

Public Document Pack

Cabinet

Tuesday, 26th November, 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
Corporate Services – 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 Compliance and Leisure– Councillor
Kataria

Cabinet Member for Communities and Safer City –
Councillor C Lambert

Cabinet Member for Housing Operations – Councillor A
Frampton

Cabinet Member for Adults and Health – Councillor Finn

Cabinet Member for Green City and Net Zero – Councillor
Savage

(QUORUM – 4)

Contacts

Cabinet Administrator

Judy Cordell

Tel. 023 8083 2766

Email: judy.cordell@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)

2024	2025
25 June	7 January
16 July	28 January
27 August	25 February (Budget)
17 September	25 March
29 October	29 April

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

26 November	
17 December	

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 4.

Other Interests

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

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

Any public authority or body exercising functions of a public nature

Any body directed to charitable purposes

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

Principles of Decision Making

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

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

In exercising discretion, the decision maker must:

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

AGENDA

1 **APOLOGIES**

To receive any apologies.

2 **DISCLOSURE OF PERSONAL AND PECUNIARY INTERESTS**

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

EXECUTIVE BUSINESS

3 **STATEMENT FROM THE LEADER**

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

Record of the decision making held on 29 October, 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 **COURT LEET PRESENTMENTS 2024** (Pages 5 - 22)

To consider the report of the Director of Legal and Governance detailing the Presentments accepted at Court Leet, actions taken to date and Cabinet Members or Officers identified to lead on the responses and any further action.

9 **RESPONSE BY CABINET MEMBER FOR HOUSING TO PRIVATE SECTOR HOUSING SCRUTINY REPORT - HOW TO GET A BETTER DEAL FOR PRIVATE RENTERS IN SOUTHAMPTON.** □ (Pages 23 - 32)

To consider the report of the Cabinet Member for Housing Operations outlining the Council's response to the Private Sector Housing Scrutiny Report - How to get a better

deal for private renters.

10 ADDITIONAL LICENSING SCHEME FOR HOUSES IN MULTIPLE OCCUPATION (HMOS) □ (Pages 33 - 38)

To consider the report of the Cabinet Member for Housing Operations and seek approval for public consultation on the proposal for designation of an additional HMO licensing scheme covering Banister and Polygon, Bevois, Bargate, Portswood, Swaythling, Bassett, Freemantle, Shirley and Millbrook wards.

11 PRIVATE SECTOR LEASING SCHEME □ (Pages 39 - 70)

To consider the report of the Cabinet Member for Housing Operations seeking approval for a Private Sector Leasing Scheme to help reduce the use of emergency accommodation.

12 STARTPOINT SHOLING DAY NURSERY □ (Pages 71 - 114)

To consider the report of the Cabinet Member for Children and Learning seeking approval to close Startpoint Sholing Day Nursery.

13 CORPORATE PERFORMANCE REPORT (Pages 115 - 134)

To consider the report of the Leader of the Council detailing Corporate Performance Report providing a high level overview of the performance of the organisation.

14 FINANCIAL POSITION UPDATE (Pages 135 - 184)

To consider the report of the Cabinet Member for Finance and Corporate Services providing an update on the Council's financial position for 2024/25.

Monday, 18 November 2024

Director of Legal and Governance

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SOUTHAMPTON CITY COUNCIL
EXECUTIVE DECISION MAKING

RECORD OF THE DECISION MAKING HELD ON 29 OCTOBER 2024

Present:

Councillor Fielker	-	Leader
Councillor Letts	-	Cabinet Member for Finance and Corporate Services
Councillor Finn	-	Cabinet Member for Adults and Health
Councillor C Lambert	-	Cabinet Member for Communities and Safer City
Councillor Kataria	-	Cabinet Member for Compliance and Leisure
Councillor Savage	-	Cabinet Member for Green City and Net Zero
Councillor Winning	-	Cabinet Member for Children and Learning

Apologies: Councillor Bogle, A Frampton and Keogh

30. MTFS QUARTER 2 UPDATE

Decision Made: (CAB 24/25 46138)

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

- (i) Note the updated medium term financial forecast as set out in Appendix 1.
- (ii) Approve indicative cash limits as a planning guide, recognising these may be refined and updated during the budget process, as set out in paragraph 70 of Appendix 1.
- (iii) Agree the next steps to developing the MTFS and creating a balanced budget, including the development of service business plans to enable Directorates to manage within the cash limit targets.

31. FINANCIAL POSITION UPDATE

Decision Made: (CAB 24/25 46136)

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

- (i) Agree the £2.16M adjustments to be made to directorate budgets to reflect further sustained favourable variances reported at month 6 of 2024/25 due to transformation and other measures, to be transferred to centrally held contingency to reduce the reliance on Exceptional Financial Support (EFS), as set out in paragraph 6.
- (ii) Agree the progress being made to deliver on the Deficit Recovery Plans that have been developed to mitigate forecast overspends in several specified budget areas, as set out in paragraph 7.

- (iii) Recommend Council approve the virement of £24.30M Social Care Grant income budget from Non-Specific Government Grants (Centrally Held Funding) to Children & Learning (£9.53M) and Community Wellbeing (£14.77M) to reflect a change in the grant conditions from an un-ringfenced to a ringfenced grant, as set out in paragraph 8.

32. TRANSFORMATION UPDATE (OCTOBER)

Decision Made: (CAB 24/25 45930)

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

- (i) That Cabinet agrees the updates to the expected outcomes of the Portfolios of activities within the adapt | grow | thrive Transformation Programme, including the approval of Full Business Cases, as set out in the 'key progress and next steps' sections for each Portfolio, within the main appendix – "Transformation Update-October 2024".
- (ii) Agrees the £9m of expected savings from the delivery of transformation activities for 2024/25, supported by updated business cases set out within the main appendix – "Transformation Update- October 2024"
- (iii) Agrees the approach to staff engagement and consultation set out within the main appendix – "Transformation Update-October 2024"

33. COUNCIL RIGHT TO BUY RECEIPT PROPOSALS AND APPROVAL TO SPEND

Decision Made: (CAB 24/25 46123)

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

- (i) That Cabinet approve the expenditure of up to £5m of the Right to Buy receipts collected in 2019/20 on a pilot programme of property purchases under the temporary flexibilities granted by Government during the 2024/25 and 2025/26 financial years.
- (ii) That Cabinet grant delegated powers to the Director of Housing after consultation with and the Executive Director of Enabling Services, Executive Director of Growth and Prosperity, the Director of Legal and Governance and the Cabinet Member for Housing, to agree and approve the detail of the pilot programme of purchases in line with the details set out in this paper.

34. COLLECTIONS DEVELOPMENT POLICY 2024-2029

Decision Made: (CAB 24/25 45878)

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

- (i) To approve the Museums and Archives Collection Development Policy 2024–2029 (see Appendix 1) within the Culture & Tourism Division, as the collections development and acquisition and disposals policy for artefacts and material held in trust for the public by Southampton City Council (SCC).
- (ii) To approve delegated authority to the Head of Service to revise the policy if required, following consultation with the Cabinet Member.

35. GREEN INFRASTRUCTURE STRATEGY DELIVERY PLAN

Decision Made: (CAB 24/25 45975)

On consideration of the report of the Cabinet Member for Green City and Net Zero and having received representations from Councillor Barbour and Mr White, Cabinet approved the following:

- (i) Adopt the Green Infrastructure Strategy Delivery Plan

36. ANNUAL COMPLAINTS REPORT 2024

This item was withdrawn at the meeting.

37. COMMERCIAL WASTE TRANSFER AND DISPOSAL SERVICES

Decision Made: (CAB 24/25 45990)

On consideration of the report of the Cabinet Member for Environment and Transport. Cabinet approved the following:

- (i) To approve a formal procurement process for a waste transfer and disposal contract for the transfer and disposal of commercial waste.
- (ii) To delegate authority to the Executive Director - Resident Services to carry out the procurement process and to enter into a contract for the delivery of the service in accordance with the Contract Procedure Rules.
- (iii) To authorise the Executive Director - Resident Services, following consultation with the Cabinet Member for Environment and Transport, to take all necessary actions to give effect to the recommendations of this report.

38. LEASE RESTRUCTURE ON WEST QUAY RETAIL PARK

Decision Made: (CAB 24/25 46125)

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

- (i) To approve the proposed changes to the existing lease and recommendations set out in Confidential Appendix 1.
- (ii) To delegate authority to the Chief Executive following consultation with the Leader and Executive Director of Growth and Prosperity to finalise the detailed terms of the agreements required and all other ancillary legal documentation to support the delivery of the redevelopment of the area.

DECISION-MAKER:	CABINET
SUBJECT:	COURT LEET PRESENTMENTS 2024
DATE OF DECISION:	26 NOVEMBER 2024
REPORT OF:	DIRECTOR – LEGAL and GOVERNANCE

<u>CONTACT DETAILS</u>			
AUTHOR:	Title	Democratic Support Officer	
	Name:	Ed Grimshaw	Tel: 023 8083 2390
	E-mail:	Ed.Grimshaw@southampton.gov.uk	
Director	Title	Director of Legal and Governance	
	Name:	Richard Ivory	Tel: 023 8083 2794
	E-mail:	Richard.Ivory@southampton.gov.uk	

STATEMENT OF CONFIDENTIALITY	
None	
BRIEF SUMMARY	
The purpose of this report is to bring to the Executive’s attention the Presentments accepted by Court Leet, the action taken to date and to identify Lead Officers and Members for future actions.	
RECOMMENDATIONS:	
	(i) that the initial officer responses to the Presentments approved by the Court Leet Jury, as set out in Appendix 1, be noted; and
	(ii) that individual Cabinet Members ensure responses are made to Presenters regarding presentments within their portfolios as appropriate and as soon as practically possible.
REASONS FOR REPORT RECOMMENDATIONS	
1.	The Executive has agreed that Court Leet Presentments will be reported to the Executive for consideration and ultimately determination.
ALTERNATIVE OPTIONS CONSIDERED AND REJECTED	
2.	The decision was previously made by the Executive to proceed in this manner; therefore this is the only approach considered appropriate.
DETAIL (Including consultation carried out)	
3.	Appendix 1 lays out in brief the Presentments received by Court Leet on 1 st October 2024 with details of Lead Officers and Cabinet Members responsible, together with an initial response to each of the Presentments.
4.	The Presentments, once received, have been shared with Lead Officers and Lead Members; responses (and any action required) will be subject to the Council’s normal decision-making processes and therefore, consultation at this time.

RESOURCE IMPLICATIONS	
<u>Capital/Revenue</u>	
5.	None
<u>Property/Other</u>	
6.	None
LEGAL IMPLICATIONS	
<u>Statutory power to undertake proposals in the report:</u>	
7.	Court Leet is maintained as a valid Court Leet, but only for purpose of taking Presentments on matters of local concern under the Administration of Justice Act 1977. Any proposals to implement any Presentments will be considered in due course by the appropriate decision-maker, and at that point legal issues will be taken into account.
<u>Other Legal Implications:</u>	
8.	None.
RISK MANAGEMENT IMPLICATIONS	
9.	None.
POLICY FRAMEWORK IMPLICATIONS	
10.	None
KEY DECISION?	No
WARDS/COMMUNITIES AFFECTED:	None
<u>SUPPORTING DOCUMENTATION</u>	
Appendices	
1.	Summary of Presentments and details of Lead Officers and Members Responsibility and Initial Response of Presentments
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

COURT LEET 2024

Number	PRESENTER	TITLE
1	Junior Conservationists/ Gavin Miller	Sewage Pollution Warning Notices for the Itchen Estuary
	<p>The Itchen Estuary with its sheltered waters, long high tides and proximity to the Solent has been central to the history and development of Southampton.</p> <p>Many of our estuary’s wildlife rich saltmarshes and green riverbanks have been lost to development over the centuries but much still remains. This precious blue green space in our city has huge value for biodiversity, ecology, mental and physical well-being and for recreation.</p> <p>During the 19th century, as Southampton became more prosperous and populous, lack of a proper sewage system led to serious pollution of the Itchen and Test estuaries, foul smells and sewage flooding of dwellings.</p> <p>Fortunately, a gifted civil engineer, was appointed by the Southampton Corporation to clean up the town of Southampton. James Lemon brought to Southampton his experience of the sanitation engineering needed by London to bring cholera outbreaks and appalling River Thames sewage pollution under control.</p> <p>On the 18th of December 1871 the corporation passed a resolution enabling acquisition of land at St Denys for sewage treatment. Following completion of the St Denys works, Portswood and St Denys, alongside the estuary with its abundant fish and wildlife, became recognised as one of the most pleasant residential areas of Southampton.</p> <p>However, late 20th century lack of continuing investment resulted in a steady deterioration of Itchen water quality. The 1989 water industry privatisation promised to release the investment needed to clean up England’s rivers and seas. This promise has failed to materialise. Our rivers are now frequently treated as open sewers. Southampton’s 21st century standard of sewage treatment often resembles Southampton’s 19th century completely inadequate sanitation.</p> <p>Friends of the Itchen Estuary and the Junior Conservationists have found very high levels of E coli in the estuary. Our findings are beyond doubt and based on over 150 water quality tests, three quarters of which have been</p>	

COURT LEET 2024

performed by a UKAS accredited laboratory. Over 100 of these tests have found E coli levels which are between 2 and 10 times higher than the level regarded by the Environment Agency as safe for swimming.

We have heard many first-hand accounts of gastrointestinal and skin infections after swimming, rowing and canoeing. Southern Water has a copy of our extensive May Itchen E coli report. It has said there is no likelihood of Portswood having the tertiary sewage treatment processes which have been installed at Woolston and Millbrook sewage plants to sterilise continuously flowing sewage effluent. Going by Southern Water's own figures, 6 Olympic swimming pools' worth of sewage effluent and 140 trillion E coli pour into the Itchen Estuary from Portswood sewage works every day, rain or shine, summer and winter.

The public health risks of high faecal pathogen levels are well known. In March this year, following the discovery of very high River Thames E coli levels, Oxford and Cambridge Boat Race rowers were advised not to enter the water and to cover any wounds. Three members of the Oxford team suffered from gastrointestinal infections. Friends of the Itchen Estuary has reported E coli levels at Cobden Bridge over three times higher than those reported for the River Thames in March.

Friends of the Itchen Estuary and the Junior Conservationists request permission to place warning notices in prominent positions around the estuary. These notices would make people aware of high Itchen E coli levels, the risks of infection from faecal pathogens and would also include risk minimisation advice. For example, covering cuts, showering after water activities, and washing hands before eating.

We hope Southampton City Council will agree there is a moral responsibility to make people aware of the public health risk posed by dangerously high Itchen faecal pathogen levels and will agree to our request.

