

Public Document Pack

Cabinet

Tuesday, 19th March, 2024
at 4.30 pm

PLEASE NOTE TIME OF MEETING

Council Chamber, Civic Centre

Members

Leader – Councillor Fielker

Deputy Leader and Cabinet Member for Finance and
Change – Councillor Letts

Cabinet Member for Economic Development – Councillor
Bogle

Cabinet Member for Environment and Transport -
Councillor Keogh

Cabinet Member for Children and Learning – Councillor
Winning

Cabinet Member for Communities and Leisure–
Councillor Kataria

Cabinet Member for Safer City – Councillor Renyard

Cabinet Member for Housing – Councillor A Frampton

Cabinet Member for Adults and Health – Councillor Finn

(QUORUM – 3)

Contacts

Cabinet Administrator

Claire Heather

Tel. 023 8083 2766

Email: claire.heather@southampton.gov.uk

Director of Legal and Governance

Richard Ivory

Tel: 023 8083 2794

Email: richard.ivory@southampton.gov.uk

BACKGROUND AND RELEVANT INFORMATION

The Role of the Executive

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

The Forward Plan

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

Implementation of Decisions

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

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

Use of Social Media

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

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

Municipal Year Dates (Tuesdays)

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

Executive Functions

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

Key Decisions

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

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

Procedure / Public Representations

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

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

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

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

Southampton: Corporate Plan 2022-2030 sets out the four key outcomes:

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

CONDUCT OF MEETING

TERMS OF REFERENCE

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

RULES OF PROCEDURE

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

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 - 10)

Record of the decision making held on 6th and 20th February 2024 and Extraordinary meeting held on 5th March, 2024 attached.

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

There are no matters referred for reconsideration.

6 REPORTS FROM OVERVIEW AND SCRUTINY COMMITTEES (IF ANY)

There are no items for consideration

7 EXECUTIVE APPOINTMENTS

To deal with any executive appointments, as required.

ITEMS FOR DECISION BY CABINET

8 CORPORATE PLAN 2024 □ (Pages 11 - 28)

To consider the report of the Leader of the Council seeking approval of the new Corporate Plan.

9 FINANCIAL POSITION UPDATE □ (Pages 29 - 48)

To consider the report of the Cabinet Member for Finance and Change detailing an update on the Council's financial position.

10 SOLENT LOCAL ENTERPRISE PARTNERSHIP INTEGRATION INTO THE SOLENT UNITARY AUTHORITIES □ (Pages 49 - 66)

To consider the report of the Cabinet Member for Economic Development detailing the transfer of local enterprise partnership (LEP) core function to local authorities.

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

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

Appendix 1, 2, 3 and 4 of this report contains information deemed to be exempt from general publication based on Category 3 (information relating to the financial or business affairs of any particular person (including the Authority holding the information)) of paragraph 10.4 of the Council's Access to Information Procedure Rules. In applying the public interest test this information has been deemed exempt from the publication due to commercial sensitivity. It is not considered to be in the public interest to disclose this information as it would reveal information which would put the Council at a commercial disadvantage.

12 ASSET DEVELOPMENT AND DISPOSAL PROGRAMME (ADDP) □ (Pages 67 - 98)

To consider the report of the Cabinet Member for Economic Development for the disposal and development of assets.

Monday, 11 March 2024

Director of Legal and Governance

SOUTHAMPTON CITY COUNCIL
EXECUTIVE DECISION MAKING

RECORD OF THE DECISION MAKING HELD ON 6 FEBRUARY 2024

Present:

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

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

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

40. ADULTS SOCIAL CARE CHARGING POLICY

DECISION MADE: (CAB 23/24 43676)

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

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

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

DECISION MADE: (CAB 23/24 43649)

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

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

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

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

42. OUTDOOR SPORTS CENTRE IMPROVEMENT PROGRAMME*

DECISION MADE: (CAB 23/24 43688)

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

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

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

CABINET DECISION: (CAB 23/24 43690)

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

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

- (iii) Townhill Park Plots 2 and 9 are transferred to the council's Affordable Homes Framework (AHF) to be offered to the framework Delivery Partners by way of the mini tender process as part of the first tranche of sites approved by Cabinet in December 2022.
- (iv) The Executive Director of Place in consultation with the Executive Director of Wellbeing and Housing and following consultation with the Leader of the Council to have delegated powers to make a decision regarding the future delivery of plot 10 Townhill Park following consideration of the options.
- (v) That Cabinet notes that this report has implications for the council's ability to spend its Right to Buy Receipts in the allocated timeframe. Failure to spend in the timeframe means the money needs to be paid to Government with interest. There is therefore a need to identify alternative options to spend the Right to Buy receipts.

SOUTHAMPTON CITY COUNCIL
EXECUTIVE DECISION MAKING

RECORD OF THE DECISION MAKING HELD ON 20 FEBRUARY 2024

Present:

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

44. SOUTHAMPTON HEALTHY HOMES - PROCUREMENT OF A NEW CONTRACT FOR PROVIDING AN AFFORDABLE WARMTH PROGRAMME 2024-2029

DECISION MADE: (CAB 23/24 43682)

On consideration of the report of the Cabinet Member for Housing, Cabinet approved the following:

- (i) To approve the procurement of an affordable warmth service contract (Southampton Healthy Homes) to start in April 2024 until April 2027 or as soon thereafter.
- (ii) To delegate to the Executive Director for Place to select the most appropriate tender that represents Best Value and to enter into appropriate contractual arrangements
- (iii) To approve the addition and spend of £2.20M to the Warm Homes project in the Wellbeing & Housing capital programme.

45. CAPITAL FINANCIAL MONITORING FOR THE PERIOD TO THE END OF DECEMBER 2023

DECISION MADE: (CAB 23/24 43655)

On consideration of the report of the Cabinet Member for Finance and Change, Cabinet approved the following:

- (i) Note the revised General Fund Capital Programme, which totals £235.70M as detailed in paragraph 3.
- (ii) Note the HRA Capital Programme is £255.70M as detailed in paragraph 3.

- (iii) Approve the virement of £0.11M in the Place programme in 2023/24, as detailed in paragraph 7 and Appendix 1.
- (iv) Approve the addition and spend of £0.08M to the Place programme in 2023/24 and 2024/26, as detailed in paragraph 8 and Appendix 1.
- (v) Approve slippage of £14.31M within the General Fund programme, as detailed in paragraphs 9 to 11 and Appendix 3.
- (vi) Approve slippage of £2.56M within the HRA programme, as detailed in paragraphs 9 to 12 and Appendix 3.
- (vii) Note that the overall forecast position for 2023/24 at quarter 3 is £128.45M, resulting in a potential overspend of £1.52M, as detailed in paragraphs 13 to 16 and Appendix 2.
- (viii) Note that the capital programme remains fully funded up to 2027/28 based on the latest forecast of available resources although the forecast can be subject to change; most notably regarding the value and timing of anticipated capital receipts and the use of prudent assumptions of future government grants to be received. It is also important to note that in times of rising interest rates, inflationary pressures and future budget shortfalls the capital programme needs to be kept under review.

46. REVENUE FINANCIAL MONITORING REPORT FOR THE PERIOD TO THE END OF DECEMBER 2023

DECISION MADE: (CAB 23/24 43653)

On consideration of the report of the Cabinet Member for Finance and Change, Cabinet approved the following:

General Revenue Fund

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

Housing Revenue Account

- (x) Note the forecast outturn position is a surplus of £0.59M as outlined in paragraphs 32 to 34.

47. THE HRA BUDGET 2024/25 AND CAPITAL PROGRAMME 2023/24 TO 2028/29

DECISION MADE: (CAB 23/24 43657)

On consideration of the report of the Cabinet Member for Finance and Change, Cabinet approved the following:

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

SOUTHAMPTON CITY COUNCIL
EXECUTIVE DECISION MAKING

RECORD OF THE EXTRAORDINARY DECISION MAKING HELD ON 5 MARCH 2024

Present:

Councillor Fielker	-	Leader
Councillor Letts	-	Deputy Leader and Cabinet Member for Finance and Change
Councillor Bogle	-	Cabinet Member for Economic Development
Councillor Finn	-	Cabinet Member for Adults and Health
Councillor Keogh	-	Cabinet Member for Environment and Transport
Councillor Renyard	-	Cabinet Member for Safer City
Councillor Winning	-	Cabinet Member for Children and Learning

Apologies: Councillor A Frampton and Kataria

48. THE 2024/25 BUDGET AND MEDIUM TERM FINANCIAL STRATEGY

DECISION MADE: (CAB 23/24 43661)

On consideration of the report of the Cabinet Member for Finance and Change, Cabinet approved the following:

GENERAL FUND REVENUE

- (i) Recommend to Council the Medium-Term Financial Strategy 2024/25 to 2027/28 as set out in table 1 and Appendix 1.
- (ii) Recommend to Council the Revenue Budget for 2024/25 as set out in table 2 and Appendices 1 and 2.
- (iii) Recommend to Council the inclusion in the budget General Fund pressures totalling £42.03M in 2024/25, increasing to £51.21M in 2027/28, as detailed in paragraph 33.
- (iv) Recommend to Council the inclusion of new commitments totalling £0.86M in 2024/25, increasing to £4.89M in 2027/28, as detailed in paragraph 36.
- (v) Recommend to Council the inclusion of savings proposals totalling £22.68M in 2024/25 General Fund Revenue Budget, reducing to £20.94M in 2027/28, as detailed in paragraph 40.
- (vi) Note that the Government is minded to provide Exceptional Financial Support (EFS) to the Council. This will be in the form of capitalisation direction, to ensure the council can agree a balanced budget for 2024/25 has sufficient resources to pay for transformation and other work needed to ensure the council is on a sustainable financial footing in future, and meet other potential liabilities.
- (vii) Recommend to Council the establishment of a comprehensive Transformation Programme as detailed in paragraphs 59 to 63 and

associated funding of up to £10.62M from a combination of capital resources and Transformation Reserve. To further recommend to delegate to the Chief Executive (after consultation with the Leader of the Council) the drawdown of funding and the establishment of a resource plan as required for the Transformation Programme.

- (viii) Recommend to Council the adoption of the Business Planning and Budget Framework set out at paragraph 64 and Appendix 6.
- (ix) Recommend to Council an increase in the 'core' council tax of 2.99% and an increase in the Adult Social Care precept of 2.00%, allowable under general powers to increase council tax without a referendum.
- (x) Recommend to Council that it sets the Band D Council Tax for Southampton City Council at £1,812.69 for 2024/25, a Net Budget Requirement of £239.24M and the Council Tax Requirement for 2024/25 at £121.43M as per Appendix 9. The Council Tax increase comprises a core increase of 2.99% and 2.00% specifically for Adult Social Care.
- (xi) Note the summary of changes to fees and charges set out in paragraph 89 and Appendix 12 and recommend Council to approve the increase in Careline charges set out in Appendix 12.
- (xii) Recommend to Council the endorsement of the Statement of the S151 Officer as set out in paragraphs 118 to 124 on the robustness of the budget and the adequacy of the council's reserves.

Other Recommendations

- (xiii) Recommend to Council the content of the procurement pipeline 2024-29 contained at Appendix 7.
- (xiv) Recommend the delegation of authority to the Executive Director Corporate Services & S151 Officer and the Executive Director of Place (after consultation with the relevant Cabinet Member) everything that is necessary to prepare a specification, carry out a procurement process or other route to market and to appoint a single provider(s) for the delivery of highways and associated services for a maximum period of 15 years, including approving the utilisation of any contractually permitted extension as set out in Appendix 8.
- (xv) Recommend to Council the adoption of the draft corporate debt policy and combined council tax and business rates recovery policy at annexes 6 and 7 to the MTFS (Appendix 1).
- (xvi) Approve the acceptance of 2024/25 Rough Sleeper Initiative Funding of circa £0.80M.
- (xvii) Recommend to Council the application of Council Tax premiums on properties empty for 12 months or more (from 2024/25) and second homes (from 2025/26).

49. THE GENERAL FUND CAPITAL PROGRAMME 2023/24 TO 2028/29

DECISION MADE: (CAB 23/24 43665)

On consideration of the report of the Cabinet Member for Finance and Change, Cabinet approved the following:

- (i) Recommend to Council the Capital Strategy, as detailed in Appendix 1.
- (ii) Recommend to Council the Minimum Revenue Provision (MRP) Strategy as detailed in Appendix 2.
- (iii) Recommend to Council the Non-Treasury Investment Strategy as detailed in Appendix 3.
- (iv) Recommend to Council the Treasury Management Strategy as detailed in Appendix 4.
- (v) Recommend to Council the Flexible Use of Capital Receipts Strategy as detailed in Appendix 5.
- (vi) Recommend to Council the revised fully funded General Fund Capital Programme, that totals £264.81M (as detailed in paragraphs 18 to 21) and the associated use of resources.
- (vii) Recommend to Council the addition of £31.09M to the General Fund programme, with approval to spend. These additions are detailed in paragraphs 24 to 48 and Appendix 7.
- (viii) Recommend to Council the removal of schemes from the capital programme totalling £2.18M, set out in paragraphs 40 and 48 and detailed in Appendix 7.
- (ix) Recommend to Council the approval to spend £39.66M for the SEND Expansion Programme, as set out in paragraph 32.
- (x) Recommend to Council the approval to spend £27.03M for the Outdoor Sports Centre, as set out in paragraph 37.

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Agenda Item 8

DECISION-MAKER:		CABINET	
		COUNCIL	
SUBJECT:		CORPORATE PLAN 2024	
DATE OF DECISION:		CABINET 19 MARCH 2024 COUNCIL 20 MARCH 2024	
REPORT OF:		COUNCILLOR FIELKER – LEADER OF THE COUNCIL	
<u>CONTACT DETAILS</u>			
AUTHOR:	Name:	DIRECTOR OF STRATEGY AND PERFORMANCE	Tel: 0 23 8083 4476
	E-mail:	munira.holloway@southampton.gov.uk	
Director	Name:	CHIEF EXECUTIVE	Tel: 0 23 8083 2943
	E-mail:	andrew.travers@southampton.gov.uk	

STATEMENT OF CONFIDENTIALITY		
None.		
BRIEF SUMMARY		
<p>The Southampton City Council Corporate Plan has been updated to reflect the financial pressures facing the council and the strategy to achieve financial stability through transformation and economic growth. The corporate plan provides the overall strategic vision, goals, and outcome ambitions. It aligns with other key strategies across the council, such as Health and wellbeing, Safe City partnership, Economic and green growth and Children and young people and both shapes and supports key internal strategies.</p>		
RECOMMENDATIONS:		
Cabinet		
	(i)	To recommend to Council the adoption of the Corporate Plan (2024 update), appended to the report.
	(ii)	To recommend to Council to delegate authority to the Chief Executive to make minor amendments to the corporate plan after consultation with the Leader of the Council.
Council		
	(i)	To approve the Corporate Plan (2024 update), appended to the report.
	(ii)	To delegate authority to the Chief Executive to make minor amendments to the corporate plan following consultation with the Leader of the Council.
REASONS FOR REPORT RECOMMENDATIONS		
1.	To provide clarity on cross organisational priority areas for focus and delivery (externally and internally) as set by Cabinet with elected Members, colleagues within the council and external stakeholders.	

