual review of stock investment needs and estimated unit rates. • Monitoring and assessment of potential impact with business model sufficiently flexible to allow for reassessment of priority outcomes against available budget 	Possible	Significant
FR6.	The level of funds within the internal insurance provisions is inadequate to meet current or future demand	Possible	Significant	<ul style="list-style-type: none"> • The adequacy of the provision is informed by the output from periodical (at least triennial) external actuarial reviews of the funds. • The level of funding required is reviewed as part of annual budget setting process and the position, in respect of potential liabilities is reviewed on a monthly basis. 	Unlikely	Significant

- Adequacy of proposed financial reserves

Key Financial Risk		INHERENT RISK		Comments/Mitigating Actions	RESIDUAL RISK	
		Likelihood	Impact		Likelihood	Impact
FR7.	Ad hoc or unforeseen events / emergencies.	Possible	Critical	<ul style="list-style-type: none"> • The Council's Reserves may be utilised in respect of the financial impact of such an event. • Subject to the nature of the event alternative sources of funding might be available e.g. Bellwin Scheme. • The Government has allocated 5 tranches of un-ringfenced support funding to local authorities to meet COVID-19 pressures and confirmed funding will be available to meet some fees and charges income losses and some irrecoverable tax losses, as well as providing some ring-fenced grant funding for specific measures e.g. testing and tracing. • Use of reserves may be required to meet COVID-19 expenditure pressures/income losses not funded by Government. 	Possible	Major
FR8.	The cost of implementing the Care Act 2014 is greater than anticipated.	Unlikely	Significant	<ul style="list-style-type: none"> • Current assumption is for the cost of this new burden to be met by the funding allocation provided within the Better Care Fund and the new Carers and Care Act Implementation grant • The main implications of the Care Act have been deferred beyond 2021/22. 	Unlikely	Significant
FR9.	CCG could seek to reduce its level of contribution to the 'pooled budgeting' arrangement with SCC	Possible	Major	<ul style="list-style-type: none"> • Ongoing relationship and dialogue with CCG re shared objectives and outcomes. 	Unlikely	Significant
FR10.	The council is unable to quantify the financial impact on both vulnerable individuals and key council services arising from implementation of welfare reforms	Possible	Significant	<ul style="list-style-type: none"> • The impact of Welfare Reform on all service areas will be difficult to monitor or to mitigate against. 	Possible	Significant
FR11.	Inflation increases at a higher rate than anticipated	Possible	Significant	<ul style="list-style-type: none"> • Assumptions have been made in the estimates about the likely level of general inflation that will apply in 2021/22. CPI is currently running at 2.5% (June 2021), above the anticipated level. • Market intelligence provided by Arlingclose - independent treasury advisors • An amount is included in the MTFF to cover key elements of inflation. • Beyond this provision, it would be managed as an 'in year' issue and services would be expected to absorb the difference. 	Possible	Moderate
FR12.	Exiting the European Union - Uncertainty and economic forces, at least in the short term, within both the local business and wider business sector may have an adverse impact on investment decisions and local employment which, in turn, would impact on business rate income.	Likely	Significant	<ul style="list-style-type: none"> • National and local modelling in respect of the future approach to business rate retention will need to reflect changes in the financial environment. • There may be either pressure or incentives for non UK owned business to move operations back to within an EU country. • Treasury Management advisors are regularly updating the Council on the economic impact of exiting the European Union, the strength of the pound, inflation and interest rates. 	Likely	Significant
FR13.	There are unplanned and unforeseen consequences (and costs) arising from the implementation of new, or changed, systems and processes across service areas within the organisation	Possible	Significant	<ul style="list-style-type: none"> • A Projects and Change Team has been established. A full programme management process is in place including planning and risk assessment, with significant support to major projects. 	Unlikely	Significant
FR14.	New accounting rules for financial investments may result in adverse valuation movements being charged to the General Fund in the year that they occur.	Possible	Significant	<ul style="list-style-type: none"> • New accounting rules require gains/losses from valuation movements for certain types of financial investments to be recognised in the year they occur, rather than when the investments are sold. The Risk Reserve will be used to manage the volatility that the timing difference may cause. • The Government has put in place legislation to mitigate the impact on the General Fund for the five years 2018/19 to 2022/23. 	Unlikely	Significant

- Adequacy of proposed financial reserves

Key Financial Risk		INHERENT RISK		Comments/Mitigating Actions	RESIDUAL RISK	
		Likelihood	Impact		Likelihood	Impact
FR15	COVID-19 will adversely impact on budgets	Very Likely	Critical	COVID-19 is having ongoing financial effects, as well as introducing significant uncertainty for future financial projects. Major income streams are likely to be impacted, such as council tax and business rates, as well as numerous service costs rising as demand increases e.g. for social care. The situation is being closely monitored each month, by the finance team and the impact captured. The Council included anticipated additional expenditure/income losses in the budget set in Feb 2021. The Government has provided un-ringfenced support funding for local authorities in 2021/22, as well as ring-fenced funding for specific COVID-19 expenditure, e.g. Test & Trace service, and some compensation for loss of fees & charges income. The MTFE will continue be used to model the potential effects and ensure the authority continues to plan ahead with robust estimates. Corporately, a further risk register is maintained for all COVID-19 related risks, including financial, which is monitored frequently	Very Likely	Major

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FINANCIAL HEALTH INDICATORS – QTR 1 2021/22 Appendix 6

Prudential Indicators Relating to Treasury

	<u>Maximum</u>	<u>Forecast</u>	<u>Status</u>
Maximum Level of External Debt £M	£805M	£469M	Green
As % of Authorised Limit	100%	58.24%	Green
	<u>Maximum</u>	<u>Highest YTD</u>	<u>Status</u>
Authorised Limit for external debt £M	£805M	£294M	Green
Operational Limit for external debt £M	£705M	£294M	Green
Maximum external borrowing year to date	£640M	£242M	Green
Limit of fixed interest debt %	100%	80.8%	Green
Limit of variable interest debt %	50%	19.2%	Green
Limit for Non-specified investments £M	£100M	£30M	Green
Other Treasury Performance Indicators	<u>Target</u>	<u>Actual YTD</u>	<u>Status</u>
Average % Rate Long Term New Borrowing	2.50%	N/A	Green
Average % Rate Existing Long Term Borrowing	3.00%	2.80%	Green
Average Short Term Investment Rate - Cash	0.01%	0.01%	Green
Average Short Term Investment Rate – Fixed	0.01%	0.10%	Green
Average Long Term Investment Rate - Bonds	2.00%	5.27%	Green
Average Return on Property Fund	3.50%	3.85%	Green

Minimum Level of General Fund Balances

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

Income Collection

	<u>2021/22 Target</u>	<u>Qtr1 YTD</u>	<u>Status</u>
Collection rate	94.15%	107.15%	Green
Average days sales outstanding	< 60 days	66	Red
Outstanding debt more than 12 months old	< 18%	20.45%	Red
Debt written off	< 2%	0.06%	Green

Creditor Payments

	<u>2021/22 Target</u>	<u>Qtr1 YTD</u>	<u>Status</u>
Valid and undisputed invoices paid within 30 days	95%	88.72%	Red

Tax Collection rate

	<u>2020/21</u> <u>Actual</u> <u>Rate</u>	<u>Target</u> <u>Collection</u> <u>Rate</u>	<u>Qtr 1 Collection Rate</u>		<u>Status</u>
			<u>Last Year</u>	<u>This Year</u>	
Council Tax	92.90%	94.90%	26.34%	27.17%	Green
National Non Domestic Rates	93.89%	97.56%	27.60%	33.22%	Green

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Appendix 7

HOUSING REVENUE ACCOUNT FORECAST OUTTURN POSITION FOR 2021/22

The Housing Revenue Account currently has a forecast surplus of **£1.11M** for business as usual (BAU) activities, which represents a percentage variance against budget of **1.5%**.