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	Cabinet Member for Green City and Net Zero Responsible Officer Lead Debbie Ward	Councillor Savage
RESPONSE		
<p>Southampton City Council is concerned by the high levels of E. Coli recorded in the River Itchen and the Cabinet Member and relevant officers have meet with Mr Millar to discuss the sampling activity undertaken and the proposal to introduce warning signage in more detail.</p> <p>While Southampton City Council is not the regulator of the Portswood Waste Water Treatment Works, which is the role of the Environment Agency, we are engaged in discussions with Southern Water and the Environment Agency on this and related matters, and incorporated the perspectives of the Junior Conservationists and Mr Millar to inform our work in this area.</p> <p>Southampton City Council is concerned that the current regulatory arrangements in place to ensure our waters are not sufficient to hold those polluting our waters to account to act and intend to ask the national government to review this.</p>		
Number	PRESENTER	TITLE
2	ANDY GRAVELL	Impact and Benefits of Tourism
<p>On 21st September there was a Southampton home game, 2 cruise ships in port, and a peak day for boat show visitors. Traffic backed up along the A33 between Queens Park and Millbrook station, with delays of 30 minutes. It was lucky there were only 2 ships in port, as previously three were shown on the timetable. In fact, every day with 3 or more cruises starting from Southampton, the traffic backs up.</p> <p>Next year there are currently 62 such days scheduled. There is an economic cost to these delays, not to mention the pollution.</p>		

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	<p>It has been claimed* that each cruise ship brings £2M into the local economy. Around 600 cruises start here each year. The average salary is £30K, so these cruises should support 40,000 local jobs.</p> <p>It is also claimed# that the boat show adds £25M local value. If so, this event should support over 800 local jobs.</p> <p>It seems clear that most of these jobs do not exist, or are not local. One reason might be that many of these visitors drive in and out without buying anything from any Southampton business. A professional economic analysis would, moreover, take into account negative impacts such as traffic delays and consequential loss of earnings for other local businesses.</p> <p>I therefore urge the council to:</p> <ol style="list-style-type: none"> 1) commission an independent professional report into the local impacts and benefits of tourism 2) use the insights generated to mitigate the impacts and optimise the benefits 3) encourage more visitors to stay in Southampton rather than just driving in and out <p>* https://www.countypress.co.uk/news/24206282.cunards-queen-anne-welcomed-southampton-flotilla/</p> <p># https://planningpublicaccess.southampton.gov.uk/online-applications/applicationDetails.do?activeTab=neighbourComments&keyVal=S4FF1DOZMJS00</p>	
	<p>Cabinet Member Responsible Leader of The Council Officer Lead Stephen Haynes</p>	<p>Councillor Fielker</p>
<p>RESPONSE</p> <p>Thank you for your helpful presentment as it touches on matters that we are seeking to address through the recently established Destination Partnership (DP). The DP focuses on improving tourism in the city and collecting evidence and data from a variety of sources to build a picture of the benefits and impacts of tourism. This includes addressing issues around, for example, transport, scheduling of festivals and events, marketing and communications and creating a place that local residents can enjoy and visitors wish to stay and experience. Through partnership collaboration the aim is to pool resources to maximise the opportunities to, ensure the City and its residents benefits from tourism. As a result of the DP work we expect to see an increase in employment opportunities related to tourism. The DP comprises stakeholders such as ABP, Carnival, Southampton Airport, South Western Rail, University of Southampton, Southampton Solent University, Blue Star, British Marine, Southampton Airport, Southampton Forward, GO! Southampton, the Hoteliers Association and the Council, who are working together to create a sustainable destination city.</p>		

COURT LEET 2024

Number	PRESENTER	TITLE
3	Mrs Chorley City of Southampton Society	The Future of South Stoneham House
	<p>South Stoneham House, built c1708 is a Grade 2 Queen Anne building of national importance built on the site of an ancient manor. It was probably designed by Nicholas Hawksmoor, pupil of Sir Christopher Wren. Later in the 1770's the grounds were landscaped by Capability Brown.</p> <p>It has been owned by the University of Southampton since 1920 to home students, but has been empty since 2005. It is on the save Britain's Heritage register of buildings at risk deteriorating both inside and outside with water damage both inside and outside with clear water damage on the exterior.</p> <p>Repairing and preserving the building is becoming urgent as is finding a new use for it. We urge the Southampton City Council, owner of the landscape surrounding area of the unique grounds to work with the university to ensure that South Stoneham House is repaired and preserves and brought back into use.</p>	
	Cabinet Member Responsible Leader of the Council Officer Lead Stephen Haynes	Councillor Fielker
<p>RESPONSE</p> <p>Following a recent query raised by a member of the public, the Council's Historic Environment Officer has visited the property and noted the poor condition of the brickwork/downpipes, and the level of vegetation ingress around the base of the building to the front and back. The balcony ironwork on the southern elevation is also an area of concern.</p> <p>When comparing to images taken of the building in October 2023 - the property appears to be deteriorating. This is a grade II* listed building, and officers have informed the University Planning Liaison Officer to contact the owner of the property (the University), advising that it is imperative that the building is made safe and secure from water/vegetation ingress at all times and that they must seek to implement measures to address the issues outlined above as a matter of urgency whilst proposals for its future reuse continue to be explored.</p>		

COURT LEET 2024

Number	PRESENTER	TITLE
4	Graham Linecar Southampton Commons and Parks Protection Society	Mayflower Park
	<p>SCAPPS is disappointed, after years of correspondence and meetings, so little has been done to make improvements. Funding is a major constraint. My presentment asks for a more pro-active approach in seeking and securing funding from external sources so individual Park improvements can go-ahead more quickly. For example, the City Council recently allowed Carnival UK to use part of the Park for a corporate hospitality event; has the City Council agreed more such events? It shows Carnival’s appreciation of the special qualities of Mayflower Park. They could be asked to help fund Park improvement projects to which they can put their brand-name, such as installation of information boards about the Port and cruise ships to be seen from the Park.</p> <p>Second, my presentment asks ways be found to break what seems to be becoming an annual cycle of newly restored grass being immediately damaged by an event. Over the past 12 months, the main grass area was fenced-off from recreation use for 4 or 5 months for recovery after re-seeding, and then 1 month each for, first, Seawork then the Boat Show – and may well have to be closed-off again this autumn for repair of damage from events.</p>	
	Cabinet Member for Green City and Net Zero	Councillor Savage
	Responsible Officer Lead Debbie Ward	Debbie Ward, Executive Director – Resident Services
<p>RESPONSE</p> <p>Regarding the recent event hosted by Carnival UK at Mayflower Park, this arrangement was approved with the understanding that it would remain open to the public, and the organisers assured us that the activities would primarily take place on the hard standing area to minimise any risk to the grass. This event was not intended to be a private gathering. While there are no current plans for similar events, should such opportunities arise in the future, we will ensure that any event is fully accessible to the public, and that appropriate measures are in place to protect the park.</p>		

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We fully understand the concerns about the repeated wear-and-tear on the grassed areas of Mayflower Park. The City Council is conscious of the need to strike a balance between hosting events that bring significant social and economic benefits to the city, and maintaining our parks as spaces for the public to enjoy throughout the year. Southampton is fortunate to have extensive green spaces, and, in comparison with cities of a similar size, only a small proportion of our parks is used for events over relatively short periods.

The ability to access sufficient funding to maintain and improve parks is a long term problem going back several decades. Significant funds from s106 and CIL have been invested in the parks over a number of years however, the availability of this funding is variable, and a more consistent income stream is required. The need for a more structured approach to funding has been recognised and incorporated into the Council's Green Infrastructure Strategy Delivery Plan through its first action which is to:

1.1.1 "Develop a "grant ready" project list and a funding plan, identify and prioritise projects needed to enhance, extend and connect the green and blue infrastructure (GI) across the city to form a network, a green grid."

The Green Grid covers all green and blue infrastructure in the city and its core components are the parks and greenspaces. A range of funding sources will be identified including grants, sponsorship and investment from companies wishing to meet their Environmental, Social and Governance obligations. Officers will involve SCAPPS in the development of this plan.

The council remains committed to investing in our green spaces. This includes the ongoing development of the Mayflower Park Management Plan, which benefits in part from income generated by events held in the park. We acknowledge that the Southampton International Boat Show has encountered difficulties in recent years, particularly due to adverse weather. This year, a new trackway system was introduced, which has helped to reduce the extent of damage, though the heavy rainfall in September has unfortunately delayed some of the repair work. As the weather improves, further repairs will take place, and we are optimistic that we will not need to fence off large sections of the park this autumn. Additionally, we are pleased to confirm that the organisers of the upcoming fireworks display have chosen to remain on the hard standing, which will further safeguard the grass.

The City Council is always looking for opportunities to secure external funding for park improvements, and we appreciate your suggestion regarding potential partnerships with organisations like Carnival UK for example. We will certainly explore this idea further as part of a wider funding plan to enhance green spaces.

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Number	PRESENTER	TITLE
5	Graham Linecar Southampton Commons and Parks Protection Society	Mount Pleasant PSPO, and the Veny
	<p>The Cabinet has confirmed a Public Space Protection Order closing a path from Mount Pleasant Road to Empress Road. The adjoining recreation ground was closed and fenced-off some 7 years ago, and has been left unused and derelict despite being in an area deficient in local access to green space. My presentment asks for early decisions so the footpath too is not left derelict. The Cabinet did not confirm a PSPO closing the Veny green space/play area. My presentment asks for commitment it will remain a green space, with arrangements for maintenance and management.</p> <p>Those arrangements have to recognise problems of criminal and anti-social behaviour. SCAPPS supports earlier proposals to transfer control of both, and responsibility for maintenance and management, to respective adjoining schools, with Community Use Agreements specifying how the local community can access and use the land. It's SCAPPS understanding, following grant of planning permission for change of use, Town and Country Planning Act powers could be used to extinguish respective rights of way. My presentment asks for commitment to commence procedures.</p>	
	<p>Cabinet Member for Green City and Net Zero</p> <p>Responsible Officer Lead Debbie Ward</p>	<p>Councillor Savage</p> <p>Debbie Ward, Executive Director – Resident Services</p>
<p>RESPONSE</p> <p>Southampton City Council has initiated public dialogue and maintains a commitment to further consultation over the future of the Mount Pleasant Road / Empress Road footpath and adjacent green area; this area will be maintained pending any decisions over its future.</p>		

COURT LEET 2024

Southampton City Council recently closed the Venny to clean the area and undertake repair works; it is now open and Southampton City Council will likewise continue to maintain this asset.

The relevant Cabinet Members and officers are happy to meet with Mr Linecar and the Southampton Commons and Parks Protection Society to discuss their views and better understand their queries regarding Public Space Protection Orders and Town and Country Planning Act powers, to inform our future decisions on these matters.

COURT LEET 2024

Number	PRESENTER	TITLE
6	Graham Linecar Southampton Commons and Parks Protection Society	South Stoneham House and grounds, Woodmill Outdoor Activities Centre
	<p>SCAPPS endorses the City of Southampton Society’s presentment asking the City Council uses its powers and influence to require Southampton University to provide a report on the condition of South Stoneham House and to undertake urgent repairs and maintenance to halt deterioration. In the 1770’s, Lancelot ‘Capability’ Brown landscaped the grounds. They still show, on a small scale, typical elements of a Brown design – lawns, with cedar and other specimen trees, running down to water with a vista out to a wider landscape. Ownership of the landscaped grounds has been split. Southampton University own the House and garden, the City Council owns the continuation of the grounds across the Monks Brook, now the Outdoor Activities Centre.</p> <p>My presentment asks 1 for the University to be pressed to propose a new use protecting integrity of the House and its landscaped setting 2 for the City Council, as owner of the land between Monks Brook and the Itchen, and of Riverside Park beyond, to work with the University to enhance at least the spirit of the Brown landscape 3 for the combined area to be considered ‘green open space’ for purposes of Core Strategy policy CS21 and draft Local Plan policy EN4.</p>	
	<p>Cabinet Member for Green City and Net Zero</p> <p>Officer Lead Stephen Haynes</p>	Councillor Savage
<p>RESPONSE</p> <p>As a part of the council’s leisure transformation options for the future of the Woodmill Outdoor Activity Centre are being considered. Southampton City Council is working with The University of Southampton on options for the area.</p> <p>With regard to “the combined area to be considered ‘green open space’ for purposes of Core Strategy policy CS21 and draft Local Plan policy EN4.”, the council can confirm that the Woodmill Outdoor Activity Centre and parts of the surrounds to South Stoneham House are a form of open space as per the current National Planning Policy Framework definition which states:</p>		

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“Open space: All open space of public value, including not just land, but also areas of water (such as rivers, canals, lakes and reservoirs) which offer important opportunities for sport and recreation and can act as a visual amenity”.

For the purpose of adopted policy CS21 of the Core Strategy and policy EN4 of the emerging Southampton City Vision Local Plan, these areas would indeed be considered as open space against the current definition.


For the emerging Local Plan however, it should be noted that the council intends to undertake a new Open Spaces Study, in which we will ensure that these sites are more thoroughly assessed along with others. The results from this study will be used in deciding which sites are allocated as key open spaces within the plan. However, non-allocation would not diminish the fact that any site which is offering open space as per the NPPF definition at the time will be considered as such for planning purposes.

With regards to the House, this is a grade II* listed building, and officers have informed the University Planning Liaison Officer to contact the owner of the property (the University), advising that it is imperative that the building is made safe and secure from water/vegetation ingress at all times and that they must seek to implement measures to address the issues outlined above as a matter of urgency whilst proposals for its future reuse continue to be explored.

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Number	PRESENTER	TITLE
7	Pamela West	Woolston Link Step
<p>I would like to make a presentiment to the court regarding the state of the steps leading to the bus stop at the Woolston Link stop for buses going across the Itchen bridge to Southampton.</p> <p>Funds have been spent on the adjoining car park and disablement ramp but the steps leading to the bus stops would appear to have been overlooked.</p> <p>The steps are in a sorry state and a serious accident is just waiting to happen. Some of the slabs have been dislodged and are jutting out at an angle causing a serous trip hazard to any pedestrian going up the steps to catch a bus especially if they are in a hurry if there is a bus at the bus stop or they are partially sighted. Coming down the steps is also hazardous due to the angles of the protruding steps and shadows on a bright day.</p> <p>This is in normal daylight hours. In the evening when it is dark it is more difficult to see the slabs which are protruding and the steps are an increased hazard to any person using them. Photographs of the steps are attached.</p> <p>This Morning I see that the steps going up to the bus sto, on the left hand side have been displaced and are even more of a danger to the public.</p> <p>The state of these steps are such that this is just an accident waiting to happen.</p> <p>Can the Council do anything to remove this hazard and repair the steps?</p>		

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	<p>Cabinet Member Responsible Environment and Transport</p> <p>Officer Lead</p>	<p>Councillor Keogh</p> <p>Stephen Haynes, Executive Director – Growth & Prosperity</p>	
<p>RESPONSE</p> <p>The hazard posed by these steps was raised by Councillors in September 2024 and in a separate representation made by the Cabinet Member for Environment and Transport to Mr Colin Perris, Service Manager, Highways. Mr Perris has ensured that our contractor (Balfour Beatty Living Places) is aware and will undertake a visit to carry out repairs as soon as possible – at the time of writing a date of attendance has been scheduled for 20th November 2024.</p>			

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Number	PRESENTER	TITLE
8	Peter Wyatt	Usage of Public Land in Redbridge
	<p>I would like to bring to the attention, that access to tidal waters in Redbridge as been lost and the closure of a public footpath from Studland Rd to Gover Rd, that leads to lost of usage of public land.</p> <p>A local place known as Nine Elms one end (the 5 arch pack and pass bridge) is a Public Hard, there used to be gates that cross the railway that gave entrance to the public hard, the stonewall that use to be there but was removed at the start of the war, so the bridges could be protected the wall use to be the separation between public and BarkerMills land which was the 3 paddocks that were separated with a hedgerow from public land, most of the hedgerow was removed at the same time the wall was levelled down to ground level (the wall foundations are still there, you are able to see the foundation when standing on the gravel and a 6-inch embankment as been created by the water) At the Gover rail gates end, this gate originally was a lot lower (5 bar wooden gate) and there was a plate that indicated the fine for leaving the gate open, when you pass though and cross the rail line and into Nine Elms when you got pass the old allotment to the left was a gate that took you to the 3 paddocks, and the start of the hedgerow and the location of the first elm tree, you follow this round, and you come where the 5th elm tree was located, which used to carry a plate that told people rights about able to fish, swim, boating, then you carried on to where the last elm tree was located and the stone beach, it was this tree we use to have a rope swing over the water, go pass this point, and you will see a slope the top of the slope was where the hedgerow use to be, this slope would get lower as you move towards the bridges and ended at the wall, Also, another spot that stopping people from using the water is the landing stage under the Rail Line, this is a public landing spot and was put in because of the rail line block people access below the bridges.</p> <p>When Pat Bear (was a councillor for Redbridge and Mayor of Southampton before her retirement) alive, we were working on this together, but we ran out of time because of old age. I will be taking this fight up again, there is a man that lives in Canada that came back to Redbridge to have a look round and when he saw the anti-fishing bars and the no fishing signs on the bridges he went and see the council concern and with in a week they were removed, I have been trying to find this man or his family for information that he knows</p> <p>I do realise this will take time, to get all this public land and rights back in use, also like to point out the public footpath that is now blocked off for public use, as been there long before any buildings were erected in the area, before there was a canal and rail-road, it does date back a number of hundreds of years</p>	

COURT LEET 2024

	Cabinet Member Responsible Environment and Transport Officer Lead Stephen Haynes	Councillor Keogh Stephen Haynes, Executive Director – Growth & Prosperity
RESPONSE The relevant Cabinet Members and officers are happy to meet with Mr Wyatt at the areas referenced above to understand the issues referred to and discuss possible solutions.		