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED	
2.	Not to develop and publish an updated corporate plan. Rejected as not considered to be sound management practice and would not reflect the council's current position.
DETAIL (Including consultation carried out)	
3.	The current corporate plan was approved in November 2022 to be renewed in 2030. Focused initially on the 2024/25 year, the updated corporate plan reflects the significant financial pressures that have been identified since that time, it acknowledges the £40m financial gap that the council is facing, the level of transformation and the platform for delivery that is required to achieve a sustainable organisation.
4.	The updated Medium-Term Financial Strategy (MTFS) is scheduled for Cabinet on 5 th March 2024 and Council on 6 th March 2024 and details the financial pressures and plans to address the financial challenges. The corporate plan is being updated to ensure the vision, strategic goals and focus reflect the council's financial situation and the MTFS is aligned.
4.	The vision is: Southampton: Our city of opportunity. The core goals have been reviewed and refined, with outcomes that focus on improving the lives of residents and growing the economic and health prosperity of our city.
5.	Strategic objectives have been developed that provide more specifics around areas of focus to make that step-change, and the business and budget planning framework will ensure the work of all areas of the council are aligned to the achievement of these objectives, outcomes, and goals.
6.	The corporate performance framework is in place, and being further developed to ensure we have the right overview of performance across the organisation. As part of this, a regular key performance indicator (KPI) report will be developed to ensure council performance is aligned with the corporate plan. These reports will be shared and discussed within the council regularly to ensure that we are making progress. Updates will also be provided on the council's website.
7.	Equality and Safety Impact assessments (ESIA) will be drafted for new strategies and policies which sit under the corporate plan.
8.	A city and corporate plan will be developed for 2025/26 onwards, building on the work delivered to date.
RESOURCE IMPLICATIONS	
<u>Capital/Revenue</u>	
9.	Any resource implications required to deliver the objectives within the corporate plan will be defined through the transformation plan (through a business case approach) and existing service budgets as developed through business plans.
<u>Property/Other</u>	
10.	Any property or other implications required to deliver the objectives within the corporate plan will be defined through the transformation

	plan (through a business case approach) and existing service budgets as developed through business plans.
LEGAL IMPLICATIONS	
<u>Statutory power to undertake proposals in the report:</u>	
11.	S.111 Local Government Act 1972 provides the power to do anything calculated to facilitate the delivery of the council's primary functions.
12.	S.1 Localism Act 2011 permits the council to do anything a private individual may do subject to any conditions on the use of the power (none applicable in this instance). S.1 authorises the development and delivery of the corporate priorities and behaviours in accordance with the business plan. Itemised deliverables may be subject to their own statutory delivery powers, and these are addressed in the budget report or individual decisions and delegations as appropriate.
<u>Other Legal Implications:</u>	
13.	The formulation of the plan has had regard to the provisions of the Equalities Act 2020 (in particular s.149 – the Public Sector Equality Duty) , together with the Human Rights Act 1998 and the Crime and Disorder Act 1998.
RISK MANAGEMENT IMPLICATIONS	
14.	There is a significant risk that the council will face increasing financial pressures over the next three years. The corporate plan will need to be updated to reflect any major pressures which will affect the implementation of the corporate plan.
15.	The corporate risk register provides a framework to consider the key risks facing the council and is reviewed regularly. The need for good governance in change and service redesign projects are recognised within the register.
POLICY FRAMEWORK IMPLICATIONS	
16.	The corporate plan is consistent with the policy framework.

KEY DECISION?	No
WARDS/COMMUNITIES AFFECTED:	All
<u>SUPPORTING DOCUMENTATION</u>	
Appendices	
1.	Corporate Plan 2024 update
Documents In Members' Rooms	
1.	None.
Equality Impact Assessment	
Do the implications/subject of the report require an Equality and Safety Impact Assessment (ESIA) to be carried out.	No

Data Protection Impact Assessment		
Do the implications/subject of the report require a Data Protection Impact Assessment (DPIA) to be carried out.		No
Other Background Documents Other Background documents available for inspection at:		
Title of Background Paper(s)	Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)	
1.	None.	



Southampton City Council Corporate Plan (update 2024)

Southampton... our city of opportunity





**Councillor
Lorna Fielker -**
Leader of
Southampton
City Council

Andrew Travers -
Chief Executive
Officer,
Southampton
City Council

As the new Leader and Chief Executive for Southampton City Council, we have developed the 2024 update of the Corporate Plan to reflect our changing circumstances as a council and a city.

With a challenging financial position, we are going to need to make some difficult decisions to get us to a place that means we have a balanced budget for 2025/26 and confidence that the planned budget is sustainable.

Despite the current challenge, we truly believe that Southampton is a city of opportunity. So, our Corporate Plan supports our aspirations, that we're building and delivering ambitious plans for change, improvement and growth, and to be a place that fosters and grows ambition and enables people to understand and develop their possibilities.

We are determined to continue to support those who are most in need, while working with community leaders, partners and businesses to take Southampton forward, expanding on everything the city has to offer and recognising the ambitions we share for our great city.

Together we will build a proud, pioneering global destination and maritime city - investing in infrastructure, skills and

technology to attract more businesses, create quality jobs and renew and regenerate housing across the city. Building on the inclusive diversity of our city, we will promote and develop our vibrant culture and events to promote Southampton as a destination city. Through the green economy, emerging technologies and creative industries we'll work collectively to develop our local talent and deliver quality jobs that benefit local people.

Through the corporate plan we are committed to delivering on those things that will genuinely help improve the quality of life of our residents. Through our transformation programme we will change the way we engage with people and the way we work both within the council and with others to achieve our goals.

We look forward to working together alongside cabinet, council officers, community leaders, partners and businesses to deliver the plan for and with the people of Southampton, to achieve Southampton's ambitions.

Introduction

At Southampton City Council we are committed to creating a place where people want to live, work, study, visit and enjoy. This is Southampton City Council’s updated medium-term plan.

We want Southampton to be a city that creates opportunities for all ages and backgrounds. We want residents to have strong foundations for life, pride in their city and a successful city council to depend on. We are dedicated to working together to make Southampton a city of opportunity. A city of diversity where all are welcome, we are a city of music, dance, theatre, and art. Our two universities are leading the way with innovative research.

As well as our proud history and thriving cultural scene, we have difficult challenges that we must face head-on. Our residents experience greater health inequality than some of our statistical neighbours and we score higher in the index of multiple deprivation than other areas in Hampshire, despite this we want to tap into the potential we have for economic growth, tackle health inequalities, and be part of making Southampton a city of opportunity for all.

Southampton City Council is a unitary authority. That means we are responsible for all local services within the city.

We provide services for our 250,000 residents, 16,300 tenants, 60,000 businesses and over 3,000 employees. These include:

- Libraries
- Highways
- Social services
- Processing planning applications
- Waste collection and disposal
- Council tax
- Housing
- As a local education authority, we run some schools as well.

We are committed to delivering these services to a high standard, despite growing financial challenges, we know that this plan will help us deliver this. We want to build our future as an enabling, inclusive, and productive council that delivers for our residents, partners, businesses, and visitors, whilst working together to help Southampton achieve its potential.



Southampton... our city of opportunity



Outcomes focused

Our outcomes, whilst broad, are fundamental to Southampton’s success. Our strategic objectives and everything we do is focused around achieving these outcomes and the corporate plan goals. These goals, outcomes and objectives provide the clear links throughout all directorate business plans, service plans and employee’s individual performance objectives.

Strategic objectives

Our strategic objectives have been developed by working with Cabinet Members and listening to residents, businesses and council officers.

Thriving communities and businesses create places where people want to live, work and study. We will focus on growing our local economy and bringing investment into our city. Working with partners and businesses across the city, Southampton City Council is committed to enabling residents of all ages and backgrounds to better help themselves by supporting people to develop the strong foundations that will help them flourish throughout their lives.

We recognise that there is work to do to improve ourselves, so we have also developed a set of internal objectives that will support us to develop our role as a contemporary, inclusive and productive council.

- **Safe and stable home environments**

A safe place to call home should be a fundamental right for everyone. Home, in whatever form that takes, gives stability and a sense of belonging. It is where we make memories, and it helps us to build a strong foundation for our lives. We will focus on helping individuals to remain in a safe home, by providing quality housing across the city, and access to support when needed.

- **Accessible education and skills pathways**

From early years and throughout life, accessing good quality education and developing useful skills provides strong foundations from which people can build. We are committed to working with partners and businesses across the city to enable more Southampton residents to have the opportunity for higher-skilled, higher-paid jobs. We will support access to education, training, and advice throughout people's lives.

- **Healthy and active residents**

Physical and mental health and well-being are key for a good quality of life and a thriving city. They impact people's life chances, education, and employment opportunities. We will work to protect and promote the physical and mental health and wellbeing of everyone who lives, works, and learns in Southampton.

- **Sustained infrastructure investment**

We will continue work to ensure that Southampton benefits from funding opportunities on a continuous basis. Building better sustainable infrastructure, with safer, more affordable, and accessible modes of travel options around Southampton will support our communities and businesses to grow. This will enable economic, environmental, and social benefits and offer opportunities for all.

- **Growth that benefits local people**

Everyone benefits most when there is growth and opportunity that local people can tap in to. Whether that's local business, more job opportunities or investment in the city that attracts visitors to our events, shopping and attractions.

- **Welcoming and supporting communities**

Our focus is on working with communities to creating a welcoming environment for all people from all backgrounds. We will continue to celebrate and embrace Southampton as a culturally rich and diverse city.

The successful delivery of the internally focused outcomes in this plan are rooted in the culture of our organisation. We are transforming the way we deliver services to ensure we are an efficient, well-run organisation with clear and sustainable goals.

- **Strong centralised enabling support services**

Continuing our drive for productivity and efficiency, we are evolving the way we work, and the way we set up work to improve our services, maximise skills and capacity, and build a stable, efficient, and innovative organisation.

- **Positive organisational culture**

A positive, open culture supports people to feel inspired, connected and empowered. We want to develop an ambitious, forward-thinking, and optimistic organisation. Having the right people working in the right way and understanding and embedding our values will help us create an enabling council that supports a city of opportunity.

- **Increased self-serve**

Where practical we are working to make sure people can easily access useful information and digital council services. We are continuing to develop systems and approaches to enable residents, employees and partners to help themselves. With new digital and data strategies we are working to ensure we have systems that work for everyone.

- **Good governance**

Fast paced, robust decisions and actions are supported by good governance. Promoting accountability, transparency, and efficiency in our decision-making will build trust and stability across the organisation and city.

- **Consistent good practice**

We are dedicated to upholding ethical, fair, and transparent practices, understanding what we need to do and embedding good practice throughout the organisation. This will build trust, deliver better and more consistent services, reduce cost and risk, and promote long-term stability.

- **Balanced budget**

We are committed to achieving long-term financial sustainability for the council. This is so we can invest purposefully into the city and help it to grow to its full potential.

Financial challenges

Against a challenging economic climate, with increasing demand for services alongside increasing costs of delivery, the council is facing significant financial pressures.

We have worked together to develop a new medium-term financial strategy to support the organisation achieve financial sustainability. We currently have a nearly £40m budget gap for the 2024/45 financial year and a continued ongoing deficit that needs addressing through transformation activity across the organisation, working alongside more tactical cost reduction and savings activities.

As well as our direct financial challenges, residents are experiencing a cost-of-living crisis. This is affecting all residents, particularly those in more deprived households. We have taken a city-wide partnership approach to providing support for people across the city.

We recognise that some of the decisions we make over the next few years will not be easy. We must address the difficult choices to make sure we provide services for those who need them and deliver on our commitments to the city. This Corporate Plan reflects our approach to support residents and businesses across the city as well as visitors, to understand and access the opportunities Southampton has to offer.





The medium-term financial strategy is key to providing clarity on our financial position and ensuring our ongoing financial strategy supports our goals. We have a financial management improvement plan that will ensure that our staff are grounded in financial acumen, understand the importance of financial challenges and are thinking commercially when redesigning services. Some of the principles include enabling more people to help themselves, rationalising council buildings, seeking income generation opportunities, creating the conditions for economic growth and recovery, and considering the needs of communities. Together with the key strategies and transformation plan it is critical to identifying how we will align our existing and future resources with the goals, outcomes and objectives within the Corporate Plan.



Business planning

Our business planning framework has been developed to align all business planning activity to the vision, strategic objectives, savings proposals and change activity, enabling us to address both short-term challenges and longer-term goals.



Building an evidence informed, enabling council

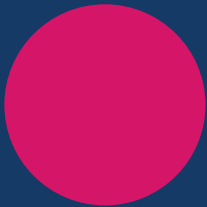
The active use of data is ever more important, our new data strategy is fundamental to shaping the way we gather, process and use data to understand and inform the decisions we make. Evidence informed decision making is a core principle of the way we work.

Digital thinking and innovation are key enablers for our transformation and improvement work. Our digital strategy has been developed with expert support and provides a roadmap for digital development and continuous improvement, including additional use of robotics, artificial intelligence, and appropriate automation.

Our People Strategy will support delivery of the Corporate Plan by ensuring we develop a positive organisational culture that enables a proactive, innovative, skilled and engaged workforce that work together to deliver our strategic objectives.

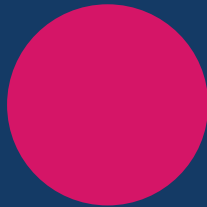
This strategy is inextricably linked with the data and digital strategies and will help to develop our peoples' data and digital skills so that we can fully utilise the new tools, solutions and innovative technologies.

We have evolved our employee values to reflect how we work best together in challenging times of great opportunity



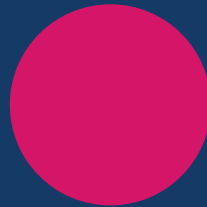
Trust

We work together and trust each other.



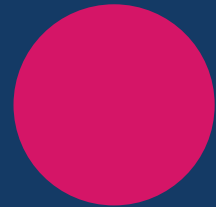
Pride

We are proud and passionate about Southampton.



Respect

We take time to listen and understand.



Accountable

We take personal responsibility, deliver value for money, and try new things.

As we work towards delivering this, we are evolving a set of consistent organisation design and operating principles that will help to provide the foundations for the way we operate and all our service redesigns.

Our commitment to a prosperous, healthy city is stronger than ever.

Our promise to positively address health in all policies, and our successful bid to become a Health Determinates Research Collaboration (HDRC), provides us with funding to set up a research hub that will support our work with partners and communities across the city to ensure that initiatives we implement have positive impact on the health of our residents.



Transformation

We have been working on, and are further developing, an organisational transformation programme. This programme of activity will address what we do, how we work and what technological, process and structural changes are needed to enable us to reshape the organisation to deliver quality services within a balanced budget. The programme will be supported by the implementation of the data, digital and people strategies.

The programme will be underpinned by a set of organisational design principles, focused around building an enabling council.

Business planning throughout the council will align to achieving the strategic objectives, savings proposals and transformation activity following our agreed approach.

How we will measure success

We have identified a core set of key performance indicators (KPIs) that will demonstrate our progress towards achieving the outcomes and objectives.

These will be reviewed and published on an annual basis so that we can be held accountable for our performance.

In addition to this we have a Corporate Performance Framework that is being further developed to ensure we have the right overview of performance across the organisation, which is regularly monitored. As part of this, a wider key performance indicator report will be developed to ensure council performance is aligned with the Corporate Plan.

These reports will be shared and discussed within the council on a regular basis to ensure that we are making progress, we'll also provide updates on our website.

- Percentage of homes that meet the decent homes standard
- Rate of Looked After Children (per 10,000)
- Percentage of pupils achieving a grade 5 or above in English & Maths
- Percentage of economically active population with no or low qualifications
- Gap in median weekly pay between residents and workers (£)
- Male/Female healthy life expectancy at birth (years)
- Percentage of Year 6 children with excess weight (%)
- Proportion of physically active adults (%)
- Economic growth measured by GVA per head (£)
- Percentage of working age adults claiming out of work benefits (%)
- Proportion of residents that agree that their local area is a place where people from different backgrounds get on well together (%)
- Southampton's relative deprivation rank amongst Local Authorities in England



Agenda Item 9

DECISION-MAKER:	CABINET		
SUBJECT:	FINANCIAL POSITION UPDATE FOR THE PERIOD TO THE END OF FEBRUARY 2024		
DATE OF DECISION:	19 MARCH 2024		
REPORT OF:	COUNCILLOR LETTS CABINET MEMBER FOR FINANCE & CHANGE		
<u>CONTACT DETAILS</u>			
Executive Director	Title:	Executive Director Corporate Services and S151 Officer	
	Name:	Mel Creighton	Tel: 023 8083 3528
	E-mail:	Mel.Creighton@southampton.gov.uk	
Author:	Title:	Director of Finance	
	Name:	Richard Williams	Tel: 023 8083 2936
	E-mail:	Richard.Williams@southampton.gov.uk	

STATEMENT OF CONFIDENTIALITY
Not Applicable
BRIEF SUMMARY
At its meeting in July 2023 Cabinet requested that a short monthly monitoring statement be brought forward to compliment the more detailed quarterly monitoring reports. This report provides a summary of the financial position of the council as at the end of February 2024.

RECOMMENDATIONS:

	Cabinet is recommended to:
i)	Note the latest forecast financial position as set out in Appendix 1.

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 to provide a monthly update on the council's financial position. This is not considered an appropriate course of action.
----	--

DETAIL (including consultation carried out)

3.	At its meeting in July 2023 Cabinet requested that a short monthly monitoring statement be brought forward to compliment the more detailed quarterly monitoring reports. This report provides a summary of the financial position of the council as at the end of February 2024. The detailed financial update report is provided at Appendix 1.
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RESOURCE IMPLICATIONS

<u>Capital/Revenue</u>	
4.	The revenue and capital implications are contained in the report.
<u>Property/Other</u>	
5.	None.
LEGAL IMPLICATIONS	
<u>Statutory power to undertake proposals in the report:</u>	
6.	Financial reporting is consistent with the Section 151 Officer's duty to ensure good financial administration within the Council.
<u>Other Legal Implications:</u>	
7.	None.
RISK MANAGEMENT IMPLICATIONS	
8.	Risk management implications are contained in the report.
POLICY FRAMEWORK IMPLICATIONS	
9.	None.