In addition, there is a £0.57M surplus relating to the COVID-19 pandemic.

	Budget Quarter 1	BAU* Annual Forecast Quarter 1	BAU* Forecast Variance Quarter 1	COVID Forecast Variance Quarter 1
	£M	£M	£M	£M
Expenditure				
Responsive repairs	12.15	11.84	0.31 F	0.00
Cyclical maintenance	5.37	4.57	0.80 F	0.00
Rents payable	0.10	0.10	0.00	0.00
Debt management	0.09	0.09	0.00	0.00
Supervision & management	24.54	24.54	0.00	0.57 F
Interest & principal repayments	8.83	8.83	0.00	0.00
Depreciation	20.92	20.92	0.00	0.00
Direct revenue financing of capital	3.88	3.88	0.00	0.00
Total Expenditure	75.87	74.76	1.11 F	0.57 F
Income				
Dwelling rents	71.38	71.38	0.00	0.00
Other rents	1.20	1.20	0.00	0.00
Service charge income	2.34	2.34	0.00	0.00
Leaseholder service charges	0.95	0.95	0.00	0.00
Interest received	0.01	0.01	0.00	0.00
Total Income	75.87	75.87	0.00	0.00
(SURPLUS)/DEFICIT	0.00	(1.11)	1.11 F	0.57 F

NB Numbers are rounded

*Business as usual

The SIGNIFICANT business as usual issues for the Portfolio are:

Service Area	BAU Forecast Variance Qtr 1 £M	Explanation
Responsive Repairs	0.31 F	There is a £0.31M favourable variance forecast for increased income to the trading divisions (Capital Works and Safety Services), based on income data for April and May and extrapolated over the year. This is due to additional work generated through the Southampton First initiative.
Cyclical Maintenance	0.80 F	There is a £0.80M favourable variance forecast due to continuing restrictions with property access and variations in working practices due to COVID-19. A compliance review has been undertaken which has led to a restructure to ensure future full delivery of the cyclical maintenance programme.

The SIGNIFICANT COVID-19 issues for the Portfolio.

Service Area	COVID Forecast Variance Qtr 1 £M	Explanation
Supervision & Management	0.57 F	There is a £0.57M favourable variance forecast because during the business planning process for 2021/22 an assumption was made that bad debt provision would increase significantly during 2021/22 as, at that time, the furlough scheme was expected to end prior to 1st April 2021. However, the scheme continued through Quarter 1 of 2021/22, which has meant that arrears have not increased to the extent assumed. This, combined with stabilising former tenant debt, has meant that the calculated bad debt provision has reduced and therefore has led to a favourable variance forecast of £0.57M.

COLLECTION FUND REVENUE ACCOUNT FOR YEAR ENDED 31ST MARCH 2022

	Current Budget 2021/22 £M	Forecast 2021/22 £M	Variance Adverse / (Favourable) 2021/22 £M
Council Tax			
Total Council Tax Income	(130.93)	(131.58)	(0.64)
Total Council Tax Expenditure (incl. precepts)	128.34	128.10	(0.24)
Council Tax Deficit/(Surplus) for the Year	(2.60)	(3.48)	(0.88)
Council Tax Deficit/(Surplus) Brought Forward	3.13	1.18	(1.95)
Council Tax Deficit/(Surplus) Carried Forward	0.53	(2.30)	(2.83)
Business Rates			
Total Business Rates Income	(163.36)	(132.63)	30.73
Total Business Rates Expenditure	111.05	105.84	(5.21)
Business Rates Deficit/(Surplus) for the Year	(52.31)	(26.79)	25.52
Business Rates Deficit/(Surplus) Brought Forward	56.29	50.68	(5.61)
Business Rates Deficit/(Surplus) Carried Forward	3.98	23.89	19.91
Total Collection Fund (Surplus)/Deficit	4.51	21.59	17.08
Council Tax (Surplus)/Deficit			
Contribution (to)/ from SCC		(1.95)	
Contribution (to)/ from HPA		(0.27)	
Contribution (to)/ from H and IOW F&R		(0.08)	
Council Tax Collection Fund Balance c/f		(2.30)	
NDR (Surplus)/Deficit			
Contribution (to)/ from SCC		11.71	
Contribution (to)/ from MHCLG		11.95	
Contribution (to)/ from H and IOW F&R		0.24	
NDR Collection Fund Balance c/f		23.89	
Total SCC (Surplus)/Deficit		9.75	
LESS: Grant estimated as due from Government (General Fund)		(15.41)	
NET SCC (Surplus)/Deficit for future budget purposes at Qtr 1		(5.65)	

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<u>CAPITAL FINANCIAL MONITORING FOR THE PERIOD TO JUNE 2021</u>				
1.	Table 1 shows the changes to the individual portfolio programmes. The updated programme for the General Fund is £437.08M and £340.81M for the HRA. Details of changes made since the start of the year, totalling £25.69M can be found in annex 2.1.			
2.	A review of the programme has been undertaken to align the projects to the new portfolios, this change has also been reflected in the previously reported figure for an accurate comparison.			
<u>Table 1 – Changes to Portfolio Programmes</u>				
	Latest Programme £M	Previous Programme £M	Total Change £M	
Communities, Culture & Heritage	37.15	26.76	10.39	
Customer Service & Transformation	10.55	10.55	0.00	
Education & Children's Social Care	94.34	94.29	0.05	
Environment	20.18	19.09	1.09	
Finance & Capital Assets	5.78	5.78	0.00	
Growth	268.60	258.12	10.48	
Health & Adult Social Care	0.48	0.48	0.00	
Total GF Capital Programme	437.08	414.59	22.01	
Housing Revenue Account	340.81	337.12	3.68	
Total Capital Programme	777.88	751.71	25.69	
NB. there may be small arithmetic variations in the table as figures have been rounded				
<u>2021/22 MONITORING POSITION</u>				
3.	The forecast performance of individual capital programmes in 2021/22 is summarised in table 2 below.			
<u>Table 2 – Summary of the General Fund & HRA Capital Forecast 2021/22</u>				
	Revised Programme £M	Forecast £M	Forecast Variance £M	Forecast Variance %
Communities, Culture & Heritage	8.87	7.43	(1.43)	(16.18)
Customer Service & Transformation	6.71	6.71	0.00	0.00
Education & Children's Social Care	44.49	34.50	(10.00)	(22.47)
Environment	12.78	12.78	0.00	0.00
Finance & Capital Assets	2.78	2.78	0.00	0.00
Growth	77.52	76.61	(0.91)	(1.17)
Health & Adult Social Care	0.22	0.22	0.00	0.00