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DECISION-MAKER:	CABINET
SUBJECT:	SCRUTINY INQUIRY PANEL - HOW DO WE GET A BETTER DEAL FOR PRIVATE SECTOR RENTERS IN SOUTHAMPTON?
DATE OF DECISION:	26 th NOVEMBER 2024
REPORT OF:	COUNCILLOR ANDY FRAMPTON CABINET MEMBER FOR HOUSING OPERATIONS

<u>CONTACT DETAILS</u>			
Executive Director	Title	Executive Director – Resident Services	
	Name:	Debbie Ward	Tel: 023 8254 3351
	E-mail:	Debbie.ward@southampton.gov.uk	
Author:	Title	Director, Environment	
	Name:	Ian Collins	Tel: 023 8083 2089
	E-mail:	ian.collins@southampton.gov.uk	

STATEMENT OF CONFIDENTIALITY	
NOT APPLICABLE	
BRIEF SUMMARY	
This report sets out the Executive’s responses to the recommendations of the Scrutiny Inquiry Panel into a better deal for private sector renters in Southampton	
RECOMMENDATIONS:	
(i)	That the Cabinet approves the responses detailed in Appendix 1 for submission to the Overview and Scrutiny Management Committee.
REASONS FOR REPORT RECOMMENDATIONS	
1.	The Council constitution provides that the Executive should respond to Scrutiny inquiry recommendations.
ALTERNATIVE OPTIONS CONSIDERED AND REJECTED	
2.	None.
DETAIL (Including consultation carried out)	
3.	In 2023/24 a Scrutiny Inquiry Panel was formed to identify opportunities to improve outcomes for private sector renters in Southampton.
4.	The objectives of the Inquiry were: a. To identify the challenges and concerns of private sector renters in Southampton. b. To understand existing plans and opportunities to address the identified challenges.

	<p>c. To identify good practice being employed to get a better deal for private sector renters in the UK and beyond.</p> <p>d. To identify what initiatives and approaches could work well in Southampton to improve outcomes for private sector renters.</p>
5.	<p>The Scrutiny Inquiry Panel made 10 recommendations to improve the conditions and standards for private sector renters in Southampton through effective enforcement, grouped in the following categories:</p> <ul style="list-style-type: none"> • To help target enforcement action and facilitate the future use of available enforcement tool • To implement the pyramid of responsive regulation approach • To provide transparency to the Council's approach, utilise available expertise, and demonstrate political commitment
6.	<p>The Executive's response to each of these recommendations is detailed in Appendix 1.</p>
RESOURCE IMPLICATIONS	
<u>Capital/Revenue</u>	
7.	<p>Where required, the financial implications have been considered in the relevant responses in Appendix 1. The costs associated with measures identified in the responses, for which the Council would be responsible, will generally be met from existing budgets. Possible options for funding the housing condition survey are currently being explored as part of the current business planning process.</p>
<u>Property/Other</u>	
8.	<p>None.</p>
LEGAL IMPLICATIONS	
<u>Statutory power to undertake proposals in the report:</u>	
9.	<p>The powers to undertake scrutiny inquiries are set out in the Local Government Act 2000 and the Health and Social Care Act 2001.</p>
<u>Other Legal Implications:</u>	
10.	<p>None.</p>
POLICY FRAMEWORK IMPLICATIONS	
11.	<p>None.</p>

KEY DECISION?	Yes
WARDS/COMMUNITIES AFFECTED:	All
<u>SUPPORTING DOCUMENTATION</u>	
Appendices	
1.	Appendix 1: Response to scrutiny inquiry recommendations.
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.	

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Appendix 1.

How do we get a better deal for private sector renters in Southampton? - Final Report Recommendations

#	<u>Recommendation</u>	<u>Accepted?</u> <u>(Y/N)</u>	<u>Draft Response / Associated Actions</u>	<u>Lead Executive Director</u>
Affordability of renting in the private rented sector To improve the affordability of private rented housing in Southampton the following actions are recommended:				
1	That the final version of Southampton City Vision Local Plan retains the ambitious housing delivery figures for the city, maintains an ambitious policy position for the delivery of affordable housing through major planning applications, and that the Council commits to facilitating the delivery of 8,000 affordable homes by 2040.	Y	Local Planning Authority housing targets are dictated by the Government’s standard methodology for calculating housing need. The emerging Southampton City Vision Local Plan does, and will continue to, use the Government’s adopted method for its housing need calculation. The emerging plan will also maintain an ambitious policy position for the delivery of affordable housing, but the percentage of affordable homes to be sought on major applications will be determined by the resulting of specialist evidence. Using this evidence to make the decision on the correct level of affordable housing contribution for new development is required to ensure the emerging policy is considered ‘sound’, as required by paragraph 35 of the National Planning Policy Framework (NPPF), and therefore defensible at independent examination. It is not the role of the Local Plan to provide a commitment to the exact number of affordable homes to be delivered, rather this is a decision for Cabinet given the complexities of affordable housing delivery which will likely need input from various Council teams and partners, plus additional evidence/analysis, to ensure the decision is made from a well-informed position.	Stephen Haynes
2	That partners develop and update a database of market rent levels in Southampton to support the work of the Valuation Office.	Y	This will be explored with the Data team	Debbie Ward
Security and stability in the private rented sector To improve the security and stability of tenants in private rented housing in Southampton the following actions are recommended:				
3	That Southampton City Council develops and embeds a range of creative	Y	The Housing Needs Team are currently scoping an initiative to work with private sector landlords through a private sector leasing scheme. This scheme aims to	Debbie Ward

	solutions, including the Call B4 You Serve initiative, to work with landlords and tenants in the private rented sector, at the earliest opportunity, to prevent homelessness.		increase the options for landlords to work with SCC at the same time increase SCC's access to additional temporary accommodation units. The Call B4 You Serve initiative aims to engage with landlords at the earliest opportunity to help prevent homelessness. We are currently identifying the most appropriate team within our existing structure to undertake this work.	
Housing conditions in the private rented sector				
To improve the conditions and standards for private sector renters in Southampton through effective enforcement the following actions are recommended:				
4	To help target enforcement action and facilitate the future use of available enforcement tools Commission a private sector housing conditions survey. This is vitally important in developing a scientific basis for understanding housing conditions and targeting enforcement action in a proactive and structured fashion	Y	A private sector housing conditions survey was tendered in 2022/23 and did not attract any initial interest. After some further work, conversations were had with a possible provider, however it became clear that the cost of such a survey would be circa £500K. Built into the MTFs is a budget of £250K in 2025/26 for this. There was originally a £250K allocation 2024/25 too but this was ultimately taken as a one-off saving as part of the 2024/25 budget setting process. . In order for the survey to be completed, an additional budget allocation of at least £250K is required.	Debbie Ward
To implement the pyramid of responsive regulation approach:				
5	Using examples of best practice, improve the information, advice and guidance provided to landlords and tenants, and utilise landlord forums and other opportunities to build relationships with stakeholders.	Y	We are now reviewing all our web pages in regard to housing information, with a view to providing updated guidance and improved access to information. A new landlord forum has recently been set up by Maria Byrne to encourage more engagement. The HMO licensing landlord forum has lapsed during 2024 but will re-start for 2025.	Debbie Ward
6	Review, with partners, the current approach to voluntary landlord accreditation in the city with a view to developing a citywide scheme akin to the Leeds Rental Standard or the Good Landlord Charter. Increasing the effectiveness and take up of voluntary accreditation schemes will allow the Council to concentrate regulatory	Y	An exercise and review was undertaken on landlord accreditation in December 2022 and a Cabinet briefing provided. At the time it was decided that there was insufficient funding and resources to provide an in-house scheme and that there was not a political desire to outsource this. The idea of accreditation was therefore put on hold. This will now be revisited and explored but it remains that the PSH service does not have any resource currently available to administer an in-house scheme and there is no budget available to implement such.	Debbie Ward

	resources on landlords and agents that show no sign of meeting standards voluntarily.			
7	Review the new operating and enforcement guidance for local authorities to be published by Government and identify opportunities to utilise the full range of informal and formal enforcement powers available to the Council. The use of Civil Penalty Notices, designating a new HMO additional licensing scheme, and a selective licensing scheme in the city should be considered as part of the review, following the recognised best practice examples provided in this report.	Y	<p>New operating guidance has not been published yet. The change in government in May has delayed new regulation e.g. Renters Reform Bill. This is now due to go to second reading & planned enactment by spring 2025.</p> <p>Civil penalty notices (CPN) are being used by SCC Private Sector Housing & HMO licensing teams. The first CPNs were issued in August 2024. These will now be used as a first means of action in relation to certain housing offences.</p> <p>A new additional HMO licensing scheme is being proposed in Autumn 2024 for designation and introduction in Spring 2025.</p> <p>Before any selective licensing scheme is considered, a full City- Wide stock condition survey is required to gather evidence for justification of any scheme.</p>	Debbie Ward
8	Undertake economic activity modelling to identify the additional resources required to deliver a comprehensive proactive and responsive regulatory approach to enforcement of the private rented sector in Southampton.	Y	<p>The private rented sector housing regulation function is within scope of the Regulatory Services Development transformation project</p> <p>Phase 1 of this project is currently under way and involves analyses of service activities and responsibilities to enable rationalisation decisions to be made (i.e. should activities cease, continue or be adapted), defining the scope of SCC's future regulatory services.</p> <p>Phase 2 of the project will be the redesign of these retained services' systems and processes to maximise value added by staff resources.</p>	Debbie Ward
To provide transparency to the Council's approach, utilise available expertise, and demonstrate political commitment:				
9	Develop a Private Rented Sector Strategy for the city that articulates Southampton City Council's strategic vision, standards and approach to intervening in Southampton's private rented sector.	Y	The housing strategy 2016-2025 previously detailed SCCs vision and priorities for the City's housing. A new strategy will be developed in conjunction with other teams, PSH, HMO licensing, Homelessness, planning etc & will be put before Cabinet in 2025.	Debbie Ward

10	Work with experts from the University of Southampton to help deliver the responsive regulatory approach.	Y	We welcome support from the University, in particular from Helen Carr & Mark Jordan who helped provide expert opinion during the Scrutiny process. Opportunities for further collaboration with the University will be explored.	Debbie Ward
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DECISION-MAKER:	CABINET
SUBJECT:	ADDITIONAL LICENSING SCHEME FOR HOUSES IN MULTIPLE OCCUPATION (HMOs)
DATE OF DECISION:	26 NOVEMBER 2024
REPORT OF:	COUNCILLOR ANDY FRAMPTON CABINET MEMBER FOR HOUSING OPERATIONS

<u>CONTACT DETAILS</u>			
Executive Director	Title	Executive Director Resident Services	
	Name:	Debbie Ward	Tel: 023 8083 3351
	E-mail	Debbie.Ward@southampton.gov.uk	
Author:	Title	Service Manager Private Sector Housing & Port Health	
	Name:	Steven Hayes-Arter	Tel: 023 8091 7533
	E-mail	Steven.hayes-arter@southampton.gov.uk	

STATEMENT OF CONFIDENTIALITY	
Not applicable	
BRIEF SUMMARY	
Approval is sought to initiate a twelve-week public consultation on the proposals to designate an additional Houses in Multiple Occupation (HMO) licensing scheme for the wards Banister & Polygon, Bevois, Bargate, Portswood, Swaythling, Bassett, Freemantle, Shirley & Millbrook.	
RECOMMENDATIONS:	
	(i) That Cabinet approves the proposals for a public consultation for an additional HMO licensing scheme in Banister & Polygon, Bevois, Bargate, Portswood, Swaythling, Bassett, Freemantle, Shirley & Millbrook wards. The proposed start of the consultation is from 3 rd December 2024 for twelve weeks.
	(ii) That Cabinet considers the outcome of the consultation at its meeting on 25th March 2025 and, if appropriate, designates the proposed area as being subject to additional HMO licensing, which will come into effect in May 2025, following required publication and advertising of scheme.
REASONS FOR REPORT RECOMMENDATIONS	
1.	Southampton City Council has previously designated three additional HMO licensing schemes within the city since 2013. These have covered the following wards: Bevois, Bargate, Portswood, Swaythling, Freemantle, Shirley, Bassett & Millbrook. Schemes once designated can only run for a maximum of five years, and on expiry cannot be renewed. The previous schemes have ensured that the majority of HMOs within Southampton fall

	under a licensing scheme and have to meet prescribed local standards covering, management, safety (& Fire safety) & amenities. These schemes have ensured that the HMO stock within the city is safe and well managed, reducing numbers of complaints from both tenants and nearby residents.
2.	The proposed scheme will require that all HMO properties (other than those covered by the Mandatory Licensing Scheme & HMOs governed by S257 of the Housing Act 2004) with three or more occupiers from two or more households, are licensed and must comply with any licence conditions including conditions relating to standards for safety, amenities and waste set by Southampton City Council.
3.	The previous additional HMO licensing schemes in the city resulted in over 3000 smaller HMOs being licensed. This had a very positive effect on the conditions of this type of property. Through licensing, Southampton City Council was able to deal more effectively with issues of poor property conditions, poor management and anti-social behaviour
4.	An additional HMO licensing scheme ensures that HMOs not covered by the national Mandatory licensing scheme are licensed to the same standards. It also ensures that concerns and complaints about conditions and the impacts of the HMOs on their local community can be addressed effectively and promptly. Particularly in regards issues of noise nuisance, anti-social behaviour and waste.
5.	Before any Additional HMO licensing scheme can be designated the Housing Act 2004 requires that a public consultation on the proposals be carried out. Cabinet approval is therefore required to initiate this consultation.
6.	The proposed new scheme would see between 2500-3000 smaller HMOs and HMOs within private purpose-built student accommodation blocks be subject to HMO licensing. In addition to the mandatory HMO licensing scheme this would result in approximately 5000 of the Cities estimated 6-7000 HMOs being under a licensing regime.
ALTERNATIVE OPTIONS CONSIDERED AND REJECTED	
7.	That the Council manages the issues associated with HMOs without an additional licensing scheme. The properties associated with the new designation approval have not been subject to any licensing since the previous schemes ended in October 2023. During this time there has been no proactive approach to deal with these properties and without a new scheme, problems associated with them cannot be as effectively or quickly addressed. The proposed new additional licensing scheme will enable a more proactive and comprehensive response and will significantly reduce complaints and problems associated with the high numbers of HMOs across this designated area.
8.	The Council could consider a city-wide scheme to cover all HMOs not captured by the Mandatory HMO licensing regime. However, there is currently insufficient evidence that there are sufficient numbers of HMOs within the other wards of the city and that these are poorly managed. The selected wards have all been subject to previous additional HMO licensing due to the numbers of HMOs and issues associated with them.