KEY DECISION? No

WARDS/COMMUNITIES AFFECTED:	All
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SUPPORTING DOCUMENTATION

Appendices

1.	Financial position update report
2.	

Documents In Members' Rooms

1.	None
2.	

Equality Impact Assessment

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

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

Other Background Documents

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

Title of Background Paper(s)	Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)
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1.	The Revenue Budget 2023/24, Medium Term Financial Strategy and Capital Programme (Council 22 February 2023)	
2.		

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Forecast Variance by Executive Director



HRA POSITION - £0.6M Favourable. £0.6M Favourable forecast on depreciation charge is proposed to be added to the overall working balance. Pressures of £2.3M across the HRA relating to rent void loss £0.2M and empty property charges £0.4M, unachievable savings of £0.2M, £0.1M disrepair claims, £0.6M reactive repair & void repair costs, waste disposal cost of £0.1M, management restructure and termination costs of £0.3M and £0.5M additional interest rate cost. These are being offset by favourable variances on service charge income of £0.2M, a reduction in vehicle financing costs of £0.1M, vacancy management of £0.1M and interest receivable of £0.1M, and a reduction in planned direct revenue financing contribution of £1.7M.

General Fund Key Messages

➤ **Current Position £5.4M overspent, a favourable movement of £2.2M from the variance reported to EMB at month 10 (£7.6M overspent).**

➤ **Children & Learning £1.7M overspent,** a favourable movement of £0.2M: £0.5M is because of non achievement of current savings and £3.6M children’s placement costs. This is offset by new cost control initiatives totalling £2.4M through early intervention, reducing accommodation costs, prioritising projects, reduction in agency staffing and carrying vacancies.

➤ **Corporate Services £1.2M overspent,** with no movement to this forecast: £1.6M is due to non-achievement of savings, a shortfall in income of £1.2M, additional contract costs in Audit of £0.2M and additional printing and postage costs in Council Tax and Benefits of £0.3M. The adverse position is reduced by cost control measures within the pension account of £0.2M and £0.3M from Corporate Finance. Plus, underspends in salary budgets of £0.4M from carrying vacancies, £1.1M of underspends on IT licences and broadband costs and £0.1M reduction to insurance premiums.

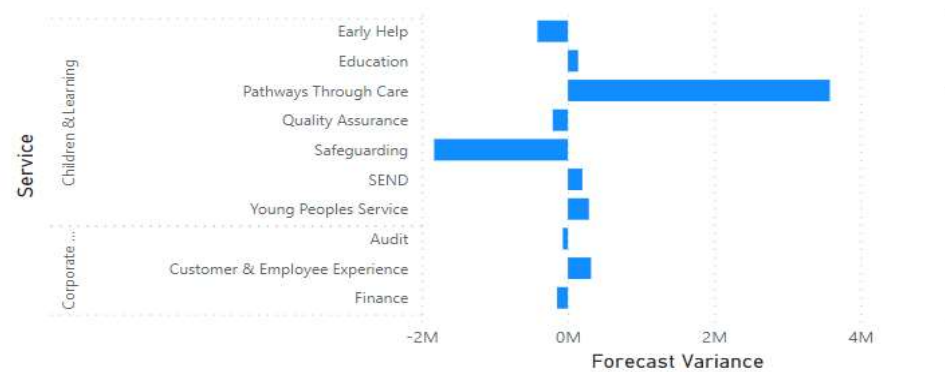
➤ **Wellbeing and Housing £0.2M overspent,** a favourable movement of £0.9M: £4.0M is due to increased number and cost of client packages, £1.0M increased bad debt provision and £1.0M increased homelessness costs, offset by employee savings including agency of £2.2M, ICU savings of £0.3M and leisure contract backdated pension adjustment of £0.5M. The adverse position is further offset by new government funding of £1.7M for care costs, DFG funding for Occupational Therapists of £0.2M, Community chest grant saving of £0.1M, Public Health funding of £0.2M to support wider homelessness costs, winter pressures of £0.3M and Homes for Ukraine funding £0.6M.

➤ **Place £3.2M overspent,** a favourable movement of £0.5M. There is an adverse variance of £3.9M on Home to School Transport, along with a £0.3M historic agency saving target which cannot be achieved and £0.3M non-achievement of the solar bins saving and other minor savings. There is a £0.5M pressure relating to the cost of reactive repairs, Highways Contracts pressures of £0.5M, increased Coroner costs of £0.1M, along with £0.1M of Local Plan costs. These are offset by favourable variances for a rates reduction in Cultural Services of £0.2M, Transportation cost control measures of £0.2M, reduction in the anticipated cost of energy of £0.5M, net increased income of £1.2M, along with a reduction on the Waste Transformation and Improvement budget of £0.3M and reduced Waste disposal costs of £0.1M.

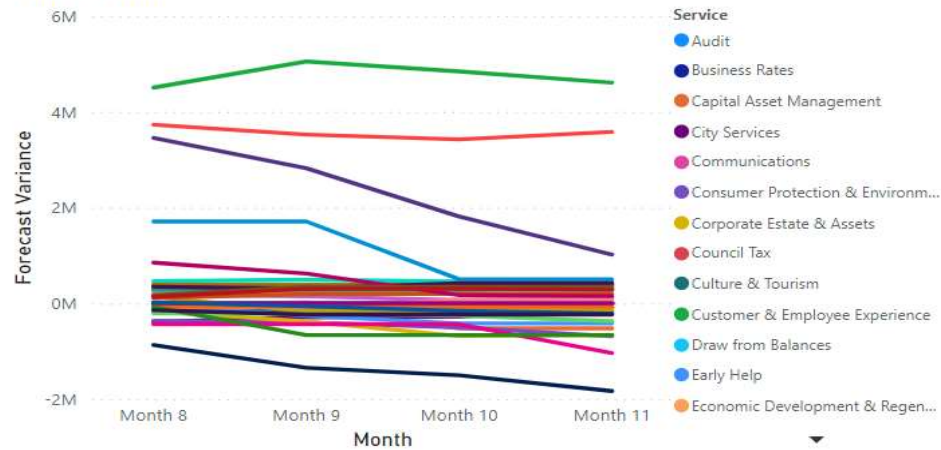


- All
- Children & Learning
- Corporate Services
- Place
- Strategy & Performance
- Wellbeing & Housing
- Central Expenditure Items
- General Funding

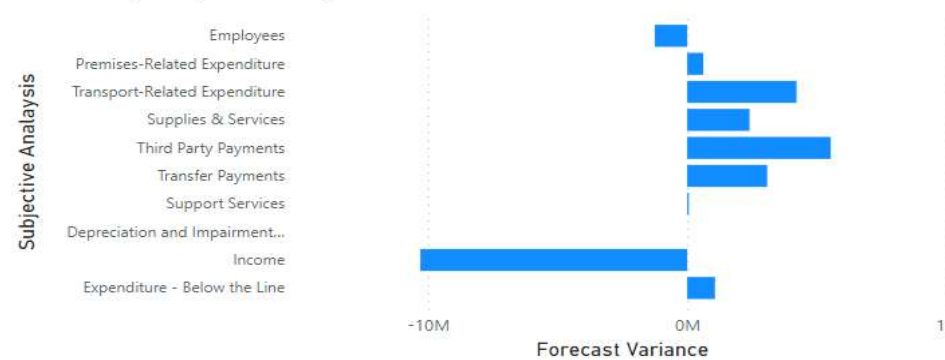
Variance to Budget -



Variance Trends -



Variance by Subjective Analysis -

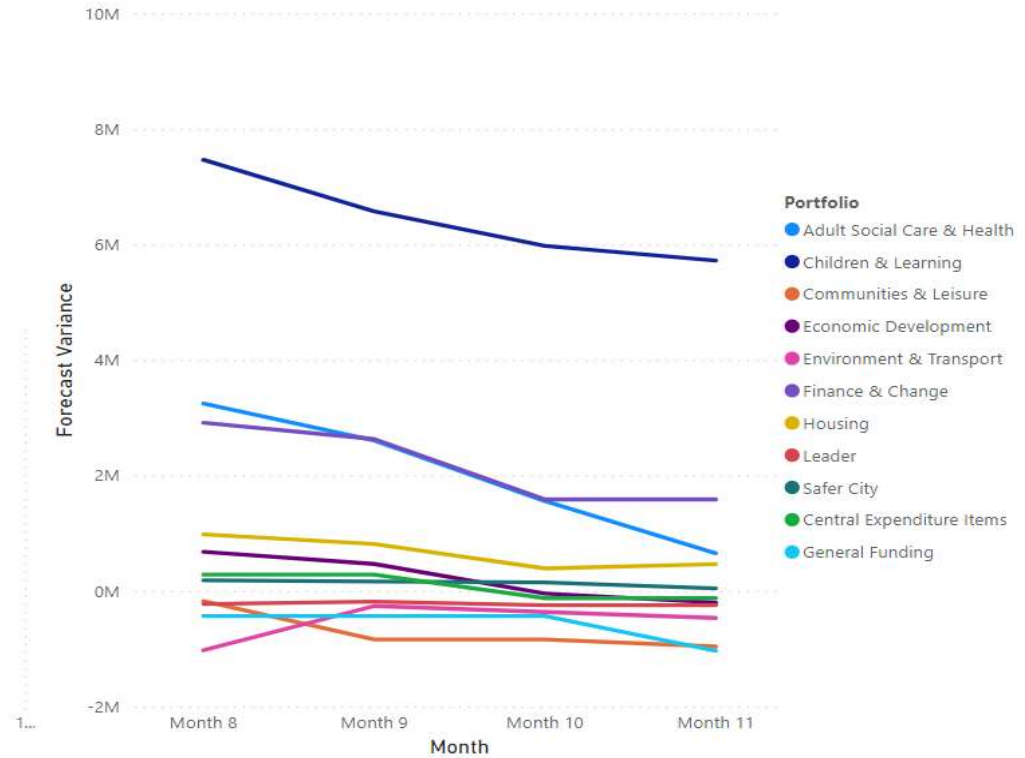


- All
- Adult Social Care & Health
- Children & Learning
- Communities & Leisure
- Economic Development
- Environment & Transport
- Finance & Change
- Housing
- Leader
- Safer City
- Central Expenditure Items
- General Funding

Variance by Subjective Analysis

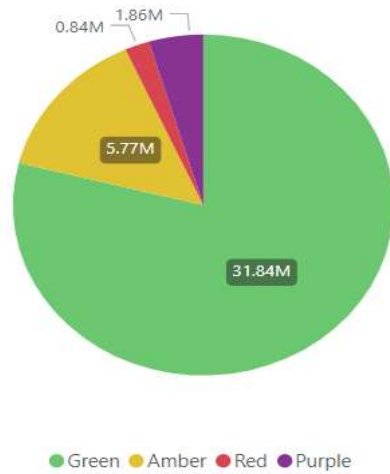


Variance Trends

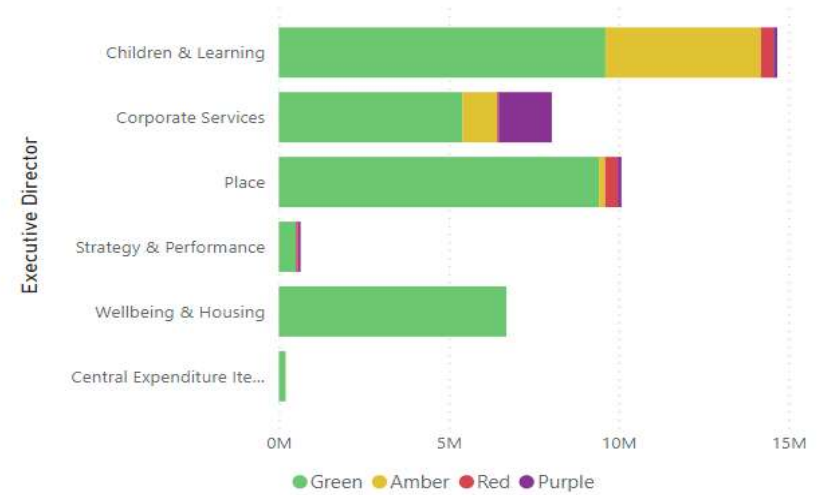




Savings Targets 2023/24 RAG Rated



Savings Targets per Directorate



Please select a Directorate to Drillthrough

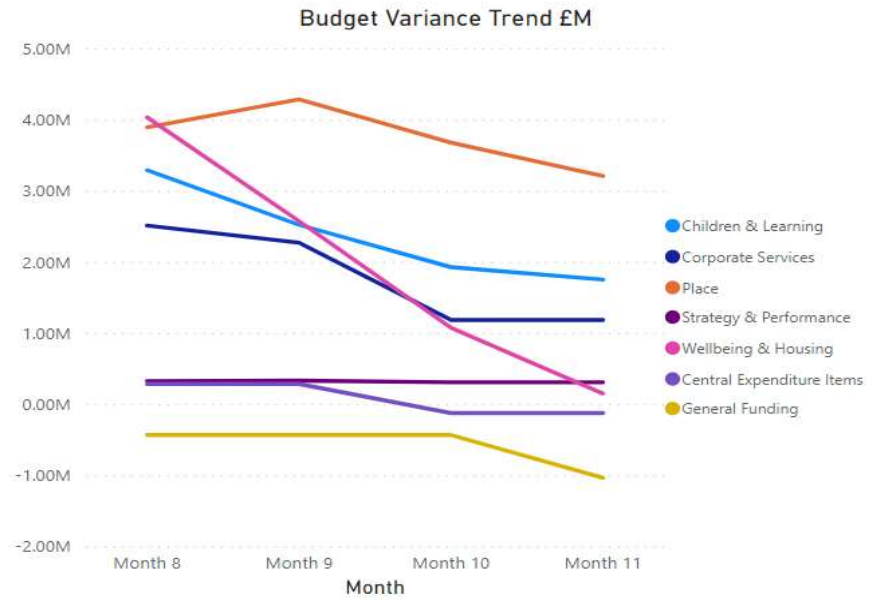
Key Issues

The current rate of non-achievement of savings is 7% or £2.7M forecast not to be achieved (Red & Purple).



BUDGET MONITORING MONTH 11 (February)

CURRENT POSITION	Forecast Annual Variance at Period 11	Variance Movement Compared to P10	Significant Forecast Variance Indicator	Improving ↑ / Deteriorating ↓ Movement
Directorate	£M	£M		
Children & Learning	1.75 A	0.18 F	Red	↑
Corporate Services	1.18 A	0.00 F	Red	↑
Place	3.21 A	0.47 F	Red	↑
Strategy & Performance	0.31 A	0.00	Red	-
Wellbeing & Housing	0.15 A	0.92 F	Red	↑
Total Directorates	6.60 A	1.57 F	Red	↑
Centrally Held Budgets	0.12 F	0.00 F	Green	↑
General Funding	1.04 F	0.60 F	Green	↑
Net Deficit/Surplus	5.44 A	2.17 F	Red	↑



The overall movement since month 10 is £2.2M favourable. The biggest favourable movements are in Wellbeing & Housing (£0.9M), Place (£0.5M) and Non-Specific Government Grants (£0.6M).



Variations to Budget per Directorate



Summary of variances to budget

Directorate	Energy	Non Achievement of savings	Client Packages and Placement costs	Coroner costs	Additional employee and agency costs	Income loss	Property Investment	Service Review of ICU	Rates Reduction	Legal costs	Home to school transport	Non essential spend saving	Other	Total
	EM	EM	EM	EM	EM	EM	EM	EM	EM	EM	EM	EM	EM	EM
Children & Learning	0.00	0.48	3.64	0.00	-0.57	-0.18	0.00	0.00	0.00	-0.30	0.00		-1.32	1.75
Corporate Services	0.00	1.60	0.00	0.00	-0.35	0.96	0.00	0.00	0.00	0.00	0.00		-1.03	1.18
Place	-0.56	0.47	0.00	0.10	-0.57	-1.13	0.14	0.00	-0.23	0.10	3.89		0.99	3.21
Strategy & Performance	0.00	0.14	0.00	0.00	0.31	-0.08	0.00	0.00	0.00	0.00	0.00		-0.06	0.31
Wellbeing & Housing	0.00	0.00	3.65	0.00	-1.93	1.38	0.00	-0.20	0.00	0.00	0.00	-0.14	-2.60	0.15
Total Directorates	-0.56	2.69	7.29	0.10	-3.11	0.95	0.14	-0.20	-0.23	-0.20	3.89	-0.14	-4.02	6.60

The main adverse variances are client packages and placements £7.3M, home to school transport £3.9M, non-achievement of savings £2.7M and loss of income £1.0M. These are the key areas of focus to reduce the adverse position.