	Total General Fund	153.36	141.02	(12.34)	0.00
	Housing Revenue Account	69.92	68.07	(1.84)	(2.64)
	Total Capital Programme	223.28	209.09	(14.18)	(6.35)
	<u>Financed by</u>				
	*CR - GF Borrowing	(54.14)	(43.11)	(11.04)	(20.38)
	*CR - HRA Borrowing	(28.72)	(29.24)	(0.53)	(1.84)
	Capital Receipts	(9.52)	(9.52)	0.00	0.00
	Direct Revenue Financing	(13.70)	(13.04)	(0.66)	(4.80)
	Capital Grants	(86.02)	(85.40)	(0.62)	(0.72)
	Contributions	(5.69)	(5.19)	(0.51)	(8.89)
	HRA – MRA	(25.49)	(23.60)	(1.89)	(7.41)
	Total Funding	223.28	209.09	(14.18)	(6.35)
	*CR – Council Resources NB there may be small arithmetic variations in the table as figures have been rounded				
4.	The forecast spend for 2021/22 is £209.09M, giving a total forecast variance of £14.18M, which is a combination of £6.28M net slippage and rephasing and £7.90M potential surplus, as detailed in table 3 below.				
5.	<u>Table 3 – Breakdown of 2021/22 Forecast Variance</u>				
		(Surplus)/ Deficit £M	(Slippage)/ Rephasing £M	Total £M	
	Communities, Culture & Heritage	(0.51)	(0.92)	(1.43)	
	Customer Service & Transformation	0.00	0.00	0.00	
	Education & Children's Social Care	(5.05)	(4.95)	(5.46)	
	Environment	0.00	0.00	0.00	
	Finance & Capital Assets	0.00	0.00	0.00	
	Growth	(0.91)	0.00	(0.91)	
	Health & Adult Social Care	0.00	0.00	0.00	
	Total General Fund	(6.47)	(5.87)	(7.80)	
	Housing Revenue Account	(1.43)	(0.41)	(1.84)	
	Total Capital Programme	(7.90)	(6.28)	(14.18)	
	NB. there may be small arithmetic variations in the table as figures have been rounded				
6.	The General Fund programme is currently forecast to be underspent by £6.47M and the HRA is £1.43M underspent. The reasons for the major forecast variances changes since the start of the year are detailed in Annex 2.2.				
7.	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.				

	<p>Forecast net slippage and rephasing is £6.28M, £5.87M of General Fund and £0.41M of HRA. Details of projects with major forecast slippage and where any rephasing has been applied are provided in annex 2.3.</p> <p>Work is currently underway to review the current programme and subject each project to challenge to ensure they still align with Council priorities, especially in light of the new administration.</p>
	COVID-19 IMPACT
8.	<p>There has been no significant impact to report to date as a result of COVID-19 in this year. There was significant slippage from 2020/21 into the current year but it is considered so far in the current year that the works are achievable alongside the planned projects for 2021/22.</p> <p>However, regular review will be maintained on capital works to assess the impact of COVID-19 and any adjustment needed to the programme as a result, which will be reported at the earliest opportunity.</p>
	CAPITAL RESOURCES
9.	<p>The resources which can be used to fund the capital programme are as follows:</p> <ul style="list-style-type: none"> • Central Government Grants and from other bodies • Contributions from third parties • Council Resources - Capital Receipts from the sale of HRA assets • Council Resources - Capital Receipts from the sale of General Fund assets • Revenue Financing • Council Resources – Borrowing
10.	Capital Receipts from the sale of Right to Buy (RTB) properties are passed to the General Fund capital programme to support the Private Sector Housing schemes.
11.	It should be noted that the revised General Fund Capital programme is based on prudent assumptions of future government grants to be received. Most of these grants relate to funding for schools and transport and are unringfenced. However, in 2021/22 these grants have been passported to these areas.
12.	Annex 2.4 details the current level of available resources. This shows that the largest resource currently un-earmarked is S106 developer contributions. A review has been undertaken of all S106 and CIL monies to ensure that programmes of work are matched to the appropriate funding and to identify areas where business cases are required for new projects. This work will be ongoing as part of the monitoring process.
	OVERALL CAPITAL PROGRAMME AND FINANCING
13.	The revised overall programme by year, including amendments that are being requested as part of this report and use of resources, can be found in annex 2.5.
14.	The most significant amount of funding for the General Fund programme is provided by council resources, which at present, is mainly through borrowing. Borrowing costs are in the main met within a central provision. The HRA programme is primarily funded by Major Repairs Reserve (direct revenue contribution).
<u>SUPPORTING DOCUMENTATION</u>	
Annexes	

1.	GF & HRA Programme Changes Since Last Reported Position.
2.	GF & HRA Major Forecast Variances as at June 2021.
3.	GF & HRA Slippage & Rephasing as at June 2021.
4.	GF Capital Resources Available as at June 2021.
5.	GF & HRA Revised 5 Year Programme and Use of Resources.

GENERAL FUND & HRA: PROGRAMME AMENDMENTS SINCE LAST REPORTED POSITION

Portfolio	Scheme	£M	*Council/Cabinet **Delegated Approval	Funding Source
<u>Additions to the Programme</u>				
Communities, Culture & Heritage	Golf Course improvement^	1.00	*	Council Resources
	Solent Sky Museum - light ship	0.02	*	Council Resources
	Solent Sky Museum – trams	0.02	*	Council Resources
	City of Culture Investment and Preparation: Restoring and promoting our city's heritage assets	5.69	*	Council Resources
	City of Culture Investment and Preparation: Vaults restoration	1.02	*	Council Resources
	1,000+ Parking Spaces	2.12	*	Council Resources
	Safer Streets	0.50	*	Council Resources
	CCTV Initiatives	0.02	*	Council Resources
		<u>10.39</u>		
Education & Children's Social Care	Polygon school - multi use recreation area	<u>0.05</u>	*	Council Resources
Environment	Solar Bins	0.80	*	Council Resources
	Green Flag Improvements	0.25	*	Council Resources
	Daisy Dip Play Area	0.04	*	CIL
		<u>1.09</u>		
Growth	Highways (roads and pavements improvement)	10.00	*	Council Resources
	Councillors Minor Works	0.48	*	CIL
		<u>10.48</u>		
HRA	1,000+ Parking Spaces	<u>3.68</u>	*	Council Resources
Total Variations to the Overall Programme		<u>25.69</u>		
		£M		
	* - Approved By Council/Cabinet	25.69		
	** - Approved under Delegated Powers	0.00		
	^ - Require Approval	0.00		
Total Variations to the Overall Programme		<u>25.69</u>		

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GF & HRA Major Forecast Variance as at June 2021

	Communities, Culture & Heritage
1.	<u>City of Culture - VE (Surplus of £0.51M)</u> The project was added to the capital programme on the assumption that there was potential grant funding available from partners. Grant funding has not been made available and therefore the budget can be removed from the programme.
	Education & Children's Social Care
2.	<u>Cantell School Expansion (Surplus of £0.12M)</u> Efficiencies to be achieved by the works being partly delivered by the incumbent FM provider, which saved on preliminaries costs.
3.	<u>Chamberlayne Refurbishment (Surplus of £4.90M)</u> Match funding with the DFE has been confirmed and a final list of works agreed. A saving of £4.9M can be realised.
	Growth
4.	<u>Heart of the City (Surplus of £0.42M)</u> The West Quay phase 3 site has been earmarked as a potential redevelopment opportunity but with no clear project being taken forward at this stage it has been agreed to remove the existing budget from the capital programme and reassess any additional requests for funding as and when the project progresses in the future.
5.	<u>Royal Pier Waterfront (Surplus of £0.41M)</u> Following the end of the original redevelopment deal with partners, no new deal has yet come forward and the project is on hold. It has been agreed to remove the existing budget from the capital programme and reassess any additional requests for funding as and when the project progresses in the future.
	HRA
6.	<u>External Windows and Doors (Surplus of £1.29M)</u> Stage one works involving window and door replacements to housing stock being undertaken by Housing Operations has faced challenges with the appointment of a material supplier and approval from procurement which has led to the start of the project being later than anticipated. Stage two works involving window and door replacements to blocks of flats is currently being tendered and has faced challenges in agreeing an asset list. As a result, the full anticipated budget will not be spent, and future year works will be covered by the set budget.
7.	<u>Lift Refurbishment - Shirley Towers (Surplus of £0.43M)</u> Spend has reduced due to late start on site resulting from COVID restrictions and an agreed advance payment being made in 2020/21. Future year works will be covered by the set budget.
8.	<u>Structural Works (Deficit of £0.28M)</u> The deficit is due to small backlog of minor concrete repairs and four bay window replacements required, with 4 other significant structural projects being investigated.