9.	The Council could solely rely on its existing regulatory powers under part 1 of the Housing Act 2004 & the Houses in Multiple Occupation (Management) Regulations 2009 to deal with issues resulting in poor management of these HMOs. However, without a licensing scheme in place the Council would only be providing a reactive response to issues arising from HMOs, whereas the licensing schemes permits a proactive approach to deal effectively with these HMOs. So, this would not be a favoured option to achieve the desired objectives.
DETAIL (Including consultation carried out)	
10.	There are an estimated 28,000 private rented properties in Southampton, of which HMOs make up approximately one quarter of this stock. The Councils objectives are to ensure that all privately rented properties are well managed and that the housing needs of the city's residents are met.
11.	Mandatory HMO licensing, which applies throughout England covers all the larger HMOs in the City. These are HMOs with five or more occupiers (from three or more households). There are approximately 2300-2500 of this type of HMO within the City out of an estimated 6000-7000 HMOs.
12.	The Council has designated three previous Additional HMO licensing schemes, which have resulted in a further 2500 HMOs being licensed, therefore covering circa 5000 HMOs and the majority of the estimated HMO stock in the city. These schemes were widely welcomed and have been integral in improving the HMO stock across the city, raising standards and reducing complaints from tenants and residents.
13.	<p>The first additional HMO licensing scheme was designated in 2013 covering all small HMOs in the Bevois, Bassett, Portswood & Swaythling Ward. This scheme expired in June 2018. The same four wards were then subject to a further additional licensing designation in October 2018 and this scheme expired in September 2023. These four wards contain the majority of the City's HMOs (both Mandatory & Additional), hence why they have been previously covered. The first scheme had a huge impact on HMO management and conditions, reducing complaints from tenants by 75% and complaints from local residents regarding noise nuisance and waste by 50%. However, full compliance with licence conditions was only 62%. Therefore, after its expiry it was deemed necessary to carry out a further designation to ensure continued improvement and ongoing management of this sector. This saw levels of compliance up to 80% by 2023.</p> <p>After a period of review and reflection of the previous schemes impact it has been determined that additional licensing is the best available tool to ensure that the smaller HMO sector continues to improve in these wards. In particular to tackle issues around anti-social behaviour and waste.</p>
14.	The other proposed wards: Shirley, Freemantle, Millbrook & Bassett were subject to an additional HMO licensing scheme in 2015 through until October 2020. This was a much smaller scheme, capturing circa 600 HMOs and on expiry was determined to have successfully achieved the desired outcomes, with circa 85% compliance with conditions and a significant reduction in complaints. It was therefore decided to keep the area under review but not immediately continue with a further designation of additional HMO licensing. Having now reflected and reviewed the previous schemes and assessed the

	current environment, it seems that a new designation to capture these wards is an appropriate method to ensure standards and management of HMOs in these wards is at the desired level and more uniform across a wider area.
15.	The Cost of the scheme, including costs associated with verification and processing of licences, monitoring and enforcement of licensing conditions will be covered by the licence fee. The fee for each HMO licence will be set appropriately to cover these costs for the five years of the scheme. The licence fees for the proposed scheme are expected to be broadly similar to the existing Mandatory licensing fees
16.	It will be an offence to operate an unlicensed HMO in the designated area. Failure to apply for a licence or comply with licence conditions will result in enforcement action. This could be through the issue of Civil Penalty notices and or prosecution.
17.	The proposed designation will not apply to any HMO covered by the Mandatory licensing regime or any building which is an HMO as defined by section 257 of the Housing Act 2004.
18.	The consultation will be widely distributed and will include landlords, letting agents, residents and tenant groups, local and national landlord associations, the Universities, local agencies & charities involved in housing and public safety, Hampshire Constabulary and Hampshire & Isle of Wight Fire & Rescue Service.
RESOURCE IMPLICATIONS	
<u>Revenue</u>	
20.	Subject to approval, the HMO licensing fees will be set at a level to cover the costs of providing the licensing scheme over its five-year duration. This will cover the costs of providing the service based on officer time and associated costs involved in verification, processing applications, inspections, monitoring and enforcement and all relevant overheads. The cost of an additional HMO licence is expected to be broadly similar to the current Mandatory HMO licensing fees. These range from £319 to £1,211. The fees will be submitted for approval by Cabinet in March 2025 following the outcome of the public consultation.
21.	The licence fees will be charged in a two-stage process. A lower Stage one fee will cover the initial verification, processing and property inspection. Stage two will cover all other actions, including issue of final licence and will be proportionately higher than stage one.
22.	All income generated by the licensing scheme is required to be spent on regulating licensable HMOs within the proposed scheme. The Council is not permitted to make financial gain from the fees associated with the licensing process. Appropriate financial management arrangements are already in place from the existing scheme to ensure compliance.
<u>Property/Other</u>	
23.	There are no property implications. Existing and new staff will be accommodated in current office and will continue to work in a 'hybrid' model, making use of flexible working arrangements.

24.	If a new scheme is introduced, team resources will be increased to manage the new licensing scheme. All new posts will be funded from the licensing fees.
LEGAL IMPLICATIONS	
<u>Statutory power to undertake proposals in the report:</u>	
25.	The Council must comply with the specific requirements set out within sections 56 and 57 of the Housing Act 2004 before designating an area as subject to additional HMO licensing. This includes the council being satisfied that a significant proportion of the HMOs within the area are being managed sufficiently ineffectively as to give rise, or to be likely to give rise, to one or more particular problems either for those occupying or for members of the public.
26.	Before designating a scheme, the Council must consider whether there are other courses of action available to them that might provide an effective method of achieving the objectives of the proposed designation and how the approval of the designation will assist the council in achieving these.
27.	A statutory public consultation must also take place, and the representations made during the consultation period must be taken into account before any decision is made on designation of the proposed area.
28.	The proposed scheme must be consistent with the Councils housing strategy and the council must adopt a coordinated approach in connection with dealing with homelessness, empty properties and anti-social behaviour.
<u>Other Legal Implications:</u>	
29.	Designation of the area subject to additional licensing cannot come into force unless the designation has been confirmed by the Secretary of State or falls within a general approval. The proposed designation falls within the 2010 general approval. If a designation is made, section 59 of the Housing Act 2004 sets out the publication arrangements that need to be undertaken before the scheme can start.
30.	The council has a duty under section 17 of the Crime and Disorder Act 1998 when exercising its various functions to have due regard to the likely effect on, and the need to do all that it reasonably can to prevent crime and disorder in its area (including anti-social and other behaviour adversely affecting the local environment); and the misuse of drugs, alcohol and other substances in its area and re-offending in its area.
RISK MANAGEMENT IMPLICATIONS	
31.	The council has a statutory duty under the Housing Act 2004 S56 to conduct an adequate consultation and must consult persons likely to be affected by the designation of a HMO licensing area. If the council does not approve the consultation, then it cannot proceed with planning an additional HMO licensing area as any designation would then be unlawful.
32.	Section 149 of the Equality Act 2010 states that a public authority, such as the council, must, in the exercise of its functions, have due regard to the need to eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by the Act and to advance equality of opportunity and good

	relations between persons who share a relevant protected characteristic and persons who do not share it. An Equality & Safety Impact Assessment will be drafted and brought before Members for consideration if, following consultation, a report is brought to Cabinet seeking approval to designate a scheme.
POLICY FRAMEWORK IMPLICATIONS	
33.	The recommendations are consistent with the Housing Strategy 2016-2025

KEY DECISION?	Yes
WARDS/COMMUNITIES AFFECTED:	Bevois, Bargate, Banister & Polygon, Portswood, Swaythling, Freemantle, Shirley, Basset & Millbrook
<u>SUPPORTING DOCUMENTATION</u>	
Appendices	
1.	None

Documents In Members' Rooms

1.	DPIA
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Equality Impact Assessment

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

Do the implications/subject of the report require a Data Protection Impact Assessment (DPIA) to be carried out.	Yes
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Other Background Documents

Other Background documents available for inspection at:

Title of Background Paper(s)	Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)
1.	None
2.	

DECISION-MAKER:	CABINET
SUBJECT:	PRIVATE SECTOR LEASING SCHEME
DATE OF DECISION:	26 NOVEMBER 2024
REPORT OF:	COUNCILLOR FRAMPTON CABINET MEMBER FOR HOUSING OPERATIONS

<u>CONTACT DETAILS</u>			
Executive Director	Title	Executive Director of Resident Services	
	Name:	Debbie Ward	Tel: 023 80833351
	E-mail	debbie.ward@southampton.gov.uk	
Author:	Title	Service Lead Housing Needs & Welfare Support	
	Name:	Maria Byrne	Tel:
	E-mail	Maria.byrne@southampton.gov.uk	

STATEMENT OF CONFIDENTIALITY
None

BRIEF SUMMARY
<p>Southampton City Council's Homelessness and Rough Sleeping Strategy 2024-2029 sets out a vision to be a city where everyone has a safe place to call home. One of the key objectives in this strategy is to explore new and innovative ways to diversify our accommodation and support options in the city.</p> <p>This report sets out the proposal for the Council to set up a Private Sector Leasing Scheme (PSL) which will involve the Council leasing properties directly from property owners or letting agents and using them as temporary accommodation for individuals or households who are currently placed in nightly paid accommodation which is funded by the Council.</p> <p>The PSL scheme supports a change in how we deliver services, aligning with the Council's Adapt, Grow, Thrive programme and will support the council move towards delivering services within the confines of cash limited budgets.</p>

RECOMMENDATIONS FOR CABINET:		
	(i)	To approve the Private Sector Leasing Scheme proposal. The scheme will aim to meet some of our current demand for additional temporary accommodation which will assist in reducing our use of costly emergency accommodation. This scheme is one of the interventions that will form part of our homelessness transformation programme.
	(ii)	To grant delegated powers to the Director of Housing following consultation with and the Executive Director of Enabling Services, Executive Director of Growth and Prosperity, the Director of Legal and Governance and the Cabinet Member for Housing, to do

		anything required to support the implementation of the proposal and to make minor amendments as required.
REASONS FOR REPORT RECOMMENDATIONS		
1.	<p>The number of households approaching the Council who are homeless or at risk of homelessness and the number of people sleeping rough is increasing. By implementing the PSL scheme we will:</p> <ol style="list-style-type: none"> 1. Increase the council's housing solutions as a tool to prevent homelessness and rough sleeping. 2. Mobilise housing solutions that contribute towards the councils cost efficiencies. 3. Modernise the council's delivery model/ toolkit to tackle homelessness. 4. Improve the quality of accommodation solutions we use to intervene in instances whereby we owe households a homeless duty. 5. Reduce the risks of people sleeping rough and living in unsuitable accommodation which impacts adversely on the life chances of those we serve. 6. Help harness partnership working with private sector stakeholders. 	
ALTERNATIVE OPTIONS CONSIDERED AND REJECTED		
2.	<p>The Council could decide not to proceed with a PSL scheme, but it is in the Council's interests to consider all alternative options of temporary accommodation.</p> <p>Given that the Council has an extensive housing waiting list and unprecedented demand for temporary accommodation, this would be a missed opportunity to meet a small proportion of that need.</p> <p>Several local authorities already operate Private Sector Leasing Schemes and use the scheme as an established model to help increase temporary accommodation options.</p>	
DETAIL (Including consultation carried out)		
3.	<p>Since 2019-2020, the number of homeless households approaching the council as homeless has surged by 64%, with a further 14% rise in the past 12 months. This escalation, compounded by economic disruptions, has resulted in a 61% increase in households requiring emergency accommodation. The current demand for housing in the city far exceeds the available supply. This heightened demand, shows no sign of slowing, is significantly impacting the council's ability to prevent homelessness, and, where it cannot be prevented, making it a rare, brief, and non-recurrent experience. This has led to the current operating model at the Council becoming financially unsustainable.</p>	

4. **Housing Need in Southampton**

The housing register in Southampton as at 10 September 2024 stands at 8,186, made up as follows:

- 1 bed – 4,617 (this includes approx. 1,500 eligible for age designated accommodation)
- 2 bed – 1,675
- 3 bed – 1,587
- 4+ bed – 307

The increasing demand placed requires the Council to modify the existing delivery model, which includes maximising financial resources and strategic investments to expand the availability of emergency accommodation to address the growing demand effectively. This is one of 3 work programmes set out in the homelessness prevention transformation programme.

The average waiting times for people on the Housing Register by property sizes are as follows (correct as at June 2024):-

Property size	Waiting time (with no priority)	Waiting time (with priority)
1 bed	4.3 years	2.8 years
2 bed	4.9 years	2.4 years
3 bed	11.5 years	9 years
4 bed +	12.6 years	10.1 years

5. Bed and Breakfast (B&B) accommodation is used by the Council out of necessity when it has no other accommodation available to accommodate families to whom it owes a legal duty to house. B&B is acknowledged to be an unsuitable form of temporary accommodation for families. Legally B&B is only allowed to be used for homeless families in an emergency, and even then, for no longer than 6 weeks. Apart from being very expensive in itself, with an average cost of £27,375 per annum per property, there is an ongoing risk of the Council being required by the Housing Ombudsman to compensate families in B&B over 6 weeks financially, which would further add to costs.

6. Homelessness has a profound human cost, particularly for families living temporarily in B&B accommodation. These environments often lack the space, privacy, and stability needed for children to thrive. The uncertainty and disruption can lead to emotional distress, affecting their mental health, education and development. Frequent moves and cramped conditions can leave children feeling isolated, struggling to form friendships, and falling behind in school. This instability can also strain family relationships, exacerbating the stress already felt by parents trying to navigate an uncertain future.

7.	<p>If approved, the proposals in this paper would help to alleviate housing need from the Housing Register, and provide better quality emergency facilities for homeless households, assist the Council in meeting its legal duties, and reduce the costs of using B&Bs and nightly paid accommodation.</p>
8.	<p>A PSL scheme, where the local authority acts as intermediaries between landlords and tenants, can offer a valuable solution which benefit both the local authority and landlord. The benefits to a landlord of choosing to let their property through a PSL scheme include a guaranteed monthly rent for the terms of the lease, even if the property is empty. The Local Authority carries out regular inspections and undertakes the tenancy management of the property. At the end of the lease the property will be returned in a similar condition as at the start of the lease (less fair wear and tear).</p> <p>The council will sublet the properties to homeless households. The Homelessness team will manage all aspects of tenancy management, including rent accounts, housing management, and regular property inspections. This will reduce the council's risk as we will work closely with the households to maintain their tenancies and help them transition to permanent housing.</p> <p>Implementing the PSL scheme is an additional housing solution that is expanding our housing options by bringing into use accommodation that is currently unavailable to us. None of our current initiatives offer a comprehensive housing management service, and this scheme will complement wider service transformation activities and help alleviate homelessness pressures in terms of both demand and cost.</p>
8.	<p>The PSL model:</p> <p>We will lease properties directly from the property owners for a fixed period ranging between two and five years. We will effectively become landlords for the duration of the lease, pay the property owner guaranteed monthly rent and use these properties as a temporary accommodation to house households who have come through our Homelessness pathway.</p> <p>During the term of the lease the Council will have exclusive rights to place tenants of its choosing in these properties. Property owners will have an option to end Leases ahead of expiry by giving 3 months' notice.</p> <p>Households which will include families, single people and couples will be given Non-Secure Tenancies, and we will work with them throughout their occupancy to find a secure and permanent accommodation either in Private Rented Sector or Social Housing through our Homebid system to discharge our Homelessness Duty.</p> <p>We want to offer property owners long term, flexible, lettings options that have no charges for managing the property. We are proposing two Leasing options which will give landlords a choice of the way they want to work with us.</p>