Children & Learning



Children & Learning BUDGET MONITORING MONTH 11 (February)									
CURRENT POSITION	Current Budget 2023/24	Forecast 2023/24	Forecast Annual Variance at Period 11	Variance P10	Variance Movement Compared to P10	Significant Forecast Variance Indicator	Improving ↑ / Deteriorating ↓ Movement	Actual to date	Actual Outturn 2022/23
	£M	£M	£M	£M	£M			£M	£M
Children & Learning	58.41	60.16	1.75 A	1.93 A	0.18 F	Red	↑	62.48	66.95
Service Area									
Divisional Management	1.80	1.52	0.28 F	0.28 F	0.00	Green	-	1.44	2.00
Legal (Children's)	0.60	0.30	0.30 F	0.30 F	0.00	Green	-	0.24	0.66
Quality Assurance Business Unit	2.40	2.20	0.21 F	0.16 F	0.05 F	Green	↑	1.86	2.60
Safeguarding	9.76	9.23	0.53 F	0.46 F	0.07 F	Green	↑	8.93	11.10
Children Looked After	29.43	32.66	3.23 A	3.08 A	0.16 A	Red	↓	30.84	35.31
Care Leavers	0.71	1.06	0.35 A	0.35 A	0.00	Red	-	0.89	(0.00)
ICU - Children's Services	0.37	0.40	0.03 A	0.03 A	0.00	Red	-	0.85	0.42
Children & Families First	2.72	2.08	0.65 F	0.65 F	0.00	Green	-	1.95	2.24
Young Peoples Service	2.68	2.49	0.20 F	0.01 F	0.18 F	Green	↑	2.11	2.91
Youth Offending	0.66	0.56	0.10 F	0.00	0.10 F	Green	↑	0.51	0.55
	51.14	52.49	1.35 A	1.60 A	0.25 F	Red	↑	49.63	57.78
Stronger Communities	0.02	0.07	0.06 A	0.06 A	0.00	Red	-	0.07	0.09
Education & Learning	0.58	0.83	0.25 A	0.18 A	0.07 A	Red	↓	5.01	5.92
Education - Asset Management	0.92	0.88	0.04 F	0.04 F	0.00	Green	-	2.61	1.06
Education - High Needs	5.82	5.94	0.12 A	0.12 A	0.00	Red	-	5.25	2.16
	7.31	7.65	0.34 A	0.27 A	0.07 A	Red	↓	12.87	9.14
DSG Central School Services Block	(0.06)	(0.06)	0.00 A	0.00	0.00 A	Green	↓	(1.05)	(0.06)
DSG Early Years Block	0.00	0.00	0.00	0.00	0.00	Green	-	2.09	(0.01)
DSG High Needs Block	(0.00)	0.00	0.00 A	0.00	0.00 A	Green	↓	(3.37)	(0.00)
DSG Schools Block	(0.00)	0.00	0.00 A	0.00	0.00 A	Green	↓	2.23	0.00
	(0.06)	(0.06)	0.00 A	0.00	0.00 A	Green	↓	(0.10)	(0.06)
Total Childrens & Learning	58.41	60.16	1.75 A	1.93 A	0.18 F	Red	↑	62.48	66.95

Children & Learning £1.7M

overspent, a favourable movement of £0.2M: £0.5M is because of non achievement of current savings and £3.6M children's placement costs. This is offset by new cost control initiatives totalling £2.4M through early intervention, reducing accommodation costs, prioritising projects, reduction in agency staffing and carrying vacancies.



Corporate Services BUDGET MONITORING MONTH 11 (February)									
CURRENT POSITION	Current Budget 2023/24	Forecast 2023/24	Forecast Annual Variance at Period 11	Variance P10	Variance Movement Compared to P10	Significant Forecast Variance Indicator	Improving ↑ / Deteriorating ↓ Movement	Actual to date	Actual Outturn 2022/23
Commercialisation	(0.29)	0.02	0.31 A	0.31 A	0.00	Red		(0.05)	0.10
Customer Experience - Service Support	6.62	6.91	0.29 A	0.29 A	0.00	Red	-	6.37	7.18
Customer Experience - Accounts Payable & Receivables	2.42	2.71	0.29 A	0.29 A	0.00	Red	-	2.76	2.44
Customer Experience - Local Taxation & Benefits	2.10	2.42	0.33 A	0.33 A	0.00	Red	-	1.54	2.08
Financial Planning & Management	0.31	0.02	0.29 F	0.29 F	0.00	Green	-	8.06	(1.39)
Governance - Elections	0.63	0.68	0.05 A	0.05 A	0.00	Red	-	0.80	0.59
Governance - HR	3.21	3.29	0.08 A	0.08 A	0.00	Red	-	3.57	3.29
Governance - Legal	1.93	1.86	0.07 F	0.07 F	0.00	Green	-	2.01	1.91
Governance - Land Charges	(0.17)	(0.17)	0.00	0.00	0.00	Green	-	(0.10)	(0.12)
Information Technology	9.35	9.85	0.51 A	0.51 A	0.00	Red	-	10.38	10.06
Internal Audit	0.34	0.27	0.07 F	0.07 F	0.00	Green	-	0.16	0.27
Net Housing Benefit Payments	0.00	0.00	0.00	0.00	0.00	Green	-	56.68	0.00
Procurement & Supplier Management	1.59	1.36	0.23 F	0.23 F	0.00	Green	-	1.60	1.24
	28.03	29.22	1.18 A	1.18 A	0.00	Red	-	93.78	27.66

Corporate Services £1.2M overspent, with no movement to this forecast: £1.6M is due to non-achievement of savings, a shortfall in income of £1.2M, additional contract costs in Audit of £0.2M and additional printing and postage costs in Council Tax and Benefits of £0.3M. The adverse position is reduced by cost control measures within the pension account of £0.2M and £0.3M from Corporate Finance. Plus, underspends in salary budgets of £0.4M from carrying vacancies, £1.1M of underspends on IT licences and broadband costs and £0.1M reduction to insurance premiums.



Place



Place BUDGET MONITORING MONTH 11 (February)									
CURRENT POSITION	Current Budget 2023/24	Forecast 2023/24	Forecast Annual Variance at Period 11	Variance P10	Variance Movement Compared to P10	Significant Forecast Variance Indicator	Improving ↑ / Deteriorating ↓ Movement	Actual to date	Actual Outturn 2022/23
	£M	£M	£M	£M	£M			£M	£M
Place	42.82	46.02	3.21 A	3.68 A	0.47 F	Red	↑	39.10	44.31
Service Area									
Air Quality Monitoring	0.24	0.16	0.08 F	0.01 F	0.06 F	Green	↑	(0.99)	0.22
Central Repairs & Maintenance	2.09	2.61	0.52 A	0.52 A	0.00	Red	-	1.80	2.42
City Development	0.31	0.28	0.02 F	0.18 A	0.20 F	Green	↑	0.23	0.01
City Services - Commercial Services	0.18	0.18	0.00 F	0.04 F	0.04 A	Green	↓	0.17	0.41
City Services - District Operating Areas	4.54	4.93	0.39 A	0.37 A	0.02 A	Red	↓	6.03	4.70
City Services - Trees & Ecology	0.89	0.99	0.10 A	0.11 A	0.01 F	Red	↑	0.82	0.87
City Services - Waste Operations	16.49	15.43	1.06 F	1.16 F	0.11 A	Green	↓	14.02	14.33
City Services - Management & Compliance	0.50	0.52	0.03 A	0.03 A	0.01 F	Red	↑	0.54	0.54
City Services - Fleet and Landscapes Trading	(1.73)	(1.26)	0.47 A	0.42 A	0.05 A	Red	↓	(0.41)	(0.74)
CPRES - Bereavement Services	0.05	0.23	0.19 A	0.19 A	0.00	Red	-	0.02	0.84
CPRES - Environmental Health & Scientific Services	1.56	1.41	0.15 F	0.15 F	0.00	Green	-	0.96	1.42
CPRES - Licensing	(0.09)	(0.05)	0.04 A	0.04 A	0.00	Red	-	(0.15)	(0.02)
CPRES - Parking & Itchen Bridge	(8.14)	(9.22)	1.07 F	0.92 F	0.15 F	Green	↑	(8.30)	(6.63)
CPRES - Port Health	(0.63)	(0.31)	0.32 A	0.32 A	0.00 F	Red	↑	(0.33)	(0.41)
CPRES - Private Sector Housing	0.34	0.33	0.01 F	0.01 A	0.03 F	Green	↑	0.06	0.14
CPRES - Registration Services	(0.20)	(0.19)	0.01 A	0.01 A	0.00	Red	-	(0.14)	(0.19)
Cultural Services	2.17	1.93	0.24 F	0.24 F	0.00	Green	-	0.47	2.91
Libraries	1.83	1.91	0.09 A	0.09 A	0.00	Red	-	1.75	2.03
Economic Development	0.07	0.14	0.07 A	0.07 A	0.00	Red	-	0.67	0.22
Emergency Planning	0.13	0.09	0.04 F	0.04 F	0.00	Green	-	0.24	0.04
Energy Team	0.05	0.01	0.04 F	0.04 F	0.00	Green	-	(1.15)	0.01
Facilities	0.76	0.83	0.07 A	0.05 A	0.02 A	Red	↓	0.81	2.74
Flood Risk Management	0.21	0.15	0.06 F	0.06 F	0.00	Green	-	0.10	0.13
Health & Safety	0.27	0.29	0.02 A	0.03 A	0.01 F	Red	↑	0.26	0.29
Highways Contracts	7.92	8.45	0.53 A	0.53 A	0.00	Red	-	8.83	6.93
Home To School Transport	5.58	9.45	3.87 A	4.05 A	0.18 F	Red	↑	7.48	8.15
Place Management	(0.10)	0.19	0.28 A	0.28 A	0.00	Red	-	0.12	0.24
Planning	0.35	0.78	0.42 A	0.40 A	0.02 A	Red	↓	0.20	1.03
Property Portfolio Management	(6.96)	(6.70)	0.26 A	0.19 A	0.07 A	Red	↓	(6.71)	(6.32)
Property Services	8.83	7.36	1.47 F	1.40 F	0.07 F	Green	↑	8.74	2.40
Skills	0.07	0.06	0.00 F	0.00	0.00 F	Green	↑	(0.07)	0.13
Skills, Regeneration & Partnership	0.44	0.43	0.02 F	0.02 F	0.00	Green	-	(0.37)	0.40
Transportation	4.82	4.61	0.21 F	0.14 F	0.08 F	Green	↑	3.41	5.06
Total Place	42.82	46.02	3.21 A	3.68 A	0.47 F	Red	↑	39.10	44.31

Place £3.2M overspent, a favourable movement of £0.5M. There is an adverse variance of £3.9M on Home to School Transport, along with a £0.3M historic agency saving target which cannot be achieved and £0.3M non-achievement of the solar bins saving and other minor savings. There is a £0.5M pressure relating to the cost of reactive repairs, Highways Contracts pressures of £0.5M, increased Coroner costs of £0.1M, along with £0.1M of Local Plan costs. These are offset by favourable variances for a rates reduction in Cultural Services of £0.2M, Transportation cost control measures of £0.2M, reduction in the anticipated cost of energy of £0.5M, net increased income of £1.2M, along with a reduction on the Waste Transformation and Improvement budget of £0.3M and reduced Waste disposal costs of £0.1M.



Strategy & Performance BUDGET MONITORING MONTH 11 (February)									
CURRENT POSITION	Current Budget 2023/24	Forecast 2023/24	Forecast Annual Variance at Period 11	Variance P10	Variance Movement Compared to P10	Significant Forecast Variance Indicator	Improving ↑ / Deteriorating ↓ Movement	Actual to date	Actual Outturn 2022/23
	£M	£M	£M	£M	£M			£M	£M
Strategy & Performance	3.68	3.99	0.31 A	0.31 A	0.00	Red	-	4.12	3.58
Service Area									
Business Development Management Team	0.20	0.20	0.00	0.00	0.00	Green	-	0.14	0.33
Corporate Communications	0.93	0.82	0.12 F	0.12 F	0.00	Green	-	0.93	0.92
Data & Intelligence	0.80	1.10	0.31 A	0.31 A	0.00	Red	-	1.10	0.34
Projects, Policy & Performance	0.99	1.09	0.10 A	0.10 A	0.00	Red	-	1.24	1.50
Strategic Management of the Council	0.76	0.78	0.02 A	0.02 A	0.00 A	Red	↓	0.71	0.48
Total Strategy & Performance	3.68	3.99	0.31 A	0.31 A	0.00 A		↓	4.12	3.58



Wellbeing & Housing



CURRENT POSITION	Wellbeing & Housing BUDGET MONITORING MONTH 11 (February)									
	Current Budget 2023/24	Forecast 2023/24	Forecast Annual Variance at Period 11	Variance P10	Variance Movement Compared to P10	Significant Forecast Variance Indicator	Improving ↑ / Deteriorating ↓ Movement	Actual to date	Actual Outturn 2022/23	
	£M	£M	£M	£M	£M			£M	£M	
Wellbeing & Housing	97.83	97.98	0.15 A	1.07 A	0.92 F	Red	↑	72.22	96.08	
Service Area										
Adults - Adult Services Management	1.16	0.87	0.29 F	0.34 F	0.05 A	Green	↓	0.69	1.69	
Adults - Long Term	45.14	48.19	3.05 A	3.56 A	0.51 F	Red	↓	37.67	43.28	
Adults - Provider Services	4.29	3.85	0.44 F	0.46 F	0.01 A	Green	↓	3.68	4.61	
Adults - Reablement & Hospital Discharge	8.80	7.88	0.92 F	0.87 F	0.05 F	Green	↑	8.84	8.21	
Adults - Safeguarding AMH & OOH	14.02	13.64	0.38 F	0.08 F	0.30 F	Green	↑	12.04	15.69	
Community Safety, Alcohol Related Crime, CCTV	0.30	0.26	0.04 F	0.04 F	0.00	Green	-	0.22	0.25	
Domestic Violence	0.56	0.57	0.02 A	0.02 A	0.00	Red	-	0.61	0.54	
Grants to Voluntary Organisations	0.54	0.46	0.08 F	0.08 F	0.00	Green	-	0.39	0.84	
Housing Needs	2.96	3.44	0.48 A	0.38 A	0.10 A	Red	↓	(1.74)	2.02	
ICU - Provider Relationships	14.94	14.59	0.35 F	0.24 F	0.11 F	Green	↑	11.72	13.70	
ICU - System Redesign	1.63	1.62	0.01 F	0.01 F	0.00	Green	-	2.80	2.03	
Leisure Contracts	2.54	1.88	0.66 F	0.66 F	0.00	Green	-	1.53	1.93	
Leisure Strategy	0.10	0.11	0.00 A	0.00 A	0.00	Green	-	0.12	0.05	
Public Health - Health Improvement	1.70	1.70	0.00	0.00	0.00	Green	-	0.80	2.18	
Public Health - Health Protection and Surveillance	9.80	9.80	0.00	0.00	0.00	Green	-	7.42	9.88	
Public Health - Management & Overheads	(15.28)	(15.28)	0.00 F	0.00 F	0.00	Green	-	(17.16)	(15.82)	
Public Health - Non-ringfenced	0.19	0.19	0.00	0.00	0.00	Green	-	0.16	2.40	
Public Health - Population Healthcare	3.77	3.77	0.00	0.00	0.00	Green	-	0.31	3.76	
Social Fund & Property	0.18	0.18	0.00	0.00	0.00	Green	-	(0.14)	0.27	
Stronger Communities	0.52	0.30	0.22 F	0.10 F	0.12 F	Green	↑	2.33	0.53	
Travellers Sites	(0.04)	(0.04)	0.00	0.00	0.00	Green	-	(0.06)	0.03	
Total Wellbeing & Housing	97.83	97.98	0.15 A	1.07 A	0.92 F	Red	↑	72.22	96.08	
Breakdown by overall area:										
Adult Social Care	73.41	74.43	1.02 A	1.82 A	0.80 F	Red	↑	62.92	71.47	
ICU	16.58	16.21	0.37 F	0.26 F	0.11 F	Green	↑	14.51	15.73	
Public Health	0.19	0.19	0.00 F	0.00 F	0.00	Green	-	(8.46)	2.40	
Housing	2.96	3.44	0.48 A	0.38 A	0.10 A	Red	↓	(1.74)	2.02	
Leisure	2.65	1.99	0.66 F	0.66 F	0.00	Green	-	0.12	0.05	
Stronger Communities	2.05	1.72	0.33 F	0.21 F	0.12 F	Green	↑	3.34	2.47	

Wellbeing and Housing £0.2M overspent, a favourable movement of £0.9M: £4.0M is due to increased number and cost of client packages, £1.0M increased bad debt provision and £1.0M increased homelessness costs, offset by employee savings including agency of £2.2M, ICU savings of £0.3M and leisure contract backdated pension adjustment of £0.5M. The adverse position is further offset by new government funding of £1.7M for care costs, DFG funding for Occupational Therapists of £0.2M, Community chest grant saving of £0.1M, Public Health funding of £0.2M to support wider homelessness costs, winter pressures of £0.3M and Homes for Ukraine funding £0.6M.