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Appendix 12

Forecast Major GF & HRA Slippage & Rephasing as at June 2021

	Communities, Culture & Heritage
1.	<u>Art Gallery Roof (Slippage of £0.90M from 2021/22 to 2022/23)</u> The repairs to the Art Gallery roof went out to tender but unfortunately due to the specialist nature of the work no tenders for the work were received. This had caused a delay whilst the potential procurement of the works is reviewed and therefore the majority of the work is unlikely to be completed this financial year.
	Education & Children's Social Care
2.	<u>R&M Programme for Schools (Slippage of £0.53M from 2021/22 to 2022/23)</u> St Marys window replacement has been deferred until summer 2022. A pre application planning review indicated that the proposed window materials may not be acceptable to the planners. This was reported to Capital Board with the decision made to progress to full planning application to obtain a final decision. This is pending and therefore too late to tender works in time for completion over the summer holidays 2021. Therefore delivery will need to be delayed until the summer holiday period of 2022.
3.	<u>St George's Expansion (Slippage of £0.37M from 2021/22 to 2022/23)</u> Works have been delayed from Nov 2021 to Feb 2022. The deferment in the proposed construction start date is due to slippage in the start of Stage 3 Design. This was a result of SCC needing to procure engineering design and survey services from HCC via the Joint Working Agreement.
4.	<u>Newlands Hearing Centre (Slippage of £0.35M from 2021/22 to 2022/23)</u> Review of the design required to bring the scheme back into budget has impacted on project programme. Anticipated spend has therefore been realigned. Further reprofiling may be required at Q2 as the project develops.
5.	<u>Send Review (Slippage of £3.70M from 2021/22 to 2022/23)</u> Feasibility study is currently underway to determine the Green Lane phase 2 requirement therefore works are unlikely to take place this year. Design and Tender may commence this year but is dependent on the outcome of the feasibility study. Further reprofiling may be required at Q2 as the project develops.
	HRA
6.	<u>Structural Works (Rephase of £0.53M from 23/24, 24/25 and 25/26 into 21/22)</u> Contractor is in position to carry out works faster with the capacity to accelerate works from future years. Given the current shortages of building materials globally early ordering is essential to meet this year's revised spend profile. Works will be complete this financial year by end of Aug 2021 as per property allocation.
7.	<u>Renew Warden Alarm (Slippage of £0.49M from 21/22 into 22/23, 23/24, 24/25)</u> The new digital systems that are being designed to replace the analogue systems are not generally available yet. Therefore, it is not possible to specify a suitable system as none on the market at present that meet our requirements. These systems are being developed and tested by several suppliers with an anticipated supply date in Q1 2022/23. Therefore, the slippage amount to be equally absorbed between future years.
8.	<u>Albion Towers Heating (Slippage of £0.45M from 2021/22 to 2022/23)</u> The process of agreeing the option took longer than originally anticipated due to two options being presented within the appraisal. A final decision has been made to progress the electrical solution at this stage. Therefore, the delayed works will be slipped into 2022-23 and future year works will be covered by the set budget.

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Agenda Item 8

Appendix 13

Capital Resources Available as at June 21 (Capital Receipts; Community Infrastructure Levy and Section 106 funds)

Resource	Balance Bfwd £M	Received to Date 2020/21 £M	Allocated to Current Programme £M	Ear- marked £M	Available Funding £M	Anticipated Receipts £M
Capital Receipts	(0.01)	0.00	1.90	0.00	1.89	(2.02)
CIL	(16.32)	(0.07)	3.02	10.75	(2.63)	(0.30)
S106	(9.94)	(0.17)	6.70	0.00	(3.40)	(0.75)
	(26.28)	(0.24)	11.62	10.75	(4.14)	(3.07)

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

General Fund Capital Receipts Forecast

	Bfwd £M	2021/ 2022 £M	2022/ 2023 £M	2023/ 2024 £M	2024/ 2025 £M	2025/ 2026 £M	Total £M
Current Forecast	(0.01)	(2.02)	(1.49)	0.00	0.00	0.00	(3.52)

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

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Agenda Item 8

Appendix 14

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

Programme Comparison

	2021/ 2022 £M	2022/ 2023 £M	2023/ 2024 £M	2024/ 2025 £M	2025/ 2026 £M	Total £M
Revised Programme	223.28	294.80	142.88	83.49	33.45	777.88
Previous Programme	217.31	275.07	142.88	83.49	33.45	752.19
Movement	5.97	19.72	0.00	0.00	0.00	25.69

Programme	2021/ 2022 £M	2022/ 2023 £M	2023/ 2024 £M	2024/ 2025 £M	2025/ 2026 £M	Total £M
Communities, Culture & Heritage	8.87	24.14	4.10	0.05	0.00	37.15
Customer Service & Transformation	6.71	1.52	1.31	1.02	0.00	10.55
Education & Children's Social Care	44.49	47.90	1.95	0.00	0.00	94.34
Environment	12.78	3.32	2.08	2.00	0.00	20.18
Finance & Capital Assets	2.78	1.00	1.00	1.00	0.00	5.78
Growth	77.52	139.16	34.30	13.80	3.83	268.60
Health & Adult Social Care	0.22	0.10	0.10	0.07	0.00	0.48
Total General Fund	153.36	217.13	44.83	17.93	3.83	437.08
Housing Revenue Account	69.92	77.67	98.05	65.55	29.62	340.81
TOTAL CAPITAL PROGRAMME	223.28	294.80	142.88	83.49	33.45	777.88

Use of Resources	2021/ 2022 £M	2022/ 2023 £M	2023/ 2024 £M	2024/ 2025 £M	2025/ 2026 £M	Total £M
*CR - GF Borrowing	(54.14)	(143.86)	(16.97)	(12.76)	(1.91)	(229.64)
*CR - HRA Borrowing	(28.72)	(37.11)	(60.22)	(30.30)	(2.24)	(158.59)
Capital Receipts	(9.52)	(14.18)	(9.01)	(4.32)	(2.77)	(39.78)
Direct Revenue Financing	(13.70)	(9.49)	(3.50)	(2.50)	(1.91)	(31.10)
Capital Grants	(86.02)	(62.58)	(24.36)	(2.67)	0.00	(175.64)
Contributions	(5.69)	(6.05)	(6.70)	(8.23)	(1.19)	(27.86)
HRA – MRA	(25.49)	(21.53)	(22.12)	(22.71)	(23.42)	(115.27)
Total Financing	(223.28)	(294.80)	(142.88)	(83.49)	(33.45)	(777.88)