	<p>Model of delivery 1: We will offer to negotiate monthly rent and up to the amount of current market rent and property owners retain full responsibility of all day-to-day repairs and property maintenance, including when the property is void.</p> <p>Model of delivery 2: We will offer landlords rent based on the LHA Rate 2024, services such as minor day-to-day repairs, gas and electrical safety checks and void works when the property is unoccupied during the lease.</p>	
	(Leasing Option 1)	(Leasing Option 2)
	<ul style="list-style-type: none"> ➤ No fees or administration charges ➤ Guaranteed monthly rent ➤ Tenancy document preparation ➤ Accompanied viewing ➤ Tenancy management ➤ Regular property checks ➤ Guaranteed vacant possession of the property in a good state of repair, excluding fair wear and tear <p>NOTE: Property Provider will be responsible for all day-to-day repairs and void works if the property becomes unoccupied during the Lease term to make it ready for our next incoming tenant. We will only cover the cost of damages if it is caused by our tenants.</p>	<ul style="list-style-type: none"> ➤ No fees or administration charges ➤ Guaranteed monthly rent based on Local Housing Allowance (LHA) rate ➤ Tenancy document preparation ➤ Accompanied viewings ➤ Tenancy management ➤ Regular property checks ➤ Annual Gas Servicing ➤ Electrical Safety Checks ➤ Day-to-Day repairs & emergency calls excluding major works ➤ All void works when property is unoccupied during the Lease ➤ Guaranteed vacant possession in a good state of repair, excluding fair wear and tear
10.	<p>Property Standards</p> <p>We want to be certain that the properties we accept on our PSL scheme meets the Decent Homes Standard. To achieve this, we will be using the Housing Health and Safety Rating System (HHSRS) as a tool and a guidance to determine the suitability of the properties HHSRS Operating Guidance</p> <p>HHSRS is a point-based system which reveals how suitable the property is by assessing and evaluating the state, condition of the property and potential risks to health and safety from any deficiencies identified, what improvements the property needs and how this can be achieved.</p> <p>Landlord Liaison Officer (LLO) has had an awareness training in HHSRS and will be able to use this knowledge to do an initial inspection of the properties and determine its suitability or give the landlord feedback on what improvements</p>	

	<p>need to be made before we return to carry out a full inspection and consider taking the property on a lease. The minimum standard we would accept from landlords are the following:</p> <ul style="list-style-type: none"> • Structurally stable dwelling with clear exterior guttering • Windows and doors in decent standard, able to open and close easy and securely • Adequate kitchen layout with appropriate units and plumbing • Working Smoke Alarms and Carbon Monoxide Detectors • Adequate heating • Adequate lighting and ventilation • Hot and cold-water supply and all taps in good working order • Effective drainage system inside and outside of the property • Good standard of decoration
11.	<p>Property and Tenancy Management</p> <p>LLO will approach property owners to source properties to secure on a lease and will find suitable individuals and households who have come through to us via the homeless pathway to be housed in these properties. Once they are housed, LLO will be responsible for managing the properties and the tenancies of these occupiers for the duration of the lease as well as finding a secure and permanent accommodation to move them onto.</p> <p>Properties will be on a standard lease agreement and the landlord will receive regular monthly rental payments from the Council. Tenants rent accounts will be managed by the LLO to ensure that maximum income is achieved.</p> <p>The tenants will pay rent directly to the council, if they are eligible for Housing Benefit where possible this will be paid direct to their rent account. The day-to-day management of the rent accounts will be carried out by the LLO.</p>
12.	<p><u>Project Programme</u></p> <p>If approved, the aim would be to allow the launch of the scheme in December 2024</p>

OUTLINE TIMETABLE FOR PROPOSALS TO LAUNCH PSL SCHEME				
	Date Start	Date Finish	Task	Detail
1	As soon as possible after the Council's decision on this paper	Ongoing	Launch a comms plan to advertise the scheme	<ul style="list-style-type: none"> • This will include a press release • Comms plan involving social media. • Information on website updated
2	As soon as possible after the Council's decision on this paper		Instruct legal to draft a lease agreement for use for both schemes	
3	As soon as possible after the Council's decision on this paper		Organise a Landlord's Forum for December 2024 to launch the scheme.	

RESOURCE IMPLICATIONS

Revenue

13. The scheme will be funded through two distinct grants the council receives:

1. Homelessness Prevention Grant

This grant is allocated annually by the MHCLG to local authorities to help prevent homelessness. The grant is used to fund various initiatives which can include financial assistance, offering advice and support, funding temporary accommodation and supporting initiatives aimed at early intervention and housing advice.

2. Rough Sleeper Initiative Grant.

As part of the government's efforts to end the rough sleeping, The Council was previously successful in bidding for Rough Sleeper Initiative (RSI) Funding and

was awarded £30,000 for 2024/25 with the intention that it would be used to address key pressures in the Rough Sleeper Pathway. Through this funding we have a target to sign 4 leases per financial year.

The proposed scheme will deliver an estimated saving of £0.03M in 2024/25, based on 6 properties being implemented into the scheme from 1 January 2025 and £0.20Min 2025/26 based on 12 properties in the scheme for the full financial year. ¹

Full detail of the financial implications of the scheme, including detailed breakdowns of costs and income, are set out in Appendix 1.

Property/Other

14. To ensure the successful delivery of the scheme, we will require collaborative work with other Council departments. Although we will have the main duty to source properties, find suitable tenants and manage them for the duration of the lease, we will require resources from other departments to continue delivering good service to property providers and provide secure and safe temporary homes for households that we are supporting.

COUNCIL DEPARTMENTS	RESPONSIBILTIES & SERVICES THEY PROVIDE
Legal Team <i>(Legal & Governance)</i>	Possession Orders / Legal Advice Team will draft Lease Agreement and a Non-Secure Agreement once the PSL scheme is approved. Legal Services have confirmed that it may be necessary to seek external support for the drafting of a lease document if there is not capacity for this internally. We will need legal advice and representation in court when there is a breach in either Lease Agreement or a Non-Secure Agreement.
Stock Condition & Data <i>(Corporate Estates & Assets)</i>	Stock Condition Surveys When the property is first offered to us, and after the initial visit by the LLO, we will request a Stock Condition Survey (SCS) to be carried out to inspect all elements of the property. This will also be an opportunity for the surveyor to notice

¹ based on the option 1 leasing option and this will alter subject to the size of the properties and the options that property owners opt for

		any defects and advise the property owner on improvements.
	NEC Housing Management System <i>(IT Services)</i>	<p>Registering Property Elements</p> <p>This platform is used by Resident Services to manage housing applications, tenancies, rent account, repairs, etc.</p> <p>Once the SCS is completed and Lease agreed, we will instruct the IT Services to register the Leased property on NEC Housing System.</p>
	Housing Repairs <i>(Housing Operations)</i>	<p>Day-to-Day Repairs</p> <p>Any minor repairs reported to us by the occupier, or any disrepair issues seen and noted by us, will be reported to Housing Repairs team. They will arrange our in-house tradespeople to carry out the repairs. This will also include any emergency callouts during office and out of hours. For e.g. loss of heating or hot water.</p>
	Voids <i>(Housing Operations)</i>	<p>Void Inspection & Schedule of Condition</p> <p>Team will arrange Property Inspectors to carry out Schedule of Condition each time the property is void including arranging gas and electrical safety checks.</p>

15. The properties will be held within the Housing Revenue Account and will be managed by Housing Management. Compliance will be dealt with by the Councils Asset Management Team.

LEGAL IMPLICATIONS

Statutory power to undertake proposals in the report:

16. The Council has the power to acquire land, houses and buildings for Housing purposes pursuant to S17 Housing Act 1985.

Other Legal Implications:

17. The Council has a duty under the Housing Act 1996 (Part VII), as amended, to ensure that accommodation is made available for homeless applicants who are owed a full housing duty by the Council.

Where the Council determines under the provisions of the Housing Act 1996 Part VII (as amended) that a person/household is eligible for assistance, homeless, in priority need and not homeless intentionally, it has a duty to secure suitable accommodation (unless it refers the applicant to another authority under the local connection provisions): s193(2), s206(1).

The suitability of accommodation is governed by s210 of the 1996 Act, a number of statutory instruments made under that provision (SIs 1996/3204, 2003/3326 and 2012/2601) and by the Homelessness Code of Guidance for Local Authorities. When discharging its housing duties under Part VII, the Council must, so far as reasonably practicable, secure that accommodation is available for the applicant's occupation in their own district: s208(1) of the 1996 Act.

The Homelessness Reduction Act 2017 places a duty on Local Authorities to intervene at an early stage to help prevent homelessness and take reasonable steps to relieve homelessness for all eligible applicants, not just those in priority need.

In order to grant a non-secure tenancy agreement for a PSL scheme the lease has to specifically mention that the use of the property is for the purpose of being used for temporary accommodation pursuant to paragraph 4 or 6 of Schedule 1 of the Housing Act 1985

Whenever a Local Authority is carrying out any function it must have regard to its public sector equality duty under the Equality Act 2010 and duties under the Human Rights Act 1998.

RISK MANAGEMENT IMPLICATIONS

18.	Risk	Probability	Impact	Identifying controls
	The Council does not receive the rent from the Occupier but still liable to pay the Property owner their guaranteed rent	Possible (3)	Major (4)	<p>As a first step, LLO will go through the assessment process where all applicant's income and outgoings are considered before deciding to grant a Non-Secure Tenancy to occupy our Leased properties.</p> <p>If the applicant is in employment, LLO will obtain proofs for this as well as going through their financials to have a clear indication of what their income and outgoings are to determine their affordability to pay rent and utility bills.</p> <p>If the applicant is not in employment, LLO will make sure that the applicant is receiving all benefits they are</p>

			<p>entitled to and obtain proofs to show this. We have set aside bad debt at 30% in cases where there are rent arrears that we may not be able to recover.</p> <p>Our tenants will have an ongoing support, regular contact, and home visits by the LLO. However, it will be made clear to our tenants that they need to inform the LLO of any changes to their income or benefits, and if there is any risk of them not being able to pay rent or any other bills so that we can explore all support options and could even assist with adjusting their household budget.</p> <p>Non-Secure Tenancy Agreement between us and the tenant will clearly lay out it is conditions and tenants' responsibilities, and this will be discussed in detail during the sign-up process.</p>
Capacity of the voids/repairs team to undertake works	Possible (3)	Major (4)	<p>Given the relatively small number of properties we are planning to acquire , Housing Operations will be able to manage the necessary repairs using its existing workforce. Furthermore, at this stage, it is challenging to accurately predict which of the two PSL options will be more appealing to property owners. If the project is successful a further appraisal will be undertaken to ensure we have sufficient capacity / services to manage the requirements associated to this project.</p>
The Council is unable to secure enough properties on a Lease	Possible (2)	Significant (3)	<p>We already offer a Private Rented Service where landlords can sign up and we find them a suitable tenant. Through this service we developed a portfolio of property providers, however, we also turn away a lot of property owners because we are unable to provide a service they require.</p> <p>We want to improve, build better relationships, and work smarter with private landlords and lettings agencies in our city and the PSL scheme will help us to do just that.</p>

				<p>Following a successful Landlords Forum hosted in May 2024, we asked how we can improve what we offer, what else we can offer and proposed a PSL scheme. We surveyed all our attendees, and their feedback was positive with all agreeing that PSL would be beneficial for the Council and for property owners and will give us a fantastic opportunity to work together long-term.</p> <p>Our engagements with other Councils about their PSL scheme also confirmed that property providers are very forthcoming to work with them because they offer long-term lettings options with benefits such as guaranteed rent and tenancy management.</p> <p>If we are unable to secure our target number of properties on a Lease, the RSI funding will not be spent, and we will fail to reduce the number of people sleeping rough. The Council will also have a financial “loss” because we will not be able to reduce the number of emergency accommodation placements currently in use for homeless households and continue to pay expensive nightly rates in Hotels or B&Bs.</p> <p>However, based on what the property providers have said to us, our engagements with other Councils and our structured PSL scheme, we have enough evidence to believe that we will be able to attract many property providers and secure our target number of properties on a Lease to reduce number of rough sleepers and the spending on emergency accommodations.</p>
	<p>Poor property conditions and damages caused by the Occupier</p>	<p>Possible (3)</p>	<p>Major (4)</p>	<p>When properties are taken on a Lease, they are surveyed and inspected to make sure they are in a good standard before signing the Lease with the property provider. One of the guarantees we are proposing to our providers is that we</p>

			<p>will return their property in the same condition as it was when it was secured on a Lease, minus any general wear and tear.</p> <p>Once these properties are occupied by our chosen tenants, there is a risk that, without proper tenancy management, standards might fall, and this will be costly for the Council.</p> <p>Keeping the property in a good condition and free of hazards, will be the tenant's responsibility as per their Non-Secure Tenancy agreement and this will be discussed with them in detail at the point of a sign up. Should they breach these conditions, we will have the right to take a tenancy action which could lead instruction our Legal Team start the eviction proceedings.</p> <p>We have put aside and included the "occupier damage" in our expenditure and income up to £2000 per property when we Lease properties offering market rent and no repair services and up to £1500 "Void" costs on a Lease offering day-to-day repairs and void works. We have also put aside bad debt at 30% and although this is to also cover any rent arrears, it can also be used towards the occupier damage.</p> <p>Our aim is to have a robust tenancy management in place by having regular checks with the tenant, arranging regular planned and unplanned home visits which will give us an opportunity to inspect the property and be aware of any disrepair issues. If any are noted, prompt action will be taken by arranging relevant repairs and discussing with the tenants about what improvements they need make to bring the property back to standard. By our ongoing contact with our tenants, regular visits, prompt actions once the issues are identified and regular follow ups, we are certain that we will reduce the likelihood of property falling into</p>
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				disrepair and cut the Councils spending to turn it around.
	Void periods during the Lease	Possible (3)	Moderate (3)	<p>We expect that during the term of the Lease property will not be unoccupied but there will be small void periods when one tenant vacates, and new tenant moves in.</p> <p>When the property is void, we are still liable to pay the property provider their guaranteed monthly rent. For this reason, we will aim to keep the void period to a minimum and operate to a 95% occupancy so that the incoming tenant can move in, and we continue to receive our income either from them or through Housing Benefit, if they are not in employment.</p> <p>When we move tenants into our leased properties, we will work with to find permanent residency either in private rented sector or in social housing via our Homebid system. We will be the first to know when they are offered a secure tenancy elsewhere and will already have other potential tenants assessed to move in.</p> <p>We aim to have a quick turnaround so that there is minimal void loss. To do this, we will require resources from Housing Operations team to carry out the void works. This will be tradespeople to complete the gas and electric safety checks and carry out any repairs that are needed before it is deemed ready to be let again.</p> <p>We have consulted with Housing Operations and they support our scheme. Resources will be made available through internal resources and or secured through external delivery partners to ensure voids are brought back into use within agreed targets. A budget has been set aside and assumes a 95% occupancy.</p>

POLICY FRAMEWORK IMPLICATIONS				
19.	Southampton City Council Corporate Plan (2022-2030 updated 2024) sets out a commitment to deliver safe and stable home environments recognising a safe place to call home should be a fundamental right for everyone. The acquisition programme will support this objective by providing residents of Southampton who have no place to call home a safe, good quality interim offer of accommodation which will provide the foundation from which they can begin to rebuild their lives.			
20.	The Council's Homelessness and Rough Sleeping Strategy (2024-2029) sets out a vision- "A city where everyone has a safe place to call home" Where homelessness cannot be prevented it is imperative that the council can intervene with a suitable good quality and affordable accommodation solutions.			

KEY DECISION?	No
WARDS/COMMUNITIES AFFECTED:	ALL
<u>SUPPORTING DOCUMENTATION</u>	
Appendices	
1.	Financial
2.	Equality and Safety Impact Assessment (ESIA)

Documents In Members' Rooms

1.	None
Equality Impact Assessment	
Do the implications/subject of the report require an Equality and Safety Impact Assessment (ESIA) to be carried out.	Yes
Data Protection Impact Assessment	
Do the implications/subject of the report require a Data Protection Impact Assessment (DPIA) to be carried out.	No
Other Background Documents	
Other Background documents available for inspection at:	
Title of Background Paper(s)	Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)
1.	
2.	

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Appendix 1 - Financial

Delivering a PSL scheme and acquiring properties through this scheme will give housing options to households that are homeless and owed an accommodation duty by the local authority. As touched on earlier in the paper the Council's use of nightly paid accommodation is increasing and the PSL model is considerably cheaper option for the Council and offers better living conditions for those households that are in need of accommodation.