Directorate	Budget	Forecast	Variance
	£M	£M	£M
Children & Learning	9.82	9.62	0.20 F
Corporate Services	2.89	2.37	0.52 F
Place	67.32	65.37	1.95 F
Strategy & Performance	2.68	2.68	0.00
Wellbeing & Housing	3.79	3.75	0.04 F
Total General Fund	86.50	83.79	2.71 F
HRA	40.53	39.52	1.01 F
Net Council Expenditure	127.03	123.31	3.72 F
Financed By:			
Council Resources - Borrowing (GF)	21.12	21.78	0.66 A
Council Resources - Borrowing (HRA)	15.26	13.76	1.50 F
Council Resources - Capital Receipts	5.14	3.95	1.19 F
Contributions	12.05	12.05	0.00 A
Grants	50.77	47.40	3.38 F
Council Resources - DRF	2.95	2.16	0.79 F
MRA	19.75	22.21	2.47 A
Total Financing	127.03	123.31	3.72 F

Forecast Variance Analysis	GF	HRA	Total
	£M	£M	£M
Deficit Budget	0.16	6.73	6.89
Surplus Budget	(0.87)	(4.24)	(5.10)
Slippage of Works	(2.00)	(3.71)	(5.71)
Slippage for Retention Payments	0.00	0.00	0.00
Rephasing of Works	0.00	0.20	0.20
Funding No Longer Available	0.00	0.00	0.00
	(2.71)	(1.01)	(3.72)

General Fund is reporting £2.71M forecast favourable variance. The major variance is:

- Transforming Cities Fund £2M slippage

HRA is reporting £1.01M favourable variance. Major variances include:

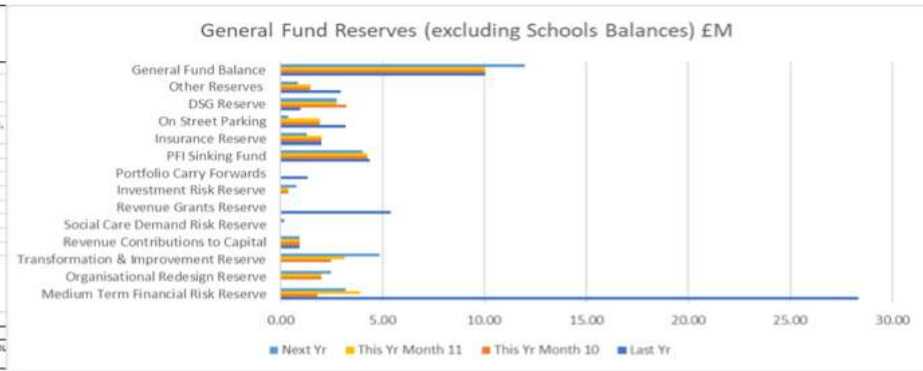
- Roofing Lot 2 East - £0.6M surplus
- Bathroom Refurbishment Programme - £0.4M deficit
- HFRS Fire Safety / Sprinkler Project - £0.15M deficit
- ECO: City Energy Scheme - £0.55M slippage
- Townhill Park Regeneration - £0.4M slippage
- Disabled Adaptations - £0.2M deficit
- Electrical System Upgrades/Refurbishments - £0.19M surplus
- GN New Homes - £1.19M slippage
- Starboard Way - £0.82 slippage
- IT Upgrade - Compliance module - £0.12M slippage
- Asbestos Removal - £1M deficit



General Fund Earmarked Reserves (excluding Schools Balances)



	Balance As At 31/03/2023	Month 10 Forecast Balance As At 31/03/2024	Changes this month	Month 11 Forecast Balance As At 31/03/2024	Month 11 Forecast Balance As At 31/03/2025	Comments
	£M	£M	£M	£M	£M	
Medium Term Financial Risk Reserve	28.35	1.91	2.12	3.92	3.20	£3.9M left in the reserve at end of 2023/24 after use to meet in-year overspend
Organisational Redesign Reserve	0.00	2.00	0.00	2.00	2.50	
Transformation & Improvement Reserve	0.00	2.48	0.70	3.17	4.84	Contribution from one-off rates refund this month, net of project drawdown
Revenue Contributions to Capital	0.93	0.93	0.00	0.93	0.93	
Social Care Demand Risk Reserve	0.00	0.00	0.00	0.00	0.20	
Revenue Grants Reserve	5.43	0.00	0.00	0.00	0.00	
Investment Risk Reserve	0.00	0.40	0.00	0.40	0.80	
Portfolio Carry Forwards	1.34	0.00	0.00	0.00	0.00	
PFI Sinking Fund	4.38	4.26	0.00	4.26	4.02	
Insurance Reserve	2.00	2.00	0.00	2.00	1.30	
On Street Parking	3.21	1.92	0.00	1.92	0.37	
DSG Reserve	0.99	3.22	-0.47	2.75	2.75	Reduction in forecast 2023/24 in-year surplus. Note £1.1M cumulative deficit to 31/03/2022 is held in the DSG Adjustment A account in accordance with regulations.
Other Reserves	2.90	1.45	0.03	1.48	0.84	
Total Earmarked Reserves	49.59	20.45	2.38	22.83	21.78	
General Fund Balance	10.07	10.07	0.00	10.07	12.00	Balance in 2024/25 increased to 5% of net revenue budget
Total GF Reserves (excl. Schools)	59.66	30.52	2.38	32.89	33.78	



There is a forecast balance of £3.9M on the Medium Term Financial Risk (MTFR) Reserve at the end of 2023/24 after use to meet the £5.4M in-year overspend forecast at month 11. No other reserves or balances are required to meet the in-year overspend. An increase in the General Fund Balance to £12.0M is included in the 2024/25 budget.



	Council Tax	Business Rates	Total
	£M	£M	£M
Distribution of previous years' estimated surplus/(contribution towards estimated deficit)	(0.31)	3.45	3.14
Net income and expenditure for 2023/24	0.66	2.64	3.30
(Surplus)/Deficit for the year	0.35	6.09	6.44
(Surplus)/Deficit brought forward from 2023/24	0.90	(13.20)	(12.30)
Overall (Surplus)/Deficit Carried Forward	1.25	(7.11)	(5.86)
SCC Share of (Surplus)/Deficit	1.05	(3.48)	(2.43)

➤ For the Collection Fund as a whole there is a forecast cumulative surplus of £5.9M to be carried forward into 2024/25, mostly from an improvement in the 2022/23 outturn position due to a reduction in the amount set aside for business rates appeals.

➤ The in-year deficit comprises £3.1M for the net surplus for 2022/23 as estimated at 2023/24 budget setting being distributed in year and £3.3M other net expenditure. The other net expenditure is mainly due to an increase during the year in the estimated liability for business rates appeals and an increase in council tax exemptions compared with what was assumed in estimating the 2023/24 tax base.

➤ SCC's share of the forecast surplus is £2.4M, of which £4.3M relates to the improvement in the 2022/23 outturn position and £1.9M to the in-year deficit. In addition to this there is a £0.1M adverse variance on estimated government grant income for business rates reliefs which sits outside of the Collection Fund.

➤ For 2024/25 revenue budget setting the share of the Collection Fund surplus estimated in January 2024 of £2.3M will be taken into account. Any difference between this estimate and the outturn position for 2023/24 will be taken into account in setting the 2025/26 budget.



Housing Revenue Account



HOUSING REVENUE ACCOUNT BUDGET MONITORING MONTH 11 (February)							
CURRENT POSITION	Current Budget 2023/24	Forecast 2023/24	Forecast Annual Variance at Period 11	Variance P10	Variance Movement Compared to P10	Significant Forecast Variance Indicator	Improving ↑ / Deteriorating ↓ Movement
	£M	£M	£M	£M	£M	£M	£M
Expenditure							
Responsive & Repairs	15.10	15.72	0.62 A	0.62 A	0.00	Red	-
Cyclical Maintenance	6.44	6.48	0.04 A	0.04 A	0.00	Red	-
Rents Payable	0.20	0.48	0.28 A	0.28 A	0.00	Red	-
Debt Management	0.09	0.09	0.00	0.00	0.00	Green	-
Supervision & Management	26.16	26.42	0.26 A	0.26 A	0.00	Red	-
Interest & Principal Repayments	5.71	6.21	0.50 A	0.75 A	0.25 F	Red	↑
Depreciation	22.07	21.50	0.57 F	0.57 F	0.00	Green	-
Direct Revenue Financing of Capital	4.00	2.29	1.71 F	1.95 F	0.24 A	Green	↓
Gross Expenditure	79.77	79.19	0.59 F	0.58 F	0.01 F	Green	↑
Income							
Dwelling Rents	(75.14)	(74.94)	0.20 A	0.20 A	0.00	Red	-
Other Rents	(1.24)	(1.20)	0.04 A	0.04 A	0.00	Red	-
Service Charge Income	(2.34)	(2.55)	0.21 F	0.18 F	0.03 F	Green	↑
Leaseholder Service Charges	(1.05)	(1.01)	0.04 A	0.00	0.04 A	Red	↓
Interest Received	0.00	(0.08)	0.08 F	0.08 F	0.00	Green	-
Total Income	(79.77)	(79.77)	0.00	0.01 F	0.01 A	Green	↓
Balances							
Working Balance B/fwd	(2.00)	(2.00)					
(Surplus)/deficit for year	0.00	(0.59)	0.59 F	0.59 F	0.00	Green	-
Working Balance C/fwd	(2.00)	(2.59)					

HRA POSITION - £0.6M Favourable. £0.6M Favourable forecast on depreciation charge is proposed to be added to the overall working balance. Pressures of £2.3M across the HRA relating to rent void loss £0.2M and empty property charges £0.4M, unachievable savings of £0.2M, £0.1M disrepair claims, £0.6M reactive repair & void repair costs, waste disposal cost of £0.1M, management restructure and termination costs of £0.3M and £0.5M additional interest rate cost. These are being offset by favourable variances on service charge income of £0.2M, a reduction in vehicle financing costs of £0.1M, vacancy management of £0.1M and interest receivable of £0.1M, and a reduction in planned direct revenue financing contribution of £1.7M.

Landlord Controlled Heating Account		
	YTD £M	Forecast £M
Balance B/fwd	3.58	3.58
Costs incurred Jan-Mar 23	2.02	2.02
Less accruals 22/23	(2.81)	(2.81)
Rent collected ytd	(6.84)	(7.61)
Leaseholder contribution		(0.40)
Contribution to bad debt provision	0.00	0.20
Costs incurred YTD	4.18	7.81
Balance C/fwd	0.14	2.80

As a result of significantly increased energy costs, and no subsequent adjustment to charges applied during 2022/23, the landlord controlled heating account ended in a deficit position as at 31st March 2023. The revised charges for 2023/24 are anticipated to be sufficient to cover costs in 2023/24, but will not contribute to deficit recovery unless a significant reduction in cost occurs. Cabinet agreed to the principle of a phased deficit recovery plan in July 2023. Following receipt of revised energy cost forecasts in October 2023, and a further review of costs incurred to December 2023, the anticipated cost for 2023/24 has reduced and, as a result, the revised deficit is anticipated to be £2.8M



Dedicated Schools Grant

CURRENT POSITION	Current Budget 2023/24	Forecast 2023/24	Forecast Annual Variance at Period 11	Variance P10	Variance Movement Compared to P10	Significant Forecast Variance Indicator	Improving ↑ / Deteriorating ↓ Movement
	£M	£M	£M	£M	£M		
Schools	0.00	0.03	0.03 A	0.03 A	0.00	Red	-
High Needs	0.00	(1.90)	1.90 F	2.37 F	0.47 A	Green	↓
Early Years	0.00	(0.00)	0.00 F	0.00 F	0.00	Green	-
Central Services	0.00	0.11	0.11 A	0.11 A	0.00	Red	-
In Year Balance	0.00	(1.76)	1.76 F	2.23 F	0.47 A	Green	↓
Balance B/Fwd held in D5G adjustment reserve	0.00	11.09	11.09 A				
Balance B/Fwd held in D5G usable reserve		(0.99)	0.99 F				
Net D5G deficit B/Fwd		10.10	10.10 A				
Total non General Fund Services	0.00	8.34	8.34 A			Red	

School Balances Table	Forecast 2023/24		
	Deficit	Surplus	Balance
Primary	2.91	(2.18)	0.73
Nos.	12	19	31
%	39%	61%	100%
Secondary	0.00	(2.62)	(2.62)
Nos.	0	6	6
%	0%	100%	100%
Special	0.81	(0.19)	0.62
Nos.	2	3	5
%	40%	60%	100%
Total	3.72	(4.99)	(1.26)
Nos.	14	28	42
%	33%	67%	100%

DECISION-MAKER:	Cabinet
SUBJECT:	Solent Local Enterprise Partnership Integration into the Solent Unitary Authorities
DATE OF DECISION:	19th March, 2024
REPORT OF:	Councillor Fielker - Leader of Southampton City Council

<u>CONTACT DETAILS</u>			
Executive Director	Title	Chief Executive	
	Name:	Andrew Travers	Tel: 023 8083 2943
	E-mail	Andrew.Travers@Southampton.gov.uk	
Author:	Title	Head of Economic Development & Regeneration	
	Name:	Nawaz Khan	Tel: 023 8091 7648
	E-mail	Nawaz.Khan@Southampton.gov.uk	

STATEMENT OF CONFIDENTIALITY
N/A

BRIEF SUMMARY
<p>The purpose of this report is to update Cabinet on the integration of the Solent Local Enterprise Partnership (SLEP) functions into Upper Tier Local Authorities (UTLAs) and seek approval for Southampton City Council (SCC) to work with the Isle of Wight Council (IWC) and Portsmouth City Council (PCC) to jointly take on these integrated LEP functions and deal with the changes that result from this new approach, including the creation of a joint UTLA Board to take on these responsibilities.</p>
<p>The joint UTLA Board was proposed by the three unitary UTLAs in the integration plan submitted to Government on the 30 November 2023, with our proposals for taking this forward. Subsequently a shadow board was formed and is in the process of being formally constituted with draft terms of reference to be approved before 31 March 2024.</p>
<p>It should be noted that PCC's and the IWC's Cabinets decided to approve the following recommendations, PCC's Cabinet on the 6 February 2024 and IWC's Cabinet 8 February 2024. If approved all three partner Council's will have mirrored and approved the same key recommendations, prior to the government's transitional date of 1 April 2024, after which the integration of LEP functions into local democratic institutions will be formalised, subject to the approval by Government of the submitted integration plan.</p>
<p>Recommendation (iv), if approved will provide delegate authority to the Chief Executive and Head of Economic Development and Regeneration, following consultation with the Leader to agree the final details of the transfer of LEP functions to the UTLAs, including future governance arrangements.</p>
<p>The formal decision-making process by the joint UTLA Board will centre on building a consensus amongst the three Leaders.</p>

The delegated authority provided to Chief Executive, following consultation with the Leader, will cover the following areas: sub-regional partnerships and initiatives, sub-regional strategic economic planning, economic development, business support and strategic skills.

Where decisions are needed that are outside of the above delegations, then the decision will be formally made by the Cabinets of the partner local authorities.