*CR – Council Resources

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

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Agenda Item 9

DECISION-MAKER:	CABINET		
SUBJECT:	APPOINTMENT OF A LOCAL PARTNERSHIP BOARD PURSUANT TO PART 4 OF THE DOMESTIC ABUSE ACT 2021.		
DATE OF DECISION:	16 AUGUST 2021		
REPORT OF:	COUNCILLOR VASSILIOU CABINET MEMBER FOR COMMUNITIES, CULTURE AND HERITAGE.		
<u>CONTACT DETAILS</u>			
AUTHOR:	Title	Senior Policy & Strategy Officer	
	Name:	Stephen Barratt	Tel: 023 80 833714
	E-mail:	Stephen.barratt@southampton.gov.uk	
Director	Title	Executive Director Communities, Culture and Homes	
	Name:	Mary D'Arcy	Tel: 023 80 834611
	E-mail:	mary.d'arcy@southampton.gov.uk	
STATEMENT OF CONFIDENTIALITY			
NOT APPLICABLE			
BRIEF SUMMARY			
<p>Cabinet is requested to consider the appointment of a local partnership board ('the Board') consisting of key partners with an interest in tackling domestic abuse and supporting victims, including their children, pursuant to s 58 of the Domestic Abuse Act 2021 ('the 2021 Act'). The role of the Board is to provide advice to Southampton City Council ('the Council') on the exercise of its duties under Part 4 of the 2021 Act and the provision of other local authority domestic abuse support in its area. This will include the preparation of a draft strategy pursuant to s 57 of the 2021 Act and a system-wide strategy, addressing the 2021 Act in general and any other relevant need in the Council's area.</p>			
<p>It is proposed that the Board will be known locally as the Southampton Domestic Abuse Strategic Partnership Board.</p>			
RECOMMENDATIONS:			
	(i)	To appoint the Board to provide advice to the Council about the exercise of its functions under Part 4 of the 2021 Act and the provision of other local authority domestic abuse support in its area.	
	(ii)	To adopt the proposed Terms of Reference of the Board ('the Terms of Reference'), attached at Appendix 1 of this report.	
	(iii)	<p>To delegate authority to the Executive Director Communities, Culture and Homes, having sought the advice of the Board, to:</p> <p>(a) prepare and consult upon a draft strategy ('the Part 4 strategy') as required by s 57 of the 2021 Act;</p> <p>(b) carry out any functions required to give effect to the Part 4 strategy;</p>	

	<p>(c) carry out any functions required to support the provision of other local support in the Council's area;</p> <p>(d) monitor and evaluate the effectiveness of the Part 4 strategy;</p> <p>(e) report on progress and how funding has been used in relation to the exercise of the Council's functions under Part 4 of the 2021 Act to the Ministry for Housing, Communities and Local Government;</p> <p>(f) appoint a chair and vice chair to the Board (the Executive Director Communities, Culture and Homes may appoint themselves as chair);</p> <p>(g) add or remove representatives to the Board, ensuring the minimum representation requirement (as set out by s 58(2) of the 2021 Act) is met and considering the inclusion of a wider representation to support the Council's local approach to tackling domestic abuse;</p> <p>(h) make any minor adjustments to the Terms of Reference as and when necessary; and,</p> <p>(i) do anything considered necessary in order to fulfil the Council's legal obligations pursuant to the 2021 Act.</p>
REASONS FOR REPORT RECOMMENDATIONS	
1.	The Council is required by s 58(1) of the 2021 Act to appoint the Board.
2.	Delegating authority to the Executive Director Communities, Culture and Homes to carry out functions required to support the provision of other local support (ie system-wide support) in the Council's area will facilitate a 'single system' approach to the provision of support in relation to Domestic Abuse, with centralised oversight of key multi-agency services.
ALTERNATIVE OPTIONS CONSIDERED AND REJECTED	
3.	While relevant draft statutory guidance asks authorities to consider using existing structures to meet the duties set out in Part 4 of the 2021 Act, it is considered that the existing multi-agency domestic and sexual violence group cannot adequately meet these duties.
4.	The 2021 Act requires the Board to advise the Council about the provision of other local authority support in its area. Accordingly, the option of limiting the function of the Board to the provision of advice about support in relevant safe accommodation has not been considered. The Board will advise the Council on the provision of system-wide support in relation to domestic abuse.
DETAIL (Including consultation carried out)	
5.	<p>Section 57(1) of the 2021 Act provides that the Council must carry out the following functions:</p> <ul style="list-style-type: none"> (a) assess, or make arrangements for the assessment of, the need for accommodation-based support in its area; (b) prepare and publish a strategy for the provision of such support in its area; and, (c) monitor and evaluate the effectiveness of the strategy. <p>The Board must be convened pursuant to s 58(1) of the 2021 Act to provide advice to the Council about carrying out functions (a) – (c) above, and about the provision of other local authority support in the Council's area. Further detail about the role and responsibilities of the Board is set out in Appendix 1.</p>

	<p>In relation to the provision of other local authority support in the Council's area, it is intended that the Board will advise on the preparation of a system-wide multi-agency Domestic Abuse strategy to be published in 2022.</p> <p>The Board will report bi-annually to the Safe City Partnership.</p>
RESOURCE IMPLICATIONS	
<u>Capital/Revenue</u>	
6.	<u>N/A (the role of the Board is advisory).</u>
<u>Property/Other</u>	
7.	<u>N/A (the role of the Board is advisory).</u>
LEGAL IMPLICATIONS	
<u>Statutory power to undertake proposals in the report:</u>	
8.	<p>The Council is required to undertake the proposals set out in this report by Part 4 of the 2021 Act, in particular:</p> <p>(a) s 57 (requirement to prepare, give effect to and monitor a strategy based on an assessment of the need for accommodation-based support for victims of domestic abuse in the Council's area);</p> <p>(b) s 58 (requirement to appoint a domestic abuse local partnership board to advise the Council about its functions under s 57 and the provision of other local authority support in its area).</p>
<u>Other Legal Implications:</u>	
9.	<p>In exercising its duties, regard will be paid to the Council's obligations pursuant to the Equality Act 2010, in particular, the duty set out in s 149 of the Act. Regard will also be paid to the Council's duties under s 17 Crime and Disorder Act 1998 and the duty to exercise its functions with consideration to the likely effect of the exercise of those functions on and the need to do all it reasonably can to prevent crime and disorder in its area.</p>
RISK MANAGEMENT IMPLICATIONS	
10.	<p>Failure to appoint the Board as requested will result in failure by the Council to meet the requirements of Part 4 of the 2021 Act.</p>
11.	<p>The Council is not required to follow the advice of the Board. In deciding whether to do so, the Council should follow normal decision-making processes.</p>
POLICY FRAMEWORK IMPLICATIONS	
12.	<p>In carrying out its advisory functions the Board will take into account and act fully and wholly in accordance with relevant Policy Framework Plans and Strategies, in particular the Southampton Safe City Strategy (Crime and Disorder Act 1998 ss 5-6), Youth Justice Plan (s 40 Crime and Disorder Act 1998) and Health and Well Being Strategy (s 116A Local Government and Public Involvement in Health Act 2007).</p>
KEY DECISION?	N/A
WARDS/COMMUNITIES AFFECTED:	

SUPPORTING DOCUMENTATION

Appendices

1.	Proposed Terms of Reference
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Documents In Members' Rooms

1.	None
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Equality Impact Assessment

Do the implications/subject of the report require an Equality and Safety Impact Assessment (ESIA) to be carried out.	No
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Data Protection Impact Assessment

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

Other Background documents available for inspection at:

Title of Background Paper(s)	Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)
1.	None



Southampton Domestic Abuse Strategic Partnership Board

Terms of Reference	
Date created:	August 2021
Review date:	August 2022
Abbreviations	SCC – Southampton City Council DSA – Domestic and Sexual Abuse ICU – Integrated Commissioning Unit SCP – Stronger Communities Partnership SSORG – Serious Sexual Offences Reduction Group OPCC – Office of the Police and Crime Commissioner CPS – Crown Prosecution Service IDVA – Independent Domestic Violence Advisors HRDA – High Risk Domestic Abuse (referral pathway) PIPPA – Prevention, Intervention and Public Protection Alliance MARAC – Multi-Agency Risk Assessment Conference SSCP – Southampton Safeguarding Children Partnership SSAB – Southampton Safeguarding Adults Board
Frequency of meetings:	Quarterly
Duration of meetings:	120 minutes
Administration arrangements:	<ul style="list-style-type: none"> • Board papers (including agenda) circulated seven working days prior to meeting. • Members must submit Board papers no later than ten working days prior to meeting. • Minutes circulated no later than 10 working days after meeting.
Chair:	To be appointed by SCC.
Vice Chair:	To be appointed by SCC.
Membership:	<p><u>Core / Mandatory Members:</u></p> <ul style="list-style-type: none"> • Head of Service, Children’s Social Care, SCC. • Head of Service, Adult Social Care, SCC. • Head of Service, Housing, SCC. • Chief Superintendent, Hampshire Constabulary.