The finance available to deliver this mode consists of:

Rough Sleeper Initiative (RSI) - As part of the government's efforts to end rough sleeping, The Council was previously successful in bidding for Rough Sleeper Initiative (RSI) Funding for this project and was awarded £30,000 for 2024/25 with the intention that it would be used to address key pressures in the Rough Sleeper Pathway. Through this funding we have a target to sign 4 leases per budget year and a dedicated role of Landlord Liaison Officer (LLO) was also created to manage these properties.

Homelessness Prevention Grant (HPG) - The Council receive an annual Homeless Prevention Grant (HPG) of which we are proposing to use up to £130,000 on an annual basis to lease 12 properties and use them as temporary accommodation for homeless households as an alternative to emergency accommodation which is a costly option for the Council.

We have an opportunity to use these funding to create more housing options for people who are homeless or at risk of becoming homeless and take away the current financial pressures the Council has with accommodating individuals and families in expensive, nightly paid emergency accommodations. Through this intervention, the Council will be able to secure more accommodation and prevent and relieve homelessness more effectively.

Tables have been created to show the Expenditure (all the cost to the Council) and the Income. The income has been based on Housing Benefit entitlement per property, although, there are restrictions to Benefits Subsidy for properties leased and used as a Temporary Accommodation.

For tenants placed into non-self-contained licensed accommodation for homelessness, the Housing Benefit Subsidy will be limited to the one-bedroom 2011 LHA Rate. If the accommodation is self-contained i.e. a studio, the HB Subsidy will be limited to 90% of January 2011 LHA rate for the size of the property. This means that the rent we collected from the occupiers in receipt of Housing Benefit will be less than the rent we pay the property owners. However, we will still make significant savings by accommodating people in leased properties rather than emergency accommodation where we currently pay a nightly rate.

The below tables detail how the RSI and HPG will be used to lease properties and what the benefits and assumed cost avoidance will be.

Rough Sleeper Initiative Funding (RSI)

We will use the RSI Targeted Funding of £52,500 (£22,500 for 2023/24 which was carried forward into 2024/25 & £30,000 for 2024/25) to lease Studios, 1 bed and 3 or 4 bed houses to share. The client group will be single or couples who have a history of rough sleeping or in supported accommodations, such as, hostels and are ready to move on.

TABLE 1 - Breakdown of costs associated with option 1 scheme where we will consider paying rent up to current market rate based on the condition, size and the location of the property, Property owners remain responsible for all repairs, void works, and safety checks.

For a studio and 1 bed property, tenants will be liable for all utility bills. For shared, 3 & 4 bed houses, the Council will need to pay the utility bills, however, we will recharge this to the tenants as a service charge.

We have researched the current rental market to inform the average cost of rent the Council will offer to pay landlords:

Current Market Rent (Monthly Average)	Studio	1 Bed	2 Bed	3 Bed	4 Bed
	£750	£950	£1,100	£1,450	£1,750

ANNUALLY	Studio	1 Bed		3 Bed / Shared house for 3 people	4 Bed / Shared house for 4 people
Expenditure					
Rent we will pay the Landlord annually	£9,000.00 <i>(£750 Per Month)</i>	£11,400.00 <i>(950 Per Month)</i>		£17,400.00 <i>(£1450 Per Month)</i>	£21,000.00 <i>(£1750 Per Month)</i>
Council Tax (Band C)	0.00	0.00		£1,917.33	£1,917.33
Occupier Damage (estimated charge)	£1,000.00	£1,000.00		£2,000.00	£2,000.00
Bad Debt @ 30%	£1,700.97	£1,700.97		£6,161.82	£8,227.87
TOTAL SPENT	£11,700.97	£14,100.97		£27,479.15	£33,145.20
Income					
Occupier Rent (Housing Benefit)	£5,669.92 <i>(Based on 90% of 2011 LHA One Bed Rate @ £109.03 per week)</i>	£5,669.82 <i>(Based on 90% of 2011 LHA One Bed Rate @ £109.03 per week)</i>		£18,899.40 <i>(£6,299.80 Per Room. Based on 2011 LHA One Bedroom Rate @ £121.15 per week)</i>	£25,199.20 <i>(£6,299.80 Per Room. Based on 2011 LHA One Bedroom Rate @ £121.15 per week)</i>
Service Charges (Utility Bills)	0.00	0.00		£1,640.02 <i>(3x Tenants, £546.67 per tenant @ £10.51 per week)</i>	£2,227.04 <i>(4x tenants, £556.76 per tenant @ £10.70 per week)</i>
TOTAL INCOME	£ -5,669.92	£ -5,669.82		£ -20,539.42	£ -27,426.24
TOTAL COST TO THE COUNCIL ANNUALLY PER PROPERTY	£6,031.05	£8,431.15		£6,939.73	£5,718.96

TABLE 2 - Breakdown of all costs associated with option 2 scheme where we will offer landlords rent based on the current LHA rate and we will be responsible for minor repairs, voids work, gas and electrical safety checks and Council Tax.

ANNUALLY	Studio / 1 Bed (Self-Contained)	3 Bed House / Based on 3 people sharing (Non- self-contained)	4 Bed / Shared house for 4 people (Non-self contained)
Expenditure			
Rent we pay the Landlord	£8,377.20 <i>(Based on 2024 LHA, One Bed Rate @ £161.10 per week)</i>	£15,258.36 <i>(£5,086.12 per room. Based on 2024 LHA Shared Room Rate @ £97.81 per week)</i>	£20,344.48 <i>(£5,086.12 per room. Based on 2024 LHA Shared Room Rate @ £97.81 per week)</i>
Gas Safety Check	£157.50	£157.50	£157.50
Electrical Safety Check	£43.08	£43.08	£43.08
Repairs/Maintenance	£1,000.00	£1,500.00	£1,500.00
Void Works	£1,000.00	£1,500.00	£1,500.00
Council Tax (Band C)	£0.00 (tenant liability)	£1,917.33	£1,917.33
Bad Debt @ 30%	£1,700.87	£6,161.82	£8,227.87
TOTAL SPENT	£12,278.65	£26,538.09	£33,690.26
Income			
Occupier Rent (Housing Benefit)	£5,669.56 <i>(Based on 90% of 2011 LHA One Bed Rate @ £109.03 per week)</i>	£18,899.40 <i>(£6,299.80 Per Room. Based on 2011 LHA One Bedroom Rate @ £121.15 per week)</i>	£25,199.20 <i>(£6,299.80 Per Room. Based on 2011 LHA One Bedroom Rate @ £121.15 per week)</i>
Service Charges (Utility Bills)	0.00	£1640.02 <i>(3x Tenants, £546.67 per tenant @ £10.51 per week)</i>	£2227.04 <i>(4x tenants, £556.76 per tenant @ £10.70 per week)</i>
TOTAL INCOME	£ -5,669.56	£ -20,539.42	£ -27,426.24
TOTAL COST TO THE COUNCIL PER PROPERTY	£6,609.09	£5,998.67	£5,264.02

RSI funding is being used to lease properties and use them as temporary accommodation and is mainly targeted to support singles and couples through the homelessness pathway to move on. Which, in return, will increase access into our existing silted services. In the current financial year 2024/2025 we are proposing to lease 3 properties. These will be studios, 1 bed and 3-4 bed houses to share.

Homelessness Prevention Grant (HPG)

£130,000 out of our total allocation of Homeless Prevention Grant (HPG) will be used to Lease 2, 3 and 4 bed properties to use as temporary accommodation to accommodate those deemed to be in priority need which may include families, single people and couples which will help to reduce our reliance on emergency accommodation.

TABLE 1 - Breakdown of costs associated with option 1 scheme where we will consider paying rent up to current market rent based on the condition, size and the location of the property and the property owners remains responsible for all repairs, void works, and safety checks.

ANNUALLY	2 Bed Property	3 Bed Property	4 Bed Property
Expenditure			
Rent we pay the Landlord	£13,200.00 <i>(£1100 Per Month)</i>	£17,400.00 <i>(£1450 Per Month)</i>	£21,000.00 <i>(£1750.00 Per Month)</i>
Occupier Damage	£1500	£2000	£2000
Bad Debt @ 30%	£2,430.01	£2,800.07	£4,140.82
TOTAL SPENT	£17,130.01	£22,200.07	£27,140.82
Income			
Occupier Rent (HB / Wages)	£8,100.04 <i>(Based on 90% of 2011 LHA for Two Bed @ £140.19 per week)</i>	£9,600.24 <i>(Based on 90% of 2011 LHA for Three Bed @ £166.15 per week)</i>	£13,799.76 <i>(Based on 90% of 2011 LHA for Four Bed @ £238.84 per week)</i>
TOTAL INCOME	£ -8,100.04	£ -9,600.24	£ -13,799.76
TOTAL COST TO THE COUNCIL PER PROPERTY	£9,029.97	£12,599.83	£13,341.06

NOTE: that you will notice a difference in the cost to the Council of a 3-bedroom property being occupied by one household as compared to a property being rented out on a room basis. This is due to the rental income from a shared house will be greater than for a 3-bedroom property occupied by one household

TABLE 2 - Breakdown of all costs associated with leasing option 2 will offer landlords rent based on the current LHA rate and we will be responsible for minor repairs, voids works and safety checks. We also set aside the bad debt provision at 30% for potential rent arrears.

ANNUALLY	2 Bed Property	3 Bed Property	4 Bed Property
Expenditure			
Rent we pay the Landlord	£10,471.24 <i>(Based on 2024 LHA rate for Two Bed @ £201.37 per week)</i>	£12,864.80 <i>(Based on 2024 LHA rate for Three Bed @ £247.40 per week)</i>	£17,352.40 <i>(Based on 2024 LHA rate for Four Bed @ £333.70 per week)</i>
Gas Safety Check	£157.50	£157.50	£157.50
Electrical Safety Check	£43.08	£43.08	£43.08
Repairs/Maintenance	£1,000.00	£1,000.00	£1,000.00
Void Works	£1,500.00	£1,500.00	£1,500.00
Bad Debt @ 30%	£2,430.01	£2,880.07	£4,139.92
TOTAL SPENT	£15,601.83	£18,445.45	£24,192.90
Income			
Occupier Rent (HB / Wages)	£8,100.04 <i>(Based on 90% of 2011 LHA for Two Bed @ £140.19 per week)</i>	£9,600.24 <i>(Based on 90% of 2011 LHA for Three Bed @ £166.15 per week)</i>	£13,799.76 <i>(Based on 90% of 2011 LHA for Four Bed @ £238.84 per week)</i>
TOTAL INCOME	£ -8,100.04	£ -9,600.24	£ -13,799.76
TOTAL COST TO THE COUNCIL PER PROPERTY	£7,501.79	£8,845.21	£10,393.14

As an average accommodating a homeless family in nightly paid accommodation will cost £75 a night or a weekly charge of £525 and annual cost of £27,365. Please note that the cost savings associated with emergency accommodation will vary as the nightly rate charged can vary due to household size and at peak times.

HPG is being used to reduce these costs and are proposing to lease 6 properties to accommodate families in current 2024/25 financial year and further 6 properties in year 2025/26 instead of using hotels & B&Bs.

As an example, if we were to acquire a 2-bed property to house a family, cost of leasing under option 1 will be £9,029.97 a year compared to using an emergency accommodation (Hotel, B&B etc.) which will cost £27,365 a year.

Costs in the below table are based on leasing 6 properties to house 6 families, 3x 2 bed and 3x 3 bed in year 2024/25 and 2025/26 on leasing option 1 (where we offer market rent). It is then compared against emergency accommodation costs where the Council pays, on

average, £75-a-night for a household. However, as already mentioned above, this figure can be higher for larger families and in peak seasons.

	No. of Properties	Average cost of emergency accommodation	The net cost of Temporary accommodation on a lease based on <u>option 1</u>	Avoided Costs (Annual)	Avoided costs in 2024/25 (assuming 1 Jan 2025 implementation)
Year 2024/2025	3x 2 bed	£82,125	£27,090	£55,035	£13,759
	3x 3 bed	£82,125	£37,799	£44,325	£11,081
TOTAL	6	£164,250	£64,889	£99,360	£24,840

Below table highlights the average cost avoidance for year 2024/25 and year 2025/26 based on leasing 2 and 3 bed properties on leasing Option 1

	No. of Properties	Average cost of emergency accommodation	Average cost of Temporary accommodation on a lease	Avoided Costs (Annual)	Avoided costs (assuming 1 Jan 2025 implementation)
Year 2024/25	6	£164,250	£64,889	£99,361	£24,840
Year 2025/26	12	£328,500	£129,779	£198,721	£198,721

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.

<p>Name or Brief Description of Proposal</p>	<p>Private Sector Leasing (PSL) Scheme</p> <p>The PSL Scheme is where the Council will lease properties directly from the property owners or letting agencies and use them as form of temporary accommodation for households who are homeless, rough sleeping or already in expensive emergency accommodation sourced and funded by the Council.</p>
<p>Brief Service Profile (including number of customers)</p> <p>To develop a Private Sector Leasing Scheme for the provision of temporary accommodation for homeless households.</p> <p>The Council has a duty under the Housing Act 1996 (as amended) and the Homelessness Reduction Act 2017 to secure temporary accommodation for homeless households in certain circumstances, for example, whilst homelessness enquiries are undertaken or until suitable accommodation can be found under the main housing duty.</p> <p>To date, there are a total of 202 households in nightly paid accommodations such as hotels and B&Bs, which is the highest that it has ever been. Out of this total, 123 are households with children and expectant mothers and 79 are singles/couples.</p> <p>As per the Homelessness (Suitability of Accommodation) Order 2003, it is unlawful for councils to accommodate families (including single pregnant women) in B&B / Hotel accommodation that is not self-contained for over a period of 6 weeks. However, the difficulties in accessing longer term accommodation are lengthening the time families spend in emergency accommodation currently.</p> <p>Although, placing households in hotels and B&Bs is only a temporary measure to relief homelessness, there is a great physical, mental and social impact on households, specifically vulnerable adults, children and expectant mothers when the Council isn’t able source a stable, move on accommodation within reasonable timeframes.</p> <p>Through the PSL scheme, the Council will increase temporary housing options and will be able to support the most vulnerable to move on from hotels and B&Bs into more suitable accommodation for their needs. Not only this will increase the quality of their living</p>	

conditions and improve their overall wellbeing, but it will also significantly reduce the Council's spending on emergency accommodations.

Supported Housing - Hostels

Southampton City Council commission a Housing Related Support Framework consisting of intensive, life skills, high/medium and medium/low levels of support for individuals who are rough sleeping and experiencing homelessness. There is often a lot of demand for services but move on from the service can prove difficult, with a reduction in the number of affordable properties available to rent. Via the PSL scheme, it is hoped that through the development of more move on accommodation options it will provide increased access into our existing silted services, addressing our numbers of individuals rough sleeping in Southampton.

To date, there are total of 359 individuals in hostels and out of this total, 177 are in hostels with medium/low support needs which indicates that they are ready to move on from supported housing and become more independent.

Hostels are intended to fulfil an emergency or temporary function and as an emergency solution, it provides immediate relief from life on the streets. However, the lack of move on housing options prevent the hostels to fulfil their intended emergency and temporary functions and forces them to operate as longer-term which is an unsustainable solution to street homelessness.

Delivering the PSL scheme will generate more properties available to support the homeless pathway and provide a move on accommodation. Through the development of more accommodation for individuals within the pathway to move on, it will provide increased access into our existing services

Summary of Impact and Issues

Since 2019-2020, the number of homeless households approaching the council has surged by 64%, with a further 14% rise in the past 12 months. This escalation, compounded by economic disruptions, has resulted in a 61% increase in households requiring emergency accommodation. The **"Everyone In" campaign** was a government initiative implemented in the UK during the COVID-19 pandemic to address homelessness. The goal was to provide temporary accommodation for all individuals who were sleeping rough or at risk of homelessness, helping to protect them from the virus and reduce its spread. This initiative involved local authorities working together to identify and house those experiencing homelessness, often using hotels or other temporary accommodation. While the campaign was successful in providing immediate shelter to many, it also highlighted the ongoing challenges of homelessness and the need for long-term solutions.