RECOMMENDATIONS:

	(i)	To delegate authority to the Chief Executive, following consultation with the Leader and Executive Director for Corporate Services (and S151 officer), to agree the final details of the transfer of LEP functions to the UTLAs, including future governance arrangements.
	(ii)	To approve in principle the proposed draft governance structures attached as Appendix One that demonstrate how SCC plans to work with our sub-regional partners to achieve our economic growth ambitions which will need to be outlined in an updated Solent 2050 Strategy.
	(iii)	Subject to the agreement of PCC and IOWC, to agree that PCC is confirmed as the Accountable Body for the new a new joint UTLA Board, with the Leader of SCC acting as the first board chair.
	(iv)	SCC agrees that the existing LEP funding, should be disaggregated to the three Solent UTLAs and be pooled (<i>subject to the agreement of Isle of Wight Council and Portsmouth City Council</i>), for the benefit of economic growth of the sub-region, defined as the combined geographies of the three Solent UTLAs.
	(v)	Agree that, subject to the three Solent UTLA area being recognised by the Government as an area for LEP Integration, with appropriate legal due diligence, to delegate authority to the Chief Executive, following consultation with the Leader to determine whether SCC will become a Member of Solent Partners (SP). This agreement to be conditional on all three UTLAs agreeing to become Members of Solent Partners in conjunction.
	(vi)	To agree that SCC should not appoint a Director to the Board of Solent Partners to ensure that there is no conflict of interest with the wider governance needed for the new LEP integration arrangements. The three UTLAs will seek appropriate requirements, within the articles of Solent Partners, to ensure representatives of the three Solent ULTAs are entitled to observe board meetings.
	(vii)	To delegate authority to the Chief Executive, following consultation with the Leader to work with all sub-regional partners to develop an agreement on how to deliver economic growth for the functional economic area and take ownership of the Solent 2050 strategy.
	(viii)	To support the creation of a Solent Economic Partnership, inviting adjacent Districts and Boroughs, Hampshire County

		Council (HCC), and other key public sector stakeholders to participate, to enable Local Authorities leaders and the private sector to have an opportunity to discuss and support economic growth in the Solent sub-region.
	(x)	To approve the proportional disaggregation of existing assets held by the SLEP to the Accountable Body (PCC) on behalf of the Upper Tier Local Authorities, including HCC (subject to the agreement of the three Solent unitary UTLAs).
REASONS FOR REPORT RECOMMENDATIONS		
1.		The Government have stated that all core funding for LEPs will cease, with the core LEP functions being transferred to democratic control. The Government have set criteria for the return of these functions and the recommendations in this report enable an appropriate mechanism to be put in place to achieve the Government's policy requirements.
2.		While current guidance is clear that LEPs can continue in a private capacity, the Solent LEP has confirmed that they intend to cease operating as soon as possible after 31st March 2024 and have set up an alternative company, Solent Partners, with aspirations to continue to support the economic development agenda in the Solent. This report therefore notes that assets and resources built up with public money will need to be retained in the public domain.
ALTERNATIVE OPTIONS CONSIDERED AND REJECTED		
3.		The following options have all been considered and rejected in favour our submitting an Integration Plan to Government across the geography of the three Solent UTLAs and in partnership.
4.		The option to do nothing has been rejected on the basis that the Government is proposing to devolve the core functions and responsibilities of the LEPs to upper tier local authorities or combined authorities.
5.		The option of SCC to act unilaterally was rejected on the basis that the new arrangements will be devolved to the sub-region, and it is a requirement for UTLAs to act in partnership or to at least to collaborate on delivery across sub-regions.
6.		That the new arrangements be formed on a county wide basis of Hampshire and the UTLAs of SCC, PCC and IWC. This option was not supported by the three UTLAs as in their view it ignores the clear Functional Economic Area (FEA) across the Solent sub-region which has consistently been recognised by Government with the creation of the SLEP and the Solent Freeport. As established partners the three UTLAs will work together to bring about the integration of the LEP functions across the three unitary authorities.
DETAIL (Including consultation carried out)		
7.		Local Enterprise Partnerships (LEPs) are non-statutory bodies that were created to promote economic growth and job creation. They are business led partnerships with additional representatives from local authorities, as well as academic and voluntary institutions. Thirty-eight LEPs were established across the Country in 2010-11 and Southampton City Council

	area is part of the Solent LEP. The Solent LEP was based on the same geography as the Partnership for South Hampshire (PfSH) with the addition of the Isle of Wight.
8.	In 2018 LEP boundaries were reviewed and, as part of this review, it was determined that a district or borough local authority could no longer be in two different LEPs. This meant that the Solent LEP geography could no longer mirror the PfSH geography and so the whole of the New Forest District Council was included within the SLEP and the parts of Winchester City Council, Test Valley Borough Council and East Hampshire that were part of the SLEP were transferred to Enterprise M3 LEP.
9.	<p>A further review was undertaken by the Government between early 2021 and the publication of the February 2022 Levelling Up white paper. This led to the ministerial letter proposing LEP integration: 'Integrating Local Enterprise Partnerships into local democratic institutions, 31 March 2022'. On the 4 August 2023, the Government issued a letter which confirmed their support for UTLAs and combined authorities to take on the functions currently delivered by LEPs.</p> <p><i>'Where not already delivered by a combined authority, or in areas where a devolution deal is not yet agreed, the Government expects these functions to be exercised by upper tier local authorities, working in collaboration with other upper tier local authorities over functional economic areas (FEA) as appropriate.'</i></p>
10.	<p>In the guidance the Government state that the geography for integration of functions should either be a whole County area or a functioning economic area (FEA) that has a population of at least 500,000 (and for some functions at least 22,000 businesses in the area). The Government have been clear that they will no longer fund LEPs with core funding from April 2024 and that the UTLAs will be responsible for:</p> <ul style="list-style-type: none"> ○ Business representation, to 'create or continue to engage with an Economic Growth Board (or similar) made up of local business leaders and relevant representative bodies to (A) provide the view of local businesses as part of regional decision making and (B) work with local leaders to create a broad economic strategy for the area'. ○ Strategic economic planning - areas will be expected to produce, or continue to update, economic strategies to support local decision making, building on the plans currently developed and overseen by LEPs. The Government expects areas to publish their (existing, new, or updated) strategy within six months of receiving any transitional funding. There will be a need to review, update, adopt and publish a refreshed Solent 2050 Strategy and ensure that this is an appropriate strategy for sub-region. ○ Responsibility for the delivery of government programmes where directed. Currently these programmes would be the Growth Hubs and the Career Hubs. The Government expects these functions to be exercised by UTLAs (working in collaboration with other upper tier local authorities as appropriate) where there is not a devolution deal or a deal in the offing. Initial views from Government suggest that they envisage the current Growth Hub to be commissioned on a county wide basis although with the possibility that there could be a Solent front-end for businesses. Further guidance has however suggested a need to

	ensure the delivery of government functions is coterminous with the FEA for economic strategy and business representation so further guidance is needed.
11.	Whilst the Government have stated that their expectation is that the area for integration is a county area or FEA, they also state that the starting point for consideration of an appropriate area should be the existing LEP geography. Hampshire County Council (HCC) are clear that they do not wish to sustain the current Solent LEP geography for the integration arrangements and instead have submitted detail for county council geography, including our neighbouring Districts and Boroughs.
12.	This proposed geography recognises that the two cities of Southampton and Portsmouth drive the growth of the region and have clear links to the Isle of Wight including through ferry routes. There are also key synergies across the area on key economic sectors including advanced manufacturing and the visitor economy and on key challenges association with deprivation and coastal areas. The three Solent unitaries, working together, meet the thresholds required by the Government and have sent an integration template back to Government on this proposed geography. This report takes forward what was in the integration template. Assuming this approach is supported by the Government, and there has been no indication that this will not be the case, there will need to be a strong and positive working relationship with HCC, who will be operating in the wider Solent area for the parts of the SLEP area that comprises the districts and boroughs.
13.	In parallel to the integration of functions from the LEP there is a need to consider the disaggregation and transfer of assets from the LEP to the UTLAs. The amount to be disaggregated between HCC, PCC, SCC and IOWC remains to be agreed between the LEP and PCC, acting as its accountable body for the SLEP. Funding received by the three unitary UTLAs will be pooled and held by PCC as the accountable body or the three authorities. This funding will be for the benefit of the economic growth of the area. This will be subject to further agreement between the three unitary UTLAs.
14.	In response to the envisaged changes to their operating environment, the SLEP's Board decided to set up a new company limited by guarantee called Solent Partners. Solent Partners was established to provide continuity and with the potential to support the delivery of the functions being devolved to the Solent UTLAs.
15.	Whilst Solent Partners can enable the delivery of LEP functions across the Solent area, it will be the UTLAs that will be accountable for delivery of the functions and economic growth. The governance arrangements detailed below recognise this reality and so are based on a model where-by the three UTLAs commission Solent Partners to deliver some of the functions on their behalf, whilst considering public procurement regulations and in delivering best value considerations. Any commissioning through Solent Partners will be subject to the specific governance and function of that company and the funding mechanisms chosen by the three UTLAs, that may also include direct delivery options, where appropriate.
	Proposed governance and delivery model

16.	As the Accountable Body (AB) for the Solent LEP, PCC has a role to make sure that the LEP Integration Process is undertaken properly and that any decisions around existing assets and liabilities are in accordance with regulations and guidance. The AB role is different to the role in relation to the decisions and wishes of PCC, and as the AB will need to work in partnership with Isle of Wight Council and Southampton City Council to make sure that LEP Integration works successfully for the Solent sub-region and the communities and businesses that are within our geography.
17.	The three unitary UTLAs have already set-up a shadow joint Board, that comprises the Leaders and Chief Executives of the three Solent unitary authorities. This Board will be accountable for the devolved responsibilities and where appropriate, will commission any delivery partners, to account for delivery of the programmes and functions assigned to support the economic growth agenda. Draft terms of reference will be approved by the joint UTLA Board prior to 31 March 2024. The sovereignty of individual authorities is recognised whilst also allowing for wider work that supports the devolution ambitions of the area. The Board would also need to work with HCC to try to ensure as much alignment as possible.
18.	Alongside the joint UTLA Board there is the potential, and wish, to set up a Solent Economic Partnership. This would cover the wider Solent geography and HCC, the districts and boroughs within the Solent area would be invited to be part of this partnership. It would comprise Leaders and Chief Executives, or their representatives, and will enable a discussion to take place on the wider geography and hopefully ensure that there is some ongoing alignment or in considering delivery or commissioning options across the wider sub-regional geography.
19.	Solent Partners is a Company Limited by Guarantee (as is the Solent LEP). It has been proposed that the core Members of the Company will be the three unitary authorities. This is different to the Solent LEP where there are Members from both the public and private sector, and PCC has the role as the accountable body for the Solent LEP. HCC has made it clear that it does not wish to be part of Solent Partners.
20.	The joint UTLA Board will set out an annual commissioning plan, used to set the LEP Integration work programme. Meetings will be held quarterly to performance manage the plan. The joint UTLA Board will be in a position to change the approach, or the delivery partner, if the plan is not being achieved, subject to an agreed notice period.
21.	The SLEP also undertakes some functions outside of the core functions described above. There are two companies to deliver specific economic aspirations in the region. The Membership of the Solent Cluster Ltd has agreed to be transferred to Solent Partners and it is anticipated that Maritime Solent (UK) Ltd will similarly transfer its membership, subject to its own internal agreement. These two companies have been provided revenue funding by the SLEP to operate until March 2026 and thereafter become self-sustaining, private sector led initiatives. The SLEP has also provided start-up revenue funding for the Solent Maritime Innovation Hub, providing support to March 2026.
22.	Solent Partners also have a desire to take on roles in and with other bodies and panels, the most notable of these is the Skills Advisory Panel,

	which was set up by PfSH before transitioning to the LEP. It seeks to be a steering group for the Local Skills Improvement Plan (LSIP), a Department for Education funded plan, for which the Hampshire Chamber of Commerce is the designated employer representative body.
23.	One of the issues that is outstanding at the time of writing this report is what to do with existing LEP assets and resources and the associated implications on SLEP employees. Government guidance is clear that any reserves and assets built up using public funds will remain within the public domain (i.e. transferred to the relevant local authority or authorities). All SLEP employees are employed by PCC and there may be Transfer of Undertakings Protection of Employment (TUPE) or redundancy issues that will need to be considered depending on discussions that are ongoing with HCC and Government around delivery options across the wider geography. PCC as the AB, working with the SLEP, must agree how to split public funds that are currently held by the SLEP between the UTLAs, including HCC.
24.	Initial informal consultation has taken place with all the Solent unitary and district councils, with HCC, key business, and public sector stakeholders in the formulation of the agreements set out in this report. Stakeholder consultation will be ongoing, with the SLEP Board members, with Solent Partners and other key stakeholders, such as our university partners. Once the integration plans, submitted to Government in November 2024 are finally approved, then the partners will be able to formally consult on the newly approved arrangements.
RESOURCE IMPLICATIONS	
<u>Financial</u>	
25.	Acting as the Accountable Body for the Solent LEP, PCC has an important role in agreeing the disaggregation of assets held by the SLEP at 31 March 2024 and as part of this have been working with the SLEP and the four UTLAs, including HCC, to agree a disaggregation method that is in line with the guidance published by the Government.
26.	The guidance sets out that it is for the LEP and the Accountable Body to agree this method and the Accountable Body will make its judgement having reviewed the formal representations made by each of the UTLAs.
27.	Fundamentally, the Accountable Body's judgement will be based on the balance of the following: <ul style="list-style-type: none"> a. The rationality of the decision in the public interest b. That decisions are taken in line with the National Assurance Framework, adhering to proper governance and due diligence. c. That decisions are made in accordance with the intent and spirit of any Government Guidance
28.	Following a review of the submissions and any necessary further consultation with the Solent LEP, the Accountable Body may ultimately agree or disagree with the LEP's position. In the event of a disagreement then the LEP and Accountable Body will engage with the Government to seek their view.
29.	Acting as the Accountable Body for Solent Partners, PCC will ensure that any disaggregated LEP funding received is pooled, held on a separate

	area of its balance sheet, and used for the benefit of economic growth of the region subject to the agreement of the three UTLAs.
<u>Property/Other</u>	
30.	There are no direct property implications associated with this report.
LEGAL IMPLICATIONS	
<u>Statutory power to undertake proposals in the report:</u>	
31.	S.1 Localism Act 2011 (the 'General Power of Competence') permits a Council to do anything to support the delivery of its functions providing not otherwise prohibited by statute. The proposals within this report are authorised by virtue of s.1. The arrangements and status of the proposed Board will be determined in accordance with the Local Government Acts. The formal status of the Board will, in due course, be confirmed in the respective Council's Constitutions.
<u>Other Legal Implications:</u>	
32.	<p>The contents of this report outline the current position within the construct of the Guidance and the current disaggregation plan. What is also clear is that there will be beyond the noting stage of this process a few legal challenges which whilst yet to crystallise are in summary (as set out within the body of the report) the following:</p> <ul style="list-style-type: none"> ○ It is recognised that the Solent Partners is of itself an independent company. The option for a shared membership (ownership) from each of the three UTLA's will be subject to the appropriate due diligence. ○ The current model does not espouse that within Solent Partners that the UTLA's will have any director status (this is subject to a current piece of work being dealt with to look at how the independence of Solent Partners sits within the concept procurement and the PCR's.) ○ The paper alludes to the UTLA's being able within some form of construct to, amongst themselves set the "tone and focus" for how Solent Partners (or indeed any organisation that the UTLA's might wish to align) should deliver key objectives. That can be achieved via some form of "Board structure" which self-governs probably via some form of MOU. ○ There is a need to maintain clear channels of decision making and facilitation separating as far as practicable the respective roles and functions.
RISK MANAGEMENT IMPLICATIONS	
33.	The governance arrangements detailed in this report are based on a model where the three Solent UTLAs act in partnership on the joint UTLA Board and act to share risk management.
34.	The joint UTLA Board was proposed by the three unitary UTLAs in the integration plan submitted to Government on the 30 November 2023, with our proposals for taking this forward. Subsequently a shadow board was formed and is in the process of being formally constituted with draft terms of reference to be approved before the 31 March 2024.
35.	Further risks arise from the commissioning of any delivery partners, if the Joint ULA Board determine that any devolved responsibilities should in whole or in part be delivered on their behalf of the Solent UTLAs, then any

	delivery partner/s will need to clearly to demonstrate that they are providing best value services for the UTLAs.
36.	To mitigate risk the accountable body (PCC) have commissioned external legal advice, in consideration of commissioning. Further legal advice may be sought in determining the most appropriate relationship with external delivery partners.
POLICY FRAMEWORK IMPLICATIONS	
	Corporate Plan
37.	Growth that benefits local people is a key strategic objective of Southampton City Council's Corporate Plan. Economic growth is the central motivation for integrating LEP functions into UTLAs. Providing business representation across the UTLAs, delivering strategic economic planning, and continuing the delivery of government programmes such as the Growth Hub and Career hub will support the Council's ambitions to support local businesses, and to provide more job opportunities and further investment in Southampton.
38.	The Council is also committed to achieving long-term financial sustainability so that it can invest purposefully into the city and help it to grow to its full potential. Under the new arrangements the UTLAs will be expected to produce, or continue to update, economic strategies to support local decision making, building on the plans currently developed and overseen by the LEP. The new arrangements will support the three unitary authorities commission Solent Partners to deliver economic development functions on their behalf assuming that Solent Partners are able to demonstrate that they are providing best value services.