	<ul style="list-style-type: none"> • Commissioned services (community, refuge & perpetrator) representative(s) / Chair of the DSA Operational Group (if not already a member). • Senior Manager and/or DSA lead, Southern Health NHS Trust. • Senior Manager and/or DSA lead, Solent NHS Trust. • Senior Manager and/or DSA Lead, University Hospital Southampton Foundation Trust. • Senior Manager and/or DSA Lead, NHS Hampshire, Southampton and the Isle of Wight Clinical Commissioning Group. • Partnership Coordinator / ICU Commissioning lead for DSA. • Southampton Local Safeguarding Board Manager (Adults and Children). • Domestic Abuse Lead, National Probation Service. <p><u>Advisory Members:</u></p> <ul style="list-style-type: none"> • Hampshire Constabulary Force representative for DSA/Safeguard (Inspector). • Cabinet Member for Communities, Culture and Heritage – representative for domestic abuse. • Stronger Communities Manager (manager of SCP). • IDVA Service manager. • Data Lead for domestic abuse, SCC. • Chair for SSORG. • Chair of OPHEM. • OPCC representative for DSA. • Representative from the Crown Prosecution Service • Senior Manager, Substance Misuse service. <p><u>Membership Expressions of Interest (EOI):</u></p> <p>Professionals interested in becoming a member should submit an EOI in writing by email to the Chair. The EOI will be considered by the Chair and a response provided within 28 days.</p>
<p>Purpose:</p>	<p>To provide expert advice and support to SCC in relation to its local response to domestic abuse, violence against women and girls and violence in all forms that impacts on victims regardless of gender.</p> <p>The aims of the local response by SCC are to:</p> <ul style="list-style-type: none"> • reduce domestic abuse and violence against women and girls in Southampton; • increase safety for survivors and children; and, • hold perpetrators to account for their violence and abuse against victims. <p>These aims will be achieved through effective, coordinated partnership working.</p> <p>(See Appendix A for definition of domestic abuse)</p>
<p>Principles:</p>	<p>The Board is underpinned by the following principles:</p> <p><u>Shared Vision:</u></p>

- There is a shared vision that goes beyond deliverables and data and is based on a shared ethos and outcomes, with all partners committed to delivery.
- The vision unites the differing priorities and remits of partners by: improving the safety of survivors and their children; holding perpetrators to account; improving pathways through services; and, challenging the culture that allows domestic abuse to take place.

Individual and shared responsibility:

- Each partner works effectively within their own agency and with all other agencies, to secure the safety of the survivor and their children and hold perpetrators to account.
- Each partner understands and delivers its part in the response to domestic abuse.
- There is shared responsibility across the partnership, which considers differing dynamics between partners and clear contributions from each.
- There is shared understanding of each partner's priorities and challenges.
- Risks, impacts, resources and challenges are shared.
- There is shared investment of time, energy and engagement by all partners.

Coordination:

- There is shared understanding that coordination is vital in the response to domestic abuse.
- Partners recognise that coordination is defined by systematic and collective activity designed to make survivors and their children safe and hold perpetrators to account.
- There is an open and multi-directional flow of information and influence between strategic and operational groups which supports the mutual dependence on one another to fulfil their areas of delivery.

Gender and trauma informed approaches:

- The role of gender inequality as both a cause and consequence of domestic abuse is recognised by all partners.
- All partners recognise that while men and boys are survivors of domestic abuse, the vast majority are women and girls.
- While it is recognised that domestic abuse is largely a gendered crime, each partner understands and delivers its part in the response to tackling violence against men and boys.
- A trauma-informed approach, grounded in a solid understanding of and responsiveness to the impact of trauma, is reflected throughout.

Prioritisation of prevention / early intervention over crisis responses:

	<ul style="list-style-type: none"> • Effective prevention and early intervention responses is prioritised over crisis / high risk / high harm responses, in recognition that this achieves better outcomes for survivors and children and represents more efficient use of resources. <p><u>Survivors and children at the heart:</u></p> <ul style="list-style-type: none"> • Responses to domestic abuse are led by lived experiences, needs and views of survivors and children. • Diverse and marginalised voices are considered and represented throughout. • Multiple barriers and discrimination some survivors face when accessing services is recognised and understood, with a shared commitment to breaking barriers, addressing gaps in accessibility, and ensuring services are inclusive. <p><u>Perpetrators held accountable:</u></p> <ul style="list-style-type: none"> • There is shared understanding that holding perpetrators to account, both at the individual level and within systems, practices, policies, processes etc is fundamental to an effective response to domestic abuse. • There is a commitment from all partners to adopt and embed this approach.
<p>Functions and Remit:</p>	<p><u>Compliance with Domestic Abuse Act 2021:</u> The Board will:</p> <ul style="list-style-type: none"> • advise upon and support the undertaking of the Safe Accommodation Needs Assessment and Strategy; • advise and support SCC in meeting its requirement to report annually to MHCLG on Strategy implementation; and, • advise SCC on decisions regarding New Burdens Fund spend on safe accommodation services. <p><u>Multiagency partnership working and coordination:</u> The Board will:</p> <ul style="list-style-type: none"> • drive forward an effective strategic, multiagency, coordinated response to domestic in Southampton, underpinned by a shared vision; • ensure all partners are aware of individual and collective responsibilities in the response to domestic abuse; • effectively challenge and hold partners to account and address issues with engagement and representation; • review on an annual basis as a minimum the membership of the Board, identifying gaps and advising the Chair on appointments; and,

- ensure the DSA Operational Group provides an effective operational, multiagency, coordinated response that is aligned with strategic priorities.

Workplan: The Board will:

- develop an annual workplan setting out key deliverables with recommended actions for relevant partners. The workplan will take account of critical issues, such as COVID-19 recovery;
- monitor progress at each Board meeting, holding partners to account for performance issues.

Strategy and Vision: The Board will:

- be responsible for advising SCC and Board members on the overall strategic direction of the response to domestic abuse in Southampton;
- develop a shared partnership vision that underpins Southampton's domestic abuse strategy;
- provide strategic advice on strategy reviews / refreshes;
- monitor the delivery of Southampton's domestic abuse strategy through a multi-agency action plan and advise SCC and Board members on actions required to ensure effective implementation; and,
- ensure that the work of the DSA Operational Group aligns with the strategic priorities for the partnership.

Data / Intelligence and Key Performance Indicators: The Board will:

- establish a minimum partnership dataset, with key performance indicators (KPI's) for our collective system;
- receive reports on performance of HRDA/MARAC and PIPPA;
- ensure all partners are clear on KPI's and their responsibility for addressing performance issues;
- monitor data and discuss performance pressures with Board members;
- use data / intelligence to identify trends, themes and patterns and give intelligence-led strategic advice based on findings; and,
- lead a clear and evidence-based analysis of domestic abuse issues and partnership performance.