The current demand for housing in the city far exceeds the available supply. This heightened demand shows no sign of slowing, significantly impacting the council's ability to prevent homelessness, and, where it cannot be prevented, making it a rare, brief, and non-recurrent experience. This has led to the current operating model at SCC becoming unsustainable.

A PSL scheme, where the local authority acts as intermediaries between landlords and tenants, can offer a valuable solution which benefit both the local authority and the landlord. The benefits to a landlord of choosing to let their property through a PSL scheme include a guaranteed monthly rent for the terms of the lease, even if the property is empty.

The Local Authority carries out regular inspections and undertakes the tenancy management of the property. At the end of the lease the property will be returned in a similar condition as at the start of the lease (less fair wear and tear).

The council will sublet the properties to homeless households. The Homelessness team will manage all aspects of tenancy management, including rent accounts, housing management, and regular property inspections. This will reduce the council's risk as we will work closely with the households to maintain their tenancies and help them transition to permanent housing.

Potential Positive Impacts

There are potential benefits for individuals and households who are homeless, at risk of being homeless or in an emergency accommodation that could be realised pending the successful delivery of the PSL scheme:

- Individuals and families will have better and more secure access to private rented accommodation and have the same housing options and opportunities as everyone else looking to rent in private rented sector.
- Families with children will have more secure and safe environment as opposed to staying in B&Bs or Hotels.
- The scheme will support singles and couples through the homelessness pathway to move on which will increase access into our existing silted services.
- It provides an opportunity for all to become more independent and learn to manage tenancy and pay their bills
- The scheme aligns with key deliverables set out in the Homelessness and Rough Sleeping Strategy 2024-2029.
- The scheme directly links with the Council's Transformation Programme and it is likely to help achieve the saving target the Council has for 2025/26

Responsible Service Manager	Maria Byrne
Date	07/11/2024
Approved by Senior Manager	Jamie Brenchley
Date	07/11/2024

Potential Impact

Impact Assessment	Details of Impact	Possible Solutions & Mitigating Actions
Age	None Identified	<p>This policy does not exclude any groups from being offered a temporary accommodation under the PSL Scheme</p> <p>Although, the scheme doesn't discriminate or disadvantage anyone due to their age, it will</p>

Impact Assessment	Details of Impact	Possible Solutions & Mitigating Actions
		<p>be recommended that when placing applicants in a shared house, ages of potential tenants to be considered due to differences of lifestyle between younger and older residents.</p>
Disability	<p>Properties offered to the Council on the PSL scheme may not meet the suitability needs of people with disabilities.</p>	<p>We accept that in some cases it may be difficult to find a suitable accommodation for households with disabilities. For e.g. if anyone within the household have accessibility needs or require special adaptations within the property.</p> <p>It is possible to engage with the landlord and with their permission, the Council can carry out all the necessary adaptations, however, as these properties will be occupied on temporary basis only and will be returned back to the landlord once the Lease comes to an end, it will not be reasonable or cost affective for both, Landlord and the Council to make any adaptations to properties under the PSL scheme.</p> <p>Instead, The Council will work to find suitable accommodation which is, potentially, already adapted for households with disabilities and accessibility needs.</p>
Gender Reassignment	None identified	<p>This policy does not exclude any groups from being offered a temporary accommodation under the PSL Scheme</p>
Care Experienced	None Identified	<p>This policy does not exclude any groups from being offered a temporary accommodation under the PSL Scheme</p>
Marriage and Civil Partnership	None identified	N/A
Pregnancy and Maternity	None Identified	<p>This policy does not exclude any groups from being offered a temporary accommodation under the PSL Scheme</p>

Impact Assessment	Details of Impact	Possible Solutions & Mitigating Actions
		<p>However, it is unlawful for the Council to keep homeless households in emergency accommodation for longer than six weeks, especially, pregnant women and families with children. Therefore, this group are likely to be prioritised for temporary accommodation under the PSL scheme compared to other homeless households accommodated in hotels and B&B</p>
Race	None identified	This policy does not exclude any groups from being offered a temporary accommodation under the PSL Scheme
Religion or Belief	None identified	This policy does not exclude any groups from being offered a temporary accommodation under the PSL Scheme
Sex	Survivors of Domestic Abuse	<p>This policy does not exclude any groups from being offered a temporary accommodation under the PSL Scheme.</p> <p>However, survivors of domestic abuse may have limited options to which areas they can live safely and what type of properties will be suitable for them. For example, if it's a shared property considerations should be given to who the other occupiers are and whether it is safe for them to reside there.</p> <p>Through joint working with domestic abuse services and other supporting agencies, the Council can determine the suitability and source of properties in approved and secure areas (unless such property is already available) whilst taking into consideration that the applicant would need access to support services, family and community so that the applicant is safe, has the</p>

Impact Assessment	Details of Impact	Possible Solutions & Mitigating Actions
		support network and doesn't feel isolated.
Sexual Orientation	None identified	This policy does not exclude any groups from being offered a temporary accommodation under the PSL Scheme
Community Safety	Individuals with history of mental health, substance misuse and offending will be extremely vulnerable to be housed in certain accommodations, such as, shared houses and in certain areas of the city	<p>The Council works closely with Community Mental Health and Substance Misuse Services. Everyone who is receiving support from these services have an allocated support worker and can work jointly with the Council to provide ongoing support to people to overcome their issues and challenges.</p> <p>Although, the initial decision on temporary accommodation offer is made by the Council, in some cases, we will liaise with relevant agencies supporting our applicants and seek their professional advice to determine the suitability of the property before making the final decision.</p> <p>The Council also works with the Police and the Probation Services when assisting ex-offenders with housing.</p> <p>Before anyone in this group is considered to be for a temporary housing offer, the Council will carry out a throughout assessment and engage with Probation Services and the Police.</p> <p>Probation Services will do an assessment which includes the checks on the proposed property, area and the surroundings, whether the property is self-contained and</p>

Impact Assessment	Details of Impact	Possible Solutions & Mitigating Actions
		<p>if it is shared, who the other residents are going to be.</p> <p>If the accommodation isn't recommended by the police or approved by the probation services, the Council will look to find another accommodation which approved and confirmed to be suitable and safer for the applicant and the community.</p>
Poverty	<p>Cost of living crisis may affect household budgets, and they may be unable to pay household bills.</p>	<p>Singles/Couples being housed in shared accommodations will not be liable to pay utility bills as this will be included in their rent.</p> <p>However, singles, couples and families placed in self-contained accommodations, such as, studios, 1, 2, 3 and 4 bed properties, will be liable to pay council tax and utility bills on top of their monthly rent.</p> <p>The Council will support to ensure that all individuals and families have access to appropriate benefits that could increase their income to manage their household expenses. Other support options can also be explored, such as assistance with adjusting their household budget.</p> <p>PSL Scheme gives Council the option to choose which properties and in which areas to accept on a scheme. This means that it will allow the Council to access accommodation in areas where it may be more affordable.</p>

Impact Assessment	Details of Impact	Possible Solutions & Mitigating Actions
<p>Health & Wellbeing</p>	<p>Applicants with mental health concerns, substance misuse or ex-offenders</p> <p>Households with children who have been staying in emergency accommodation for longer than needed</p>	<p>Although, the PSL scheme will have a positive impact through providing better housing options for people, it should be noted that some of our applicants may need some extra support settling into their new home.</p> <p>There may be cases where an applicant may not have successfully held a tenancy before or have been in and out of hostels or prison approved premises, where onsite support was provided.</p> <p>They may find it difficult to navigate through living alone and becoming more independent when they're offered a temporary accommodation under the PSL scheme and without any support from services may affect their health and wellbeing.</p> <p>As already addressed in Community Safety the Council works closely with external organisations such as Mental Health Services, Substance Misuse Services, Probation Services and the Police.</p> <p>As well as the Council carrying out their own assessments to determine the readiness of people moving on from supported accommodations (hostels, probation approved premises etc.), the Council will engage and closely work with relevant organisations and only consider an offer of temporary accommodation to those with medium or low support needs.</p> <p>Support from relevant services doesn't automatically end once the applicants are</p>

Impact Assessment	Details of Impact	Possible Solutions & Mitigating Actions
		<p>housed. It can continue for as long as it's needed.</p> <p>Households with children in Hotels or B&Bs, especially for a long period of time, are likely to be affected by unstable living conditions with their children's education and emotional wellbeing also highly impacted. They can experience isolation and lack of support if the emergency accommodation they've been placed is out of the area from where their school, essential support services, or the community is.</p> <p>When offering a temporary accommodation through the PSL scheme to families with children, we will ensure to consider properties in the areas which are close to children's schools, any essential healthcare/support services or the community.</p> <p>Although, the PSL scheme will improve their housing situation, it is important to note that there may be cases where households might find it difficult to adapt living in property, which is likely to be larger compared to hotels/B&Bs they lived in before.</p> <p>This can be quite stressful transition, and, having already gone through the period of not having a secure home, the uncertainty of their housing situation and possibly being separated from their support network, school and essential services, they're likely to need support to make their move to a new home as easy and stress-free as possible. We will ensure that right support is provided from the moment they are offered a temporary</p>

Impact Assessment	Details of Impact	Possible Solutions & Mitigating Actions
		<p>accommodation until they are fully settled in and enjoying their home.</p> <p>LLO will be visiting all of our tenants housed in temporary accommodation on regular basis to ensure that everyone is doing well, properties are well maintained and offer support or signpost to relevant services if any other follow-up support is required.</p>
Other Significant Impacts	People with no local connections	<p>Individuals who are rough sleeping in the city but are not from here and have no local connection, will not be eligible for a temporary accommodation offer under the PSL Scheme.</p> <p>The Council will engage with these individuals to gather information and find out where their connection might be.</p> <p>Section 198 of the Housing Act 1996 allows a housing authority to refer a homeless applicant to another authority if the applicant doesn't have a local connection to their district.</p> <p>This does <u>not</u> apply to domestic abuse survivors who have fled from the violent and came to Southampton. In these cases, the Council will comply with the Domestic Abuse and Homelessness Legislation to assist the survivor with housing</p>

DECISION-MAKER:	CABINET
SUBJECT:	CLOSURE OF STARTPOINT SHOLING DAY NURSERY
DATE OF DECISION:	26th November 2024
REPORT OF:	COUNCILLOR WINNING CABINET MEMBER FOR CHILDREN AND LEARNING

<u>CONTACT DETAILS</u>			
Executive Director	Title	Community Wellbeing, Children and Learning	
	Name:	Robert Henderson	Tel: 023 8083 4899
	E-mail	Robert.henderson@southampton.gov.uk	
Author:	Title	Service Manager – Early Years	
	Name:	Darrin Hunter	Tel: 023 8083 2112
	E-mail	Darrin.hunter@southampton.gov.uk	

STATEMENT OF CONFIDENTIALITY

NOT APPLICABLE

BRIEF SUMMARY

This report seeks a decision from Cabinet to approve the recommendation of the Cabinet Member for Children and Learning and the Executive Director for Community and Wellbeing, Children and Learning for the permanent closure of the Startpoint Sholing Nursery with immediate effect. Further, the report seeks approval for the commencement of the process for making staff redundancies in line with SCC policy and procedures. The proposed closure of the centre is as a result of the significant ongoing unauthorised operational deficit the nursery requires to continue operating.

Southampton City Council has a statutory duty to ensure that there is a sufficient supply of good quality, flexible childcare choices available, in response to parental demand. Statutory guidance does not specify who should provide these places. Currently 91% of Southampton’s childcare sector is provided by the Private, Voluntary and Independent sectors (PVI). The Council’s role is to act as a ‘market facilitator’ and ‘enabler’ to the sector.

The government have introduced a new extended childcare offer for qualifying children from the age of 9 months. Southampton has responded in collaboration with the sector by exceeding our Department for Education (DfE) target of 44 new early years childcare places, by creating an additional 170 new places up to September 2024. This does not include the additional 220 places planned for 2025. This, along with our Autumn Term provider sufficiency survey, demonstrates that Southampton has more than sufficient places available to meet parental demand. The additional surplus also provides a healthy contingency for multiple unexpected closures.

Summary of Impact and Issues

Startpoint Sholing Childcare Nursery is a council run childcare nursery registered by Ofsted to care for up to 26 children. All current children have transitioned to school in September 2024. The nursery currently employs 10.22 FTE staff, the majority are female and predominantly part time. The nursery occupies one of the classrooms and associated staff areas within the Startpoint Sholing Early Years Centre.

Since the nursery opened, it has continued to incur a financial deficit year on year and relied on SCC subsidies to break even.

- 2021/22 - £379k deficit
- 2022/23 - £367k deficit
- 2023/24 - £358k deficit

A task and finish group was set up with colleagues within Finance, HR, the Nursery Manager, members of the Early Years/Childcare Service, with input from Legal and representatives from the DfE Experts and Mentors Programme to try and identify a viable model that was sustainable. This resulted in several measures being introduced in 2024, which have been successful in reducing the deficit from £358k to a forecast £202k for 2024/25. However, it has still not been possible to identify a financially viable structure for the nursery that would enable them to break even.

The Early Years funding that is provided by the DfE, does not cover the costs of sustaining this nursery without the need for significant on-going subsidies from the Council to cover the ongoing operational deficit.

RECOMMENDATIONS:

	(i)	To approve the closure of Startpoint Sholing Childcare Nursery with immediate effect.
	(ii)	To delegate authority to the Executive Director of Community Wellbeing, Children and Learning, following consultation with the Executive Director of Enabling Services, to take any action necessary to give effect to recommendation 1 including but not limited to undertaking any relevant HR and contractual processes.