KEY DECISION?	Yes
WARDS/COMMUNITIES AFFECTED:	All Wards
<u>SUPPORTING DOCUMENTATION</u>	
Appendices	
1.	Proposed governance and delivery structure model
2.	ESIA

Documents In Members' Rooms

1.	None
2.	

Equality Impact Assessment

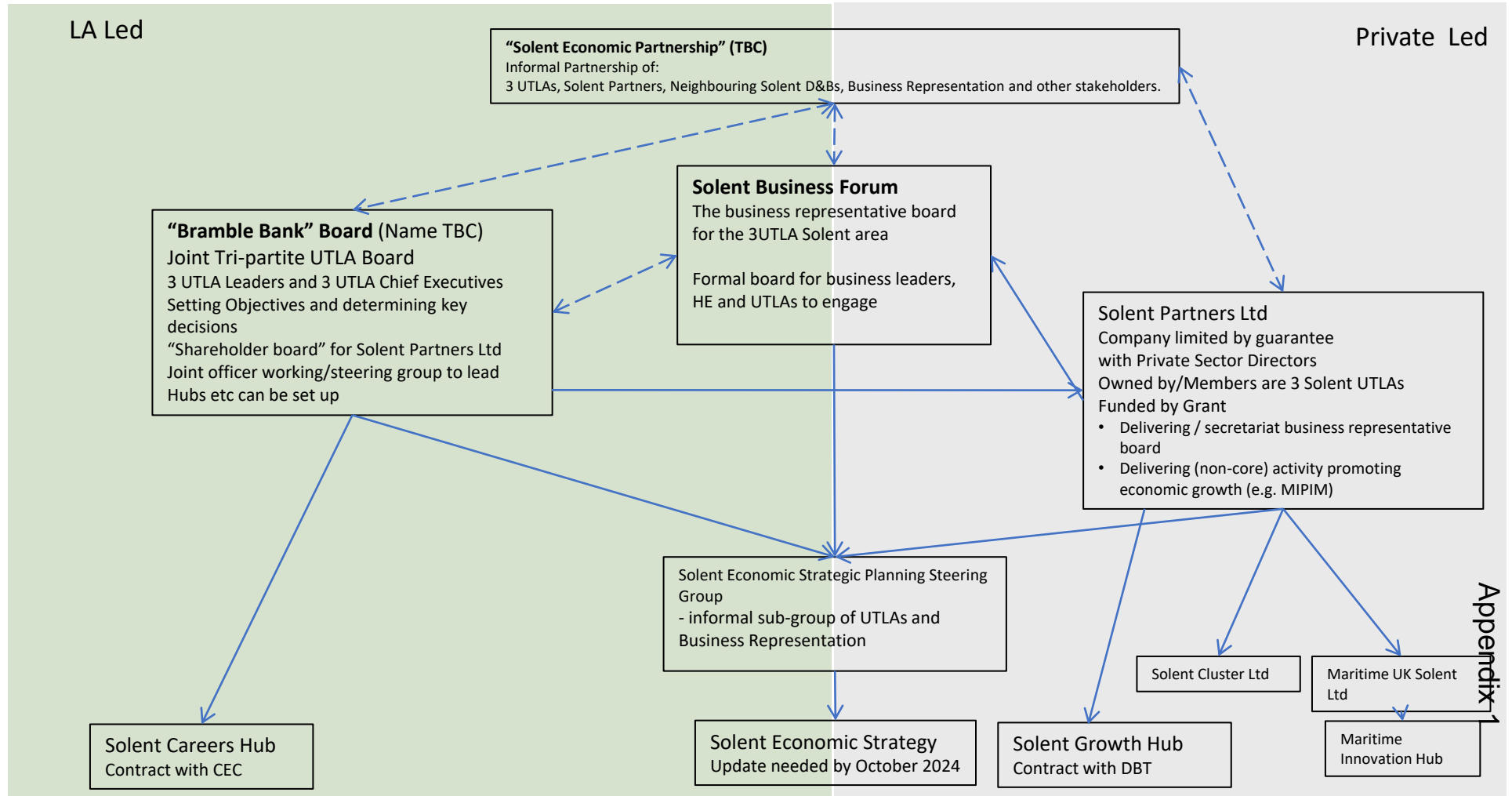
Do the implications/subject of the report require an Equality and Safety Impact Assessment (ESIA) to be carried out.	Yes
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Data Protection Impact Assessment

Do the implications/subject of the report require a Data Protection Impact Assessment (DPIA) to be carried out.	No
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Other Background documents available for inspection at:		
	Title of Background Paper(s)	Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)
1.		
2.		

Preferred structure that needs to be considered the Public Procurement Regulations (PPRs), in terms of the commissioning and external delivery through partners. Key assumptions - PPRs will determine what functions the 3 UTLAs may need to 'directly' deliver and those elements that might be delivered by delivery partners such as Solent Partners.



Further work is needed to determine the final governance and delivery structure.

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Equality and Safety Impact Assessment

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

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

Name or Brief Description of Proposal	Solent Local Enterprise Partnership Integration into the Solent Unitary Authorities
Brief Service Profile (including number of customers)	
<p>One Council</p> <p>This proposal has been developed by the Place directorate and developed in conjunction with Portsmouth City Council (PCC) and the Isle of Wight Council (IWC) as our key sub-regional partners. These were presented to Cllr Bogle’s (Economic Development) CMB on 24 November 2023, with the Leader and Chief Executive at a Shadow Joint Upper Tier Local Authority (UTLA) Board on the 22 January 2024. A further briefing paper will be provided to the OSMC on the 14 March, prior to a Cabinet paper due on the 19 March 2024.</p> <p>Governance and decision-making</p> <p>The key drivers for the proposed governance model, centre on the need to empower local leaders and in turn with the integration of Solent LEP functions into local democratic institutions.</p> <p>The formal decision-making process by the Board will centre building a consensus amongst the three Leaders, each with delegations, provided by their respective Cabinets. In turn recommendation 1.3 of this Cabinet report, if approved, will provide delegate authority to SCC’s Chief Executive and Head of Economic Development and Regeneration, following consultation with the Leader to agree the final details of the transfer of LEP functions to the UTLAs, including future all governance arrangements.</p> <p>Southampton City Council’s (SCC) Legal Services have advised with respect to decision making regarding the new Joint UTLA Board, a key decision is needed to approve the formation of the new external Board sub-regional partners Board to manage the integration process and associated Terms of Reference. Future decisions and approvals will in part be delegated to the Chief Executive, in</p>	

consultation with the Leader and Cabinet Member for Economic Development. Where decisions are needed that are outside of these delegations, then the decision will be formally made by each respective member Council's Cabinet.

As such this ESIA considers the headline equality associated with the formation of the issues of the proposed Shared UTLA sub-regional Board in managing the responsibilities devolved to UTLAs by Government.

Terms of Reference - Shared UTLA Board

Purpose

The Levelling Up White Paper set out three key policy objectives, to extending devolution across England, empowering local leaders, and integrating Local Enterprise Partnership (Solent LEP) functions into local democratic institutions.

The Board will be led by local democratic leaders, to direct the future growth of the sub-region in terms of economic development, investment in new infrastructure and in our human capital, with a clear focus on driving sustainable growth.

- 1) The Board will ensure that there is a strong, independent, and diverse local business voice in local democratic institutions.
- 2) The Board will drive strategic economic planning and ensure that the area's economic priorities and sectoral strengths are fully considered and articulated.

Membership

- Chair – the Leader of Southampton City Council (SCC)
- The Leaders of IWC and PCC.
- The Chief Executives of SCC, IWC and PCC.

Summary of Impact and Issues

The delegated authority provided to the Chief Executive, following consultation with the Leader, will cover the following areas: sub-regional partnerships and initiatives, sub-regional strategic economic planning, economic development, business support and strategic skills.

The partners are committed to **delivering sustainable, inclusive growth** in the Solent sub-region, by:

- Setting objectives and determining key decisions on behalf of the three unitary authorities in relation to the delivery of LEP functions.
- Ensuring that the partners work together in partnership, in a coordinated, impactful, and effective manner to deliver the Solent 2050 strategy.
- Work to ensure that more responsibilities, functions, and powers are devolved to the Solent sub-region.
- Considering how the benefits of inclusive growth can be distributed more evenly and to more disadvantaged communities.
- Consider how the Net Zero transition to a green and sustainable future will provide new opportunities to growth in the Solent sub-region.

Broadly these objectives and the new responsibilities relate to the economic development and sustainable growth agendas. The partners will now play a

critical role within the sub-region, convening local partnerships between businesses, academia, and other local partners to determine our key economic priorities.

The partners are committed to promoting sustainable economic growth to champion our region and ensure our communities can prosper, and ensure the sub-region has an ambitious strategy: Solent 2050. Building on strong foundations, proven resilience and unique strengths, the Solent 2050 Strategy will shape the future of our region for the next generation, enabling the Solent to reach its full potential.

Potential Positive Impacts

The Levelling Up White Paper set out three key policy objectives, to extending devolution across England, empowering local leaders, and integrating Local Enterprise Partnership (Solent LEP) functions into local democratic institutions.

The provision of greater democratic oversight should provide a greater degree of local accountability and transparency in delivering these new responsibilities.

Southampton City Council’s role and that of our sub-regional partners, PCC and IWC will be to ensure due regard for the Public Sector Equality Duty (Section 149 of the Equality Act) and with-in the proposed external Joint UTLA Board.

A core remit of the Joint UTLA Board will be to consider how the benefits of inclusive growth can be distributed more evenly and to more disadvantaged communities.

Responsible Service Manager	Matthew Hill
Date	28.02.2024
Approved by Senior Manager	Nawaz Khan
Date	28.02.2024

Potential Impact

Impact Assessment	Details of Impact	Possible Solutions & Mitigating Actions
Age	Future development, infrastructure investment and skills provision focussed on a too limited band of age groups.	Through the promotion of mixed-use development, with adherence to active planning & social value policies focussed on inclusive growth.

Impact Assessment	Details of Impact	Possible Solutions & Mitigating Actions
Disability	Skills support, business support provision and careers advice.	Openness to diversity widens access to the best talent. Inclusion allows engagement with talent effectively. Equality enables delivery of fair outcomes. Together, this leads to enhanced innovation, creativity, productivity, reputation, engagement, productivity, and business outcomes.
Gender Reassignment	Not applicable	
Marriage and Civil Partnership	Not applicable	
Pregnancy and Maternity	Not applicable	
Race	Skills support, business support provision and careers advice.	Openness to diversity widens access to the best talent. Inclusion allows engagement with talent effectively. Equality enables delivery of fair outcomes. Together, this leads to enhanced innovation, creativity, productivity, reputation, engagement, productivity, and business outcomes.
Religion or Belief	Skills support, business support provision and careers advice.	Openness to diversity widens access to the best talent. Inclusion allows engagement with talent effectively. Equality enables delivery of fair outcomes. Together, this leads to enhanced innovation, creativity, productivity, reputation, engagement, productivity, and business outcomes.
Sex	Not applicable	
Sexual Orientation	Not applicable	
Community Safety	Good urban design should account for improvements in the safety of those using public spaces.	Good urban design & adherence to planning active policies.
Poverty	Southampton faces issues of poverty & deprivation. These	Investment in the city to create new economic &

Impact Assessment	Details of Impact	Possible Solutions & Mitigating Actions
	<p>issues are well known. As an example, some wards have higher levels of deprivation & individuals & families can remain in a cycle of deprivation.</p>	<p>training opportunities through active Employment & Skills Plans (construction), as well as active adult community learning and employment initiatives.</p>
<p>Health & Wellbeing</p>	<p>The deterioration of the urban environment, the quality of our public spaces & homes impacts on our health & wellbeing. A lack of investment in new public realm and green spaces.</p>	<p>Good urban design accounts for health & wellbeing issues to enhance people's experience of the environment, public & green spaces. Good urban design is an intrinsic facet of the master planning process.</p>
<p>Other Significant Impacts</p>	<p>A detrimental impact on our environment and contribute towards climate change.</p>	<p>The Solent 2025 strategy will seek to set out the need for necessary infrastructure and facilities to support the growth of our sub-region whilst protecting & enhancing the environment.</p> <p>The strategy will:</p> <ul style="list-style-type: none"> Recognise individual neighbourhoods and communities with-in the sub-region including those most disadvantaged. Encourage sustainable growth & investment in the city. Recognise our wider climate and environmental objectives.

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DECISION-MAKER:	CABINET COUNCIL
SUBJECT:	ASSET DEVELOPMENT AND DISPOSAL PROGRAMME
DATE OF DECISION:	19TH MARCH 2024 (CABINET) 20th MARCH 2024 (COUNCIL)
REPORT OF:	COUNCILLOR BOGLE CABINET MEMBER FOR ECONOMIC DEVELOPMENT

<u>CONTACT DETAILS</u>			
AUTHOR:	Title	Head of Service Support	
	Name:	Gaetana Wiseman	Tel: 023 8083 2422
	E-mail:	Gaetana.wiseman@southampton.gov.uk	
Director	Title	Executive Director Place	
	Name:	Adam Wilkinson	Tel: 023 8254 5853
	E-mail:	Adam.wilkinson@southampton.gov.uk	

STATEMENT OF CONFIDENTIALITY
<p>Appendix 1, 2, 3 and 4 of this report contains information deemed to be exempt from general publication based on Category 3 (information relating to the financial or business affairs of any particular person (including the Authority holding the information)) of paragraph 10.4 of the Council's Access to Information Procedure Rules. In applying the public interest test this information has been deemed exempt from the publication due to commercial sensitivity. It is not considered to be in the public interest to disclose this information as it would reveal information which would put the Council at a commercial disadvantage.</p>
BRIEF SUMMARY
<p>The council has launched its Asset Development and Disposal Programme (ADDP), an important programme over the next 3-5 years (focused on properties within the council's general fund) with the following vision and purpose: "Driving Southampton's growth through the retention, development or disposal of the council's corporate, operational and investment portfolio, whilst delivering capital receipts."</p>
<p>Alongside the securing of capital receipts to achieve financial sustainability, ADDP will seek to achieve wider financial and economic benefits from the disposal and development of council-owned assets. This includes increasing council tax and business rates revenue, as well as reductions in building maintenance and utilities costs. The benefits from this programme will make a significant contribution to the delivery of the council's ongoing budget savings. However, the programme is not solely about financial benefit, it is also an opportunity to be more proactive about the management of council assets and support regeneration and economic development in line with the aspirations of the Renaissance Board and master-planning delivery framework.</p>

RECOMMENDATIONS TO CABINET:		
	(i)	To consider the principles of Aecom's report (Appendix 1) when determining recommendations ii to iv below on the retention, development and disposal of council-owned assets across the council's corporate and operational portfolio.
	(ii)	To approve the Asset Development and Disposal Programme and progression of the corporate and operational properties recommended for disposal/ development as detailed in Appendix 2 of this report).
	(iii)	To approve the Asset Development and Disposal Programme and progression of investment properties for disposal and regeneration (as outlined in Appendix 3 of this report).
	(iv)	To delegate authority to the Executive Director Growth and Prosperity, following consultation with the Cabinet Member for Economic Development, the Cabinet Member for Finance and Change, the Executive Director Corporate Services, and the Director of Legal and Governance, to progress and implement asset disposal and asset development and regeneration opportunities within the scope of the ADD Programme (as outlined in Appendix 2 and Table 1 & 2 of Appendix 3).
RECOMMENDATIONS TO COUNCIL:		
	(i)	Council to approve the overall Asset Development and Disposal programme and disposal of assets (as detailed in Appendix 2 and 3) which includes assets with a combined value at over £5M.
REASONS FOR REPORT RECOMMENDATIONS		
1.	The purpose of this report is to introduce the council's ADDP. To outline the recommendations relating to disposal and development of corporate and operational assets (Appendix 2). Additionally, to outline recommendations for the disposal and regeneration of properties within the council's investment portfolio (Appendix 3). The rationale for disposal and development of sites is outlined in Appendix 1.	
2.	The report also seeks approval for delegated powers be given to officers following consultation with relevant cabinet members to progress discrete asset disposals and asset development and regeneration opportunities within the scope of the ADDP. Appendix 4 provides an outline of the type of information that will be gathered to make robust decisions under delegated powers.	
ALTERNATIVE OPTIONS CONSIDERED AND REJECTED		
3.	Option 1. Do nothing: The council has a sizeable asset portfolio containing c.330 corporate and operational properties, as well as other investment and commercial properties. Assets within the General Fund incur significant maintenance and operational costs, including energy and business rates. If the council does not act and look to dispose of a proportion of these assets, and redevelop and regenerate sites across the city, there is a risk that properties many fall into disrepair. There is a risk the council is therefore unable to fund the future investment required to meet its	