Identification of and strategic oversight of response to critical issues:

The Board will:

- identify critical issues / priority areas of focus;
- provide strategic advice, oversight and support in relation to the response by SCC and Board members to critical issues;
- advise and support the DSA Operational Group regarding critical issues and actions required;
- advise on critical issues arising from the operations of HRDA/MARAC and PIPPA.
- advise SCC on the establishment of working groups / task and finish groups to address critical issues.

Commissioning decisions: The Board will:

- provide intelligence-led advice about the commissioning / de-commissioning of services;
- identify and advise on funding opportunities;
- advise on proposed relevant service specifications and decisions to award contracts; and,
- advise on the effective management of participation of providers at the Board to ensure procurement processes are not compromised.

Domestic Homicide Reviews (DHR) / Serious Case Reviews (SCR): The Board will:

- advise SCC and its partners on commissioning decisions regarding DHRs;
- monitor in-progress DHRs and relevant SCRs (i.e. those involving domestic abuse), with Chairs providing an update for each Board meeting;
- be responsible for overseeing the implementation of action plans from each Review by monitoring progress and advising on actions required;
- advise on changes required across the partnership in response to learning from DHRs / SCRs.

Relationship to other Boards / meetings: (See Appendix B for Structure Chart).
The Board will:

- report bi-annually to the Safe City Partnership;

	<ul style="list-style-type: none"> • advise and support SCC in meeting its requirement to report annually to MHCLG on Strategy implementation; • advise and support the SSCP on undertaking functions relevant to the purpose of the Board; • to advise and support the SSAB on undertaking functions relevant to the purpose of the Board; • advise Health and Wellbeing Board on undertaking functions relevant to the purpose of the Board; • ensure close links are developed and maintained with the Health and Wellbeing Board and the Adult and Children’s Safeguarding Boards; • receive quarterly reports from the DSA Operational Group. • provide advice and support to the DSA Operational Group on required functions and activities.
<p>Role / responsibilities of agencies and members:</p>	<p>Members will:</p> <ul style="list-style-type: none"> • be able to make strategic decisions on behalf of their agency without upward referral (including funding / resourcing decisions); • attend every meeting. Where the named representative cannot attend, attendance must be delegated to an appropriate colleague with delegated authority to perform agreed function; • submit relevant reports / information etc. to the named administrator no later than 10 working days before each Board meeting; • sign a confidentiality statement; • maintain up-to-date awareness and understanding of domestic abuse, including the national / regional / local policy landscape, relevant research, key national developments, local policies and best practice; • report on agreed data / intelligence from their agency and contribute proactively to identification of themes and trends; • undertake key deliverables as per the Board’s workplan and complete actions in agreed time frames; • act as the strategic lead and single point of contact for their agency on domestic abuse; • circulate information / resources / guidance / tools etc. regarding domestic abuse within their agency;

	<ul style="list-style-type: none"> • embed agreed practice / policy / processes regarding domestic abuse within their agency and monitor compliance; and, • ensure actions and learning from DHRs and relevant SCR's are implemented within their agency.
Accountability and reporting:	<p>The Board will:</p> <ul style="list-style-type: none"> • report bi-annually to the Safe City Partnership; and, • advise and support SCC in meeting its requirement to report annually to MHCLG on Strategy implementation.

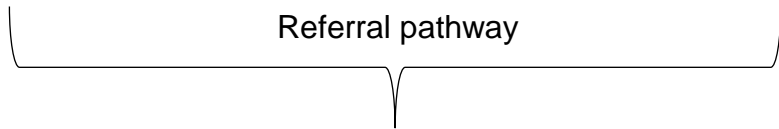
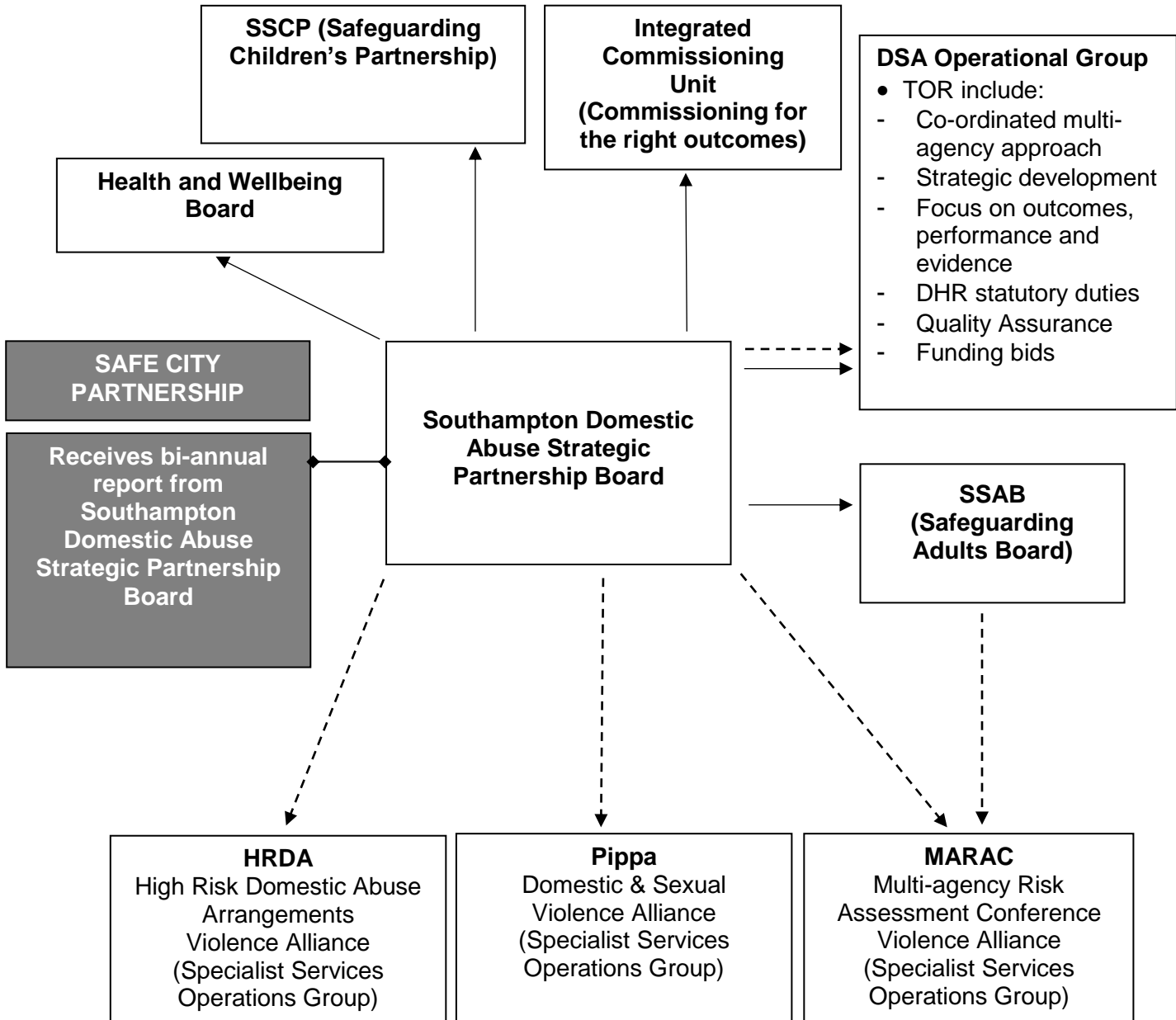
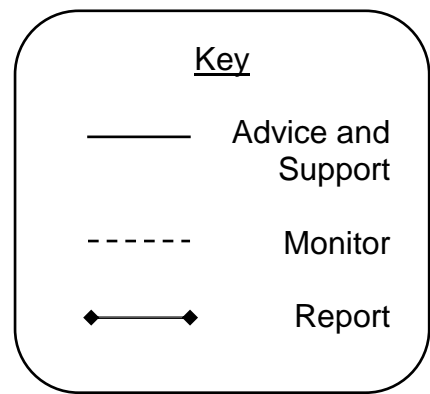
Appendix A: Definitions

1.1. Definition: The Government defines domestic and sexual abuse as:

“Any incident or pattern of incidents of controlling, coercive or threatening behaviour, violence or abuse between those aged 16 or over who are or have been intimate partners or family members regardless of gender or sexuality. This can encompass but is not limited to the following types of abuse: psychological, physical, sexual, financial and emotional”.

1.2. This definition includes so called 'honour' based violence, Female Genital Mutilation (FGM), and forced marriage, and is clear that victims are not confined to one gender or ethnic group.

Appendix B: Structure Chart



SV/DVA Specialist Services
Representative:

- Operational delivery
- Training

Service Improvement

- Service Quality Checking
- Maximising joint working

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DECISION-MAKER:	CABINET		
SUBJECT:	CONSOLIDATION OF EXISTING CLEANING CONTRACTS		
DATE OF DECISION:	16 AUGUST 2021		
REPORT OF:	COUNCILLOR HARWOOD CABINET MEMBER FOR CUSTOMER AND TRANSFORMATION		
<u>CONTACT DETAILS</u>			
Executive Director	Title	Deputy Chief Executive	
	Name:	Mike Harris	Tel: 023 8083 2882
	E-mail	Mike.harris@southampton.gov.uk	
Author:	Title	Head of Customer and Communications	
	Name:	James Marshall	Tel: 023 8080 3015
	E-mail	James.marshall@southampton.gov.uk	
STATEMENT OF CONFIDENTIALITY			
NOT APPLICABLE			
BRIEF SUMMARY			
<p>Currently there is a disjointed approach to cleaning with many services managing their own cleaning arrangements with a number of different contracts with different cleaning providers. The proposed approach will centralise the budget and management of cleaning to enable services to focus on their core business. The approach will deliver a standardised level of service across the organisation and financial efficiencies.</p>			
RECOMMENDATIONS:			
	(i)	To agree the approach of centralising the cleaning contracts and budgets and for a single managed cleaning contract for all in scope council buildings.	
REASONS FOR REPORT RECOMMENDATIONS			
1.	There is an inconsistent approach to the delivery of cleaning activities in council buildings, both in terms of companies involved but also level of cleaning.		
2.	Centralisation of budgets and a single point of management of the new consolidated contract will create an opportunity for efficiencies and will enable service areas to focus on their core business.		
ALTERNATIVE OPTIONS CONSIDERED AND REJECTED			
3.	<ul style="list-style-type: none"> • Do nothing leave as is with non-compliant spend. • Re-procure on an individual contract basis leaving management of that process and the resulting contracts with service areas. • Develop in-house cleaning services. 		
DETAIL (Including consultation carried out)			
4.	There have been various initiatives to look at bringing together cleaning contracts and manage this spend in a way that offers both the best value and		

	the best service possible. There is a desire to bring this work together, to improve standards and consistency. It supports a centralised approach to the management of buildings and ensures the best use of council resources. This project will be conducted in regular consultation with Property to ensure that whatever contract is put in place will work over the long term approach to council buildings.
5.	There will be a phased approach to implementation to bring immediate benefits but also bring the organisation to the target position over time.
6.	The council has a range of cleaning arrangements and specifications in place across its estate, these are a mix of contracts, in house provision and longstanding cover through overtime. This has led to an inconsistent approach and gaps in delivery, this has been particularly highlighted by covid-19 and the increased demand for cleaning and changes to approach. There have been requirements to bring in agency cleaners to support business as usual and to do de-contamination cleans. By standardising the specification and approach to cleaning and going to market for a single supplier, efficiencies can be achieved.
7.	The new contract will be let for a four-year term and will include provision to add additional sites to the contract in a planned manner as existing arrangements and contracts come to an end. The contract will also incorporate the flexibility to change arrangements as the use of buildings changes over the term of the contract. The new contract will contain three elements, routine, deep clean and ad-hoc cleaning. The options for the route to market are currently being reviewed and it is likely that a framework will be selected or alternatively the new contract may be sourced via a tender exercise.
8.	The implementation of the proposal will be carried out in two phases: Phase one: <ul style="list-style-type: none"> • Bring all eligible current external cleaning work into a single contract • Managed by the strategic contracts team and facilities management • The contract will cover, routine cleaning, deep cleaning, ad hoc requirements and decontamination cleaning. Phase two: <ul style="list-style-type: none"> • Bring other cleaning contracts (currently on longer term contracts) into the single supplier agreement as existing contracts finish • Add other cleaning arrangements / supplies to the single supplier agreement where not already included i.e. window cleaning
9.	The council's Social Value and Green City Procurement Policy will be used to ensure that the appointed supplier will meet employment standards acceptable to Southampton City Council and that wider social value issues are taken into consideration and are built into the contract.
10.	A best value assessment has been conducted in accordance with the Southampton City Council First policy, however the requirements and specialisms required for many of the sites in this approach are beyond that of the in-house teams. Capacity and business continuity considerations were also factored into the best value assessment.
11.	The standard specifications being developed are being benchmarked against other authorities to ensure a robust approach is applied. Each building user

	will be engaged in the development of the standard specification ensuring business needs are met.
RESOURCE IMPLICATIONS	
<u>Capital/Revenue</u>	
12.	The council currently spends around £250,000 per year on external cleaning providers across ten different contracts there is also significant time spend managing these contracts and arranging one off cleaning activities such as decontamination cleaning.
13.	Current budgets will be centralised into the Facilities Management budget and this will pay for the single supplier, any cost reductions will be offered as savings to the general fund.
14.	There are no capital implications.
<u>Property/Other</u>	
15.	This approach where a standardised method is taken to the cleaning of all the buildings in the Southampton City Council estate supports a more centralised model of facilities management delivery. The contract will have built in flexibility so that it can scale to meet the requirements of a changing estate.
16.	This standardisation supports other work in Property to review building usage across the estate.
LEGAL IMPLICATIONS	
<u>Statutory power to undertake proposals in the report:</u>	
17.	S.111 Local Government Act 1972 provides the power to do anything calculated to facilitate the delivery of the council's primary functions.
<u>Other Legal Implications:</u>	
18.	Procurement will be carried out in accordance with the council's Contract Procedure Rules and Financial Procedure Rules. Procurement activity will also be subject to compliance with public procurement legislation and the council's constitution and policies.
RISK MANAGEMENT IMPLICATIONS	
19.	The risks associated with this project are managed by a central risk register the major risks are continuing with non-compliant spend and any risks associated with changes of supplier on day to day operations. The project team will be worth with colleagues to minimise these risks and monitor throughout the lifecycle of the project.
POLICY FRAMEWORK IMPLICATIONS	
20.	Procurement of a new consolidated cleaning contract will have no direct impact on the council's Policy Framework. However, it will support delivery of the council's priority outcome of 'a council that works for and with you' in the council's Corporate Plan 2021-2025.
KEY DECISION?	Yes
WARDS/COMMUNITIES AFFECTED:	ALL

SUPPORTING DOCUMENTATION

Appendices

1.	None
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Documents In Members' Rooms

1.	None
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Equality Impact Assessment

Do the implications/subject of the report require an Equality and Safety Impact Assessment (ESIA) to be carried out.	No
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Data Protection Impact Assessment

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

Other Background documents available for inspection at:

Title of Background Paper(s)	Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)
1.	None