	<p>ongoing liabilities. Doing nothing will also fail to meet the council’s capital receipts target and ensure the financial benefit and stability of the council.</p> <p>Option 2: Bring each property individually to Cabinet/ Council for approval once finalised. The current approach for disposal of council-owned properties is for reports on individual assets to be considered (and recommendations made) to Cabinet or Council, depending primarily on value. This approach would benefit from revision when consideration is being given to progressing a significant number of disposals in a in a 1-2 year timeframe. Discrete properties are identified in Phase 1 and therefore delegated authority is sought within this report to action. Members will be kept updated regarding both those discrete disposals and wider property matters as appropriate.</p> <p>Option 3: Explore alternative options that do not involve disposal of assets. One of the key outcomes of the ADDP is securing £85M in capital receipts to benefit the future financial stability of the council and fund the Capitalisation Direction, approved by the Government as part of the Council’s application for Exceptional Financial Support (EFS). The only realistic opportunity to realise this capital benefit is through property disposal. It should also be highlighted that maintaining the council’s property portfolio incurs substantial costs in terms of maintenance/repairs and rates. Disposing of these assets will help to reduce long-term revenue implications and create savings.</p>
<p>DETAIL (Including consultation carried out)</p>	
<p>4.</p>	<p>The ambition for ADDP is to develop and implement proposals to retain, dispose and develop council assets for the long-term benefit and growth of the city and for the financial benefit and stability of the council. This is a complex programme and the correct resourcing of council officers and consultants is required to realise programme outcomes and benefits.</p>
<p>5.</p>	<p>The ADDP is aiming to achieve a significant reduction in the council’s corporate and operational assets (properties we occupy or deliver a service from) to reduce operating costs and achieve the capital receipt target of £85M. The council will be undergoing future transformation and with a slimmer organisation there will be a need for fewer council owned properties. Disposal of assets will inevitably mean some council services will be relocated and migration of staff from these buildings to the Civic Centre is the preference at this time. This property is currently underutilised and can accommodate approximately 450 additional staff working from this location. However, some internal reorganisation of working areas may be necessary to accommodate additional numbers.</p>
<p>6.</p>	<p>The council owns an extensive range of freehold and leasehold properties across the city. Its corporate and operational portfolio includes over 330 assets in total. Ranging from office accommodation and depots, leisure centres, museums, heritage and tourism assets (including medieval town walls, historic vaults and monuments), libraries, car parks and adult social care facilities to Family Hubs, early years facilities, schools and cemeteries. The total value of the corporate and operational portfolio as at the 31st March 2023 as stated in the Statement of Accounts was £256M (excluding schools). This is an accounting book value and not necessarily representative of the value of an asset in an open market sale, particularly when considerations around planning or inherent statutory legislation exist</p>

	e.g. historic building/ archaeological designations that may constrain development.
7.	The council also possesses a varied investment property portfolio. These buildings include shops and retail units, industrial units/ warehouses, pubs, hotels, offices, student accommodation and parcels of land. As at 31 st March 2023 as stated in the Statement of Accounts the value of these circa 200 assets was £106M.
8.	<p>The ADDP is split into 4 projects, the purpose of each project and its outputs is summarised below.</p> <ol style="list-style-type: none"> 1. Asset data and information - ensuring all asset management data is up to date and robust to enable effective and informed decisions on the future of council assets. 2. Corporate and operational assets review – consultants (Aecom) commissioned to carry out a review of the council’s corporate and operational portfolio and produce high level recommendations by the end of February 2024 on assets to be retained, developed, or disposed. Aecom were required to recommend where investment in buildings is needed. They were also asked to identify where staff could be relocated to the Civic Centre or appropriate alternative council-owned sites if assets were to be disposed of. Aecom will also be updating the Service Asset Management Plans following on from initial workshops, to be reviewed and initially agreed by each service area. 3. Asset disposal - If the recommendation from project 2 is to dispose of an operational/ corporate asset, or investment asset, there is then a need to identify the most appropriate route for disposal (Affordable Homes Framework, open market, auction etc) to achieve best consideration reasonably obtainable. The work required for a decision report is outlined in Appendix 4 and then if approved there is then a need to progress the disposal to completion. 4. Asset development and regeneration – This will be a commission to review the council’s investment portfolio sites identified as opportunities for development / regeneration as outlined in Appendix 3 (Table 2) and production of a regeneration and development strategy for these locations. Then to progress the development of assets through relevant development routes (over 3-5 years). <p>Consultation on the future disposal of council-owned sites will be carried out where appropriate. Proposals for disposal of assets used by the public will be subject to Equality and Safety Impact Assessments (ESIA) and potential mitigation measures under the Equalities Act 2010.</p>
9.	One of the early ADDP commissions involved the appointment of Aecom to give the council a set of recommendations, by the end of February 2024, on approximately 200 properties within the corporate and operational portfolio advising on the retention, development, or disposal of these assets. An extract of Aecom’s report can be found at Appendix 1 and this outlines the methodology and approach taken in their assessment of council assets. It should be noted Aecom’s report does not explore all assets. The exclusions are listed in their report and include schools, housing, sports pitches, recreation grounds, parks, community centres and properties within the council’s investment portfolio. Aecom have also been tasked with updating

	service asset management strategies. These documents were developed between 2021 and 2023.
10.	Aecom's report recommends further feasibility work and detailed studies to be undertaken in relation to a number of assets in order for the council to reach future decisions on retention, development or disposal.
11.	Their review is the first stage of the ADDP which the council has used as a basis to define a recommended list of corporate and operational buildings that should be considered for disposal or development (outlined in Appendix 2). This paper focuses on disposal and development opportunities that have the support of council services.
12.	Whilst Aecom's report has focused on reviewing properties in the corporate and operational portfolio, a separate exercise has taken place evaluating buildings in the council's investment portfolio and a high-level set of recommendations has been produced in relation to these buildings (see Appendix 3). This document outlines investment properties to be considered for disposal (Table 1), along with those properties with significant regeneration and growth potential (Table 2) which should be progressed at this time. An assumption has been made that the sites identified for regeneration will be capable of securing an uplift in value and a capital receipt.
13.	The sites identified in Appendix 3 (Table 2) are sites that have the greatest capacity to generate regeneration in the city and maximise the opportunity for growth, support master planning and the work of the Renaissance Board, including generation of capital receipts, council tax and business rates. Finance officers have implemented a methodology to determine the financial benefits of disposal versus retention of council-owned properties.
14.	This financial methodology enables a comparison of whether it is better to dispose of an income generating asset and realise the capital receipt now or continue to hold the asset and receive the income over the life of the building. The analysis assumes the capital receipt will be used instead of borrowing to fund the capital programme. This enables a comparison to be made on whether, over the life of the building, the saving on borrowing is greater than the estimated rental income and residual value of the building. As the analysis is based on cashflows over, generally, 25 years, the methodology incorporates a net present value (NPV) analysis of the future income and the residual value of the asset compared to the savings on borrowing. This analysis uses a discount factor to present the future cash flows as a value as at today. The model includes the net position of the income received over a 25-year period plus the residual value of the asset, less potential savings on borrowing costs, along with any capital refurbishment costs (if they are expected to be required to the building within the period). Investment properties are generally let on a full repairing lease basis, so most repairs and maintenance costs are expected to be funded by the leaseholder. The NPV analysis discounts future cash flows to the present value based on the premise that the value of the future cash flows decrease over time due to the time value of money. The discount rate used is based on the cost of borrowing of £80k per £1m which works out at around 6.2%.
15.	Under the ADDP, additional feasibility work will be required to ensure that disposal of assets meet statutory requirements around best consideration

	reasonably obtainable. The council will undertake robust valuation work on each site and secure the necessary expertise to investigate and recommend the most appropriate route for disposal of buildings. A decision report will be produced for each asset recommended for disposal containing key information in readiness for approval. Further details can be found in Appendix 4.
16.	The council is looking to procure a strategic partner to define opportunities for asset development and regeneration across Southampton in line with its master planning ambitions. This commission will be a critical activity within the ADDP.
RESOURCE IMPLICATIONS	
<u>Capital/Revenue</u>	
17.	A programme budget of £0.54M for 2023/24 was approved in-year as part of the wider Transformation programme by the Chief Executive under delegated urgent decision powers, funded by existing capital receipts, as part of the flexible use of capital receipts strategy. The purpose of the budget is to procure the necessary skills and expertise required to progress the disposal and development of assets. The direct costs of disposal (estate agents, legal, surveyors etc) can be financed from the receipt generated, capped at 4% of the capital receipt.
18.	The programme budget for 2024/25 and beyond was included for approval at the council's recent budget setting meeting in March. The funding of the ADDP, and wider transformation activity undertaken across the council over the next three years will be dependent on securing additional capital receipts.
19.	<p>Income that meets the definition of capital receipts (proceeds from sale of property, plant and equipment over £10,000) is reserved for capital investment or the reduction of debt.</p> <p>An application has been made to Government seeking Exceptional Financial Support (EFS) to help balance the budget for 2024/25 and provide for other costs and potential liabilities. Government has now confirmed that it is minded to support the council by providing an EFS facility. A ministerial statement on 29 February 2024 confirmed this for Southampton City Council, and for 18 other local authorities.</p> <p>The EFS is in the form of a 'Capitalisation Direction'. Capitalisation is how the Government permits local authorities to treat revenue costs as capital expenditure. It is a relaxation of the rules that requires revenue costs to be met from revenue resources only and that councils should not "borrow" to fund revenue expenditure. EFS is only available in 2024/25 to give the council time to develop further savings and transformation plans to reduce the structural budget deficits in future years.</p> <p>The EFS will allow the council to use up to £121.58M of capital resources to fund revenue expenditure and other potential liabilities. The council is not obliged to use the full value of the EFS, and this should be seen as a facility to use rather than permission to spend. EFS is not additional funding and it must be repaid either through capital receipts or borrowing.</p>

	<p>The use of the EFS facility should therefore be kept to the minimum necessary.</p> <p>Any use of EFS will require the generation of capital receipts to create the necessary funding or will need to be funded by new borrowing. Any new borrowing will attract a premium of 1% on the prevailing Public Works Loan Board (PWLB) rates and removes the entitlement for the council to borrow using certain rates, so will be closer to 1.2% above the rate we would have borrowed at. The repayments will add to the financial pressures the Council faces.</p>
20.	<p>Currently rental income from properties in the council's investment portfolio is included as income in the renamed Growth & Prosperity Directorate revenue budget. The disposal of any income generating asset will need an accompanying business case to demonstrate that the benefit of the capital receipt being utilised to avoid borrowing costs, outweighs any reduction in revenue income. This will be used to inform disposals decisions and the delegations set out in this report. The potential loss of revenue income from the disposal of investment property has been considered as part of future financial planning, however the Growth & Prosperity Directorate cash limited budget level will need to be adjusted to offset the loss of the income generated by disposed assets.</p>
21.	<p>The CIPFA Prudential Code for Capital Finance in Local Authorities was updated in 2021. One of the key updates was regarding investments for service purposes. The Council as a net borrower, due to the size of the current capital programme, is now required to consider an exit strategy from all investments before borrowing is taken. An assessment needs to be made as to whether the investment is being held for regeneration or other service purposes or primarily for financial return. 'Primarily for financial return' means that the main reason why the investment was entered into, or is now being held, is to earn money.</p>
22.	<p>The direct financial benefits from ADDP will be the capital receipts generated and revenue savings from having a reduced operational estate. These savings will be fully costed and incorporated into the Medium Term Financial Strategy as the detailed disposal programme is developed. The indirect financial benefits will include potential future increases in council tax and business rates receipts where sites are redeveloped, and how they support the growth and prosperity and alignment to the city vision and master plan. The programme has targeted financial outcomes and dedicated specialist resource is required to deliver this high value programme at pace. Activity already undertaken through the Aecom commission and by securing a team of other professional roles, either directly employed, or secured through framework providers, will enable the ongoing delivery of the programme.</p>
<u>Property/Other</u>	
23.	<p>The council has an obligation to comply with S123 Local Government Act 1972 to secure best consideration reasonably obtainable on any disposal. It is critical that valuations are secured across all sites recommended for disposal or development. This is a significant programme which will instigate a requirement for large-scale disposals requiring resource and expertise beyond the staffing levels within the council's current Valuations</p>

	and Estates team. Properties of interest included in this report are those owned freehold or leasehold by the council.
LEGAL IMPLICATIONS	
<u>Statutory power to undertake proposals in the report:</u>	
24.	In addition to general powers under the Localism Act 2011, as previously outlined, the council has an obligation to comply with S123 Local Government Act 1972. Where best consideration is less than £2,000,000 below the market valuation then authorisation for transfer can be granted by the council providing the transfer contributes to the promotion/ improvement of economic well-being, promotion/ improvement of social well-being or the promotion/ improvement of environmental well-being.
25.	Where best consideration is greater than £2,000,000 below market valuation then a request to the Secretary of State for authorisation must be obtained. If such situations arise, they will be managed on a case-by-case basis after consultation with appropriate members.
<u>Other Legal Implications:</u>	
26.	The council has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and best value.
27.	Under s.111 of the Local Government Act 1972 the council has the power to do anything incidental to the exercising of any of its functions. The general power of competence under section 1 of the Localism Act 2011 gives local authorities a broad range of powers "to do anything that individuals generally may do" subject to limits within other legislation and there are no adverse limits on the proposed scheme under the current legislation.
28.	Proposals for disposal of assets used by the public will be subject to Equality Impact Assessments and potential mitigation measures under the Equalities Act 2010 and detailed impact assessments will be required for each individual disposal proposal.
RISK MANAGEMENT IMPLICATIONS	
29.	<p>There will be a robust risk management approach in relation to this programme through the development and ongoing review of the programme RAID log (risks, assumptions, issues, and dependencies) and thorough risk plans developed for individual buildings.</p> <p>The significant risks within the programme include:</p> <ol style="list-style-type: none"> 1. Securing the required budget to fund the ADDP and future transformation activity in 2024/25. Risk will be mitigated by securing a capital receipt from the sale of a council asset before the end of the current financial year. 2. Correct resources are procured without delays to enable asset development and disposal work to progress at pace to meet programme outcomes. This risk will be mitigated by ensuring the council can procure through frameworks to enable necessary resourcing (legal, valuations, disposals, surveying, procurement

	<p>expertise etc). Resource requirements will be continuously reviewed/monitored by the Programme Manager.</p> <p>3. Correct programme governance, including securing programme delegations to achieve robust/ swift decision making, is supported. The required delegations will be sought through consultation with elected members as outlined in this paper.</p> <p>4. The council will achieve best consideration from disposal of its assets. The council will procure the correct level of qualified surveying resources to ensure statutory obligations are achieved around best consideration.</p> <p>5. Decisions are made supporting the long-term regeneration and future growth of the city, balanced against the need to achieve an £85M disposals target. Securing a strategic partner to assess the opportunity for development and regeneration of sites, and production of a strategy, which aligns with the council's broader master planning ambitions will be key activity within the programme.</p>
30.	Any disposal of assets within the programme needs to be carefully planned and executed. The preparation stage is important, requiring an assessment of each building and its profile. Various factors need to be considered including the current use, condition, statutory compliances, and planning status. It will also be important to undertake a current market appraisal with valuation of each property. Detail outlining some of the information that will be included in a report to seek approval to take a particular route to dispose of a building can be found in Appendix 4.
POLICY FRAMEWORK IMPLICATIONS	
31.	The proposal in this report reflects the Council's Corporate Plan 2022-2030 and aspirations around a 'prosperous city'. It also supports the council's Local Development Plan (2013-2026) and Southampton City Council Housing Strategy (2016-2025).

KEY DECISION?	Yes (for Cabinet decisions)
WARDS/COMMUNITIES AFFECTED:	Potentially all
<u>SUPPORTING DOCUMENTATION</u>	
Appendices	
1.	Extract of Aecom's asset optimisation report (confidential)
2.	Detailed list of corporate and operational properties for disposal under the ADDP (confidential)
3.	Detailed list of investment and commercial properties for disposal and regeneration under the ADDP (confidential)
4.	An indication of the content of decision reports required for property disposal (confidential)

Documents In Members' Rooms

1.	Not applicable
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Equality Impact Assessment		
Do the implications/subject of the report require an Equality and Safety Impact Assessment (ESIA) to be carried out.		Yes
Data Protection Impact Assessment		
Do the implications/subject of the report require a Data Protection Impact Assessment (DPIA) to be carried out.		No
Other Background Documents		
Other Background documents available for inspection at:		
Title of Background Paper(s)	Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)	
1.	Aecom report	

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