REASONS FOR REPORT RECOMMENDATIONS

1.	Any deficit in the nursery budget has not been included and therefore alternative budget savings would need to be found within the wider Early Years Service. This can only be achieved through further staff redundancies every year. The remaining staff employed within the Early Years Service are undertaking key statutory roles and any reductions would have an adverse effect on Southampton City Council's ability to fully discharge its statutory childcare duties placed upon them under the Childcare Act 2006 and Childcare Act 2016.
2.	Our statutory duty to ensure childcare sufficiency is already being met through the wide range of other childcare providers throughout the city and within the local area. These include alternative Day Nurseries, Pre-schools, Childminders and School/Academy run nurseries.
3.	All previously registered children attending the nursery have since transitioned into school in September 2024. There are currently no children on roll. Any new requests from parents have been delayed until the outcome of a

	<p>decision by Cabinet. This decision was based on the best interests of the children and their development from being adversely impacted by any possible closure so soon after starting having developed relationships with other children and staff and establishing routines etc.</p>
4.	<p>Quality of childcare provision – Startpoint Sholing was judged as ‘Good’ at their last Ofsted Inspection. Southampton’s Childcare sector has higher than the national average number of childcare providers ranked ‘Good’ or ‘Outstanding’ by Ofsted at their most recent inspection. Out of the 300+ Ofsted registered childcare providers within the city, only one provider is currently judged less than good by Ofsted. In fact, Southampton also has above the national average of providers judged as ‘Outstanding’ by Ofsted. Therefore, parents/carers do have a choice on a range of high-quality early years and childcare places that are available throughout the city in every ward.</p>
5.	<p>Levels of support for children with Special Educational Needs and Disabilities (SEND) – Startpoint Sholing Childcare Nursery is not a specialist nursery, although the stakeholder consultation identifies that they do offer good support to families for children with SEND.</p> <p>The Council does have a service contract in place with another established provider, recognised for their work with children with complex needs. It also includes a Family Support Worker who provides extended support to the family. They have expanded their outreach offer within the city which has enabled them to support many more children. In addition, the Early Years and Childcare Service has available the following accredited training for providers to support children with SEND:</p> <ul style="list-style-type: none"> • Level 3 - SEND Co-ordinator (<i>over 85% of the city’s early years settings now have at least one SENDCo trained at level 3</i>). • Level 2 - SEND Practitioner (<i>we want all practitioners who work with children in early years to be a SEND practitioner</i>). • Level 1 - Dingley’s free on-line Training for staff and parents to have a better understanding and awareness in supporting children with SEND. • Bespoke Training Programme to support quality improvement and SEND support. <p>Lastly, for any parent/carer of any child who is struggling to find a childcare place that meets their needs, then the Early Years Service offers a free ‘Childcare Brokerage Service’ to families where we will work with them to identify suitable childcare that meets their needs.</p>
ALTERNATIVE OPTIONS CONSIDERED AND REJECTED	
1.	<p>Do Nothing – For this option to be considered it would need the ongoing annual investment of more than £300k each year from the Council to cover the ongoing operational deficit.</p>
2.	<p>Re-structure – A task and finish group was set up, comprising of membership from HR, Finance, Early Years colleagues, SEND, Nursery Management, Southampton’s nursery sector and representatives from the</p>

	<p>DfE Early Years Experts and Mentors programme who between them have investigated countless re-structuring models. Unfortunately, none of these have proved to be sustainable without significant ongoing subsidy from the Council. A further remodelling scenario was considered as a specialist inclusive nursery. However, this option forecasts an even higher deficit for the nursery.</p>
<p>DETAIL (Including consultation carried out)</p>	
<p>1.</p>	<p>Formal staff consultation with those affected and Unions commenced on 2nd September and closed on 16th October 2024. A letter summarising the outcomes from the staff consultation is included within Appendix 2.</p> <p>An alternative proposal was received by Unison (Appendix 1) as part of the formal staff consultations which shows an ongoing deficit of £44k. However, when analysing their proposal in more detail and including some key omissions such as Professional fees/subscriptions, early years mandatory staff training, cleaning and cleaning materials etc. Together with inaccurate assumptions in income and taking into account higher staff ratios for children with SEND; their proposal is estimated to be £150k in deficit. Furthermore, any delay or decision to restructure the nursery as put forward in the Unison proposal, will be subject to further ongoing formal consultations and this delay will increase this deficit further</p>
<p>2.</p>	<p>Stakeholder consultation was also undertaken which received a total of 407 responses. A copy of the responses is included as Appendix 3.</p> <p>Highlights</p> <p>A total of 407 responses were received.</p> <p>62% of respondents were residents of Southampton</p> <p>30% of respondents were a parent or carer of a nursery aged child locally</p> <p>17% were someone that works, visits or studies in Southampton</p> <p>A total of 95% of respondents disagreed with the proposal.</p> <p>The following impacts have been considered and where possible appropriate mitigations are either in place or being proposed.</p> <p>1. Impact on children/parents – The Council as part of its commitment to families have honoured the nursery contract that was in place with parents, culminating in all children transitioning to start school in September 2024. Due to the uncertainty about the nursery’s future, no new children were offered a place for September as any major disruption to a child’s early development can have a negative impact on their progress (e.g. creating relationships, establishing routines and securing attachments to staff and the environment etc). In addition, any requests we have received from prospective parents for a space in September, have been written to, informing them that the future of the nursery is being reviewed and that until a decision has been made (<i>November 2024</i>), we are unable to provide their child a place. We also advised parents that whilst we are happy to retain their details on a waiting list, if they needed a guaranteed space for their child</p>

	<p>(e.g. to enable them to work, undertake training etc), they may wish to explore vacancies with alternative local childcare providers who do have vacancies.</p> <p>The development of new childcare places across the city and within the local area adequately insures the availability of places for parents/carers within the local area.</p> <p>2. Impact on other providers, including schools – Closure of the Sholing nursery will not have a detrimental impact on neighbouring Ofsted registered providers or schools. The fact is, for most providers it will help to increase their future occupancy levels and improve their long-term sustainability. The increase in new provision within the local area, some of which are within schools is further supported by the governments recently announced policy to develop new childcare nurseries throughout schools in England.</p> <p>3. Impact on staff – the uncertainty on the future of the nursery has resulted in many staff securing alternative employment, some of which with neighbouring childcare providers. There are also redeployment opportunities that would be available to staff both within the service, and potentially across the wider Council. Due to the ongoing staffing shortages that currently exist within Southampton’s childcare sector (<i>102 job vacancies as of October 2024</i>) the early years’ service can help to facilitate and broker, new external employment opportunities for anyone wishing to continue to work within childcare.</p>
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RESOURCE IMPLICATIONS

Capital/Revenue

1.	There is expected to be an overspend in the nursery budget as reported to Finance in Q1, if a decision to close the nursery is approved by Cabinet. This is primarily due to notice payments and redundancy pay awards. Any other decision will result in further significant overspend.								
2.	<p>Costs Summary</p> <table border="1" style="width: 100%;"> <tr> <td>Total Notice Pay</td> <td style="text-align: right;">£52,696</td> </tr> <tr> <td>Total Redundancy Costs</td> <td style="text-align: right;">£74,982</td> </tr> <tr> <td>Nursery forecast budget deficit for 24/25 (If decision to close is approved)</td> <td style="text-align: right;">£202,062</td> </tr> <tr> <td>Total forecast Liability</td> <td style="text-align: right;">£329,740</td> </tr> </table>	Total Notice Pay	£52,696	Total Redundancy Costs	£74,982	Nursery forecast budget deficit for 24/25 (If decision to close is approved)	£202,062	Total forecast Liability	£329,740
Total Notice Pay	£52,696								
Total Redundancy Costs	£74,982								
Nursery forecast budget deficit for 24/25 (If decision to close is approved)	£202,062								
Total forecast Liability	£329,740								
3.	<p>The costs arising from the Notice Pay and the in-year deficit totalling £254,758 will be met from the Dedicated Schools Grant.</p> <p>The redundancy costs of £74,982 will be met by the Central Contingency within the Council’s General Fund.</p> <p>It should be noted that the closure of the nursery will prevent further increases to the accumulated deficit in future years.</p>								

Property/Other

1.	If the proposal is approved, the vacated space occupied by the nursery will be used to deliver other key priority early years services.
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LEGAL IMPLICATIONS

Statutory power to undertake proposals in the report:

1.	The proposed closure of the nursery is subject to formal staff consultation which commenced on 2 nd September 2024 and concluded on 16 th October 2024. A letter to staff and Unions following the outcome of the staff consultation is included as Appendix 2
2.	The proposed closure of the nursery is subject to non-statutory, formal stakeholder and public consultations under the Councils consultation guidance . This stakeholder consultation commenced on 2 nd September 2024 and concluded on 18 th October 2024. A copy of the report is available under Appendix 3
3.	The Council is under no legal duty to operate the centre in its current form, but as a discretionary service, the Council must satisfy itself it has considered all material considerations around sufficiency of early years places, demand and resourcing implications when reaching a decision to reduce or remove discretionary services of this nature.

Other Legal Implications:

1.	The proposals have been subject to an Equalities Impact Assessment under s.149 Equalities Act 2010 and the Assessment is set out for Members consideration in reaching their decision at appendix 4 of this report
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RISK MANAGEMENT IMPLICATIONS

1.	None
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POLICY FRAMEWORK IMPLICATIONS

1.	The Early Years and Childcare Strategy 2022 -2027
2	Early Years and Childcare Statutory Guidance for Local Authorities

KEY DECISION?	Yes
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WARDS/COMMUNITIES AFFECTED:	Sholing and Thornhill Wards
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SUPPORTING DOCUMENTATION

Appendices

1.	Staff/Unions proposal - Alternative restructure Proposal - Startpoint Sholing Nursery Proposal
2.	End of Consultation Outcome letter to staff
3.	Stakeholder Consultation Summary
4.	Equality Impact Assessment

Documents In Members' Rooms

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

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Startpoint Sholing Nursery

Proposal 2024

Contents

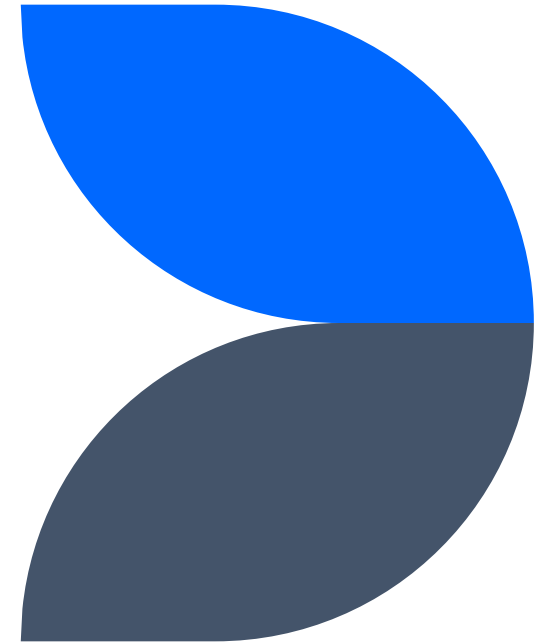
- Introduction
- Primary goals
- Employee costs
- Staffing structures
- Comparisons
- How we get there
- Why?
- Summary

Introduction

Startpoint Sholing entered a consultation phase in September 2024. The proposal was for the nursery to close due to our on-going deficit. We have been working together as a team alongside our Unison reps to propose a new proposal for consideration regarding how we can reduce the nursery deficit and continue to run providing a much-needed service to the local community as well as securing peoples' careers.

Primary goals

- Raise awareness of current employee costs for Sept 2024
- Suggest restructure potential
- Propose future revenue suggestions



September 2024 current staffing

Labour Structure	Total Weekly Hours	Hourly Rate	Total Weekly Rate	Salary	N.I	Pension & Life Assurance
	37.00	£12.46	£ 461.02	£20,746	£ 1,607	£ 985
	37.00	£14.91	£ 551.67	£28,687	£ 2,703	£ 1,363
	19.00	£12.46	£ 236.74	£10,653	£ 214	£ 506
	22.50	£17.59	£ 395.78	£20,580	£ 1,584	£ 978
	22.50	£17.59	£ 395.78	£17,810	£ 1,202	£ 846
	20.00	£12.46	£ 249.20	£11,214	£ 292	£ 533
	22.50	£14.91	£ 335.48	£17,445	£ 1,152	£ 829
	28.00	£14.91	£ 417.48	£21,709	£ 1,740	£ 1,031
	26.00	£12.46	£ 323.96	£14,578	£ 756	£ 692
	22.50	£12.46	£ 280.35	£14,578	£ 756	£ 692
	22.50	£17.59	£ 395.78	£17,810	£ 1,202	£ 846
	37.00	£25.13	£ 929.81	£48,350	£ 5,417	£ 2,297
	16.00	£12.46	£ 199.36	£8,971	-	£ 426
	20.00	£12.46	£ 249.20	£11,214	£ 292	£ 533
	19.00	£12.46	£ 236.74	£10,653	£ 214	£ 506
	22.50	£19.81	£ 445.73	£23,178	£ 1,943	£ 1,101
	14.00	£14.91	£ 208.74	£9,393	£ 40	£ 446
Net Cost	408.00	257.03	6,312.80	307,569.77	21,113.80	14,609.56
Employer's National Insurance				£ 21,114		
Pension 3% and Assurance 1.75%				£ 14,610		
Total Cost				£ 343,293		

This is how our current staffing structure looks for month 6. Our employee costs have dramatically changed since the last finance information of 2023/2024

Restructure

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Labour Structure	Total Weekly Hours	Hourly Rate	Total Weekly Rate	Salary	N.I	Pension & Life Assurance
Nursery Manager	37.00	£19.81	£ 732.97	£32,984	3,296	1,567
Deputy/Senco	37.00	£17.59	£ 650.83	£29,287	2,786	1,391
Room Lead	37.00	£14.91	£ 551.67	£24,825	2,170	1,179
Nursery Assistant	37.00	£12.46	£ 461.02	£20,746	1,607	985
Nursery Assistant	37.00	£12.46	£ 461.02	£20,746	1,607	985
Nursery Assistant	37.00	£12.46	£ 461.02	£20,746	1,607	985
Nursery Assistant	37.00	£12.46	£ 461.02	£20,746	1,607	985
Lunch Assistant	25.00	£11.98	£ 299.50	£13,478	604	640
Position	0.00		£ -	£0	-	-
Position	0.00		£ -	£0	-	-
Net Cost	284.00	114.13	4,079.05	183,557.25	15,284.50	8,718.97
Employer's National Insurance				£ 15,285		
Pension 3% and Assurance 1.75%				£ 8,719		
Total Cost				£ 207,561		

Our proposed restructure:

1x Manager

1x Deputy/Senco

1x Grade 6 (room leader)

4x Grade 4

1x Grade 3



Comparison

Start Point	2023 / 2024		Restructure		
Overheads					
Premises	£	95,147.00	£	95,147.00	We would like to unpick our premises cost as we use far less of the building than previous. Is this something that could be looked at to reduce?
Suppliers and services	£	9,052.24	£	9,052.24	
	£	-	£	-	
Total	£	104,199.24	£	104,199.24	
Labour					
Labour Costs	£	521,962.66	£	207,560.72	There is a huge difference in labour costs £ 314,401.94
Employment Labour total	£	521,962.66	£	207,560.72	
Other Costs					
Income	-£	267,641.32	-£	267,641.32	We havent had any new children on role since these figures came therefore it isnt a true reflection of what our income could be.
Consumables					
Uplift					
Total Other Costs	-£	267,641.32	-£	267,641.32	
Cost	£	358,520.58	£	44,118.64	This deficit could be reduced again by adding in uplifts!
Average Monthly	£	29,876.72	£	3,676.55	

How we get there – Collaborative work

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Working in partnership with teams within SCC to improve operations for Startpoint Sholing.

Pursue scalable service through sustainable strategies including uplifting EY hourly rates.

Modify our offer to term time only.

Introduce marketing to include the working parental requiring term time only childcare.

Offer childcare spaces for under 2yr olds (brings in more funding per hour).

Outsource the building/room during school holidays.

Offering stay and play groups (childminder etc)

Restructure of standard pricing tariff for additional hours.

Restructure of session times utilising opening hours.

Clear financial budget for premises overheads.

Why Startpoint?

We are more than your normal nursery and we are all very passionate about Start Point and helping our local families.

We also support college students and student teachers from our local school and attend inclusion meetings regularly.

Our current staff team have a wealth of knowledge, qualifications including Makaton training, forest schools education, Healthy early years, inclusion, special educational needs. All our staff also have a extent number of years in childcare education.

Parents We need our new government to ensure our local authority nurseries do not close through lack of money as there is definitely a need for us.

We have supported children with autism, ADHD, speech & language needs, hearing impairment, physical impairments, cerebral palsy, chromosomal disorders, seizures, global delay – we will help any family in getting the right care for their child.

We consistently mould our practice to meet the demands of our families we are supporting.

We have a consistent wait list for places at our setting

We signpost families to other services they may need such as food banks, housing, doctors.

We have a variety of outside agencies that we work with including Early Year's Advisory Teacher/Area SENDCo, Speech & language therapists, Physical therapists, Educational psychologists, Occupational therapists, Portage workers, Community paediatrician, Health visitors, Development workers, Specialist advisory teachers, Social workers & Assessment coordinators.

Labours plans:

Childcare will support our children to achieve and thrive

- *Labour will deliver half a million more children hitting the Early Learning Goals by 2030.*
- *Labour will bring a new focus on supporting language skills and maths learning right from the start.*
- *Labour will support staff working in childcare & early education so they are recognised for the skilled and important work they are doing.*
- *Labour is determined to deliver not just more childcare, but better childcare and early education – for the best start to every life.*

“

Early years are important because they lay the foundations for a child's development. Startpoint has become part of our family and it is heartbreaking to see the potential closure. They are not just a childcare setting.

Parent, August 2024

”

Summary

As part of the staffing team at Start Point Sholing we have reviewed the finances and information that was made available to us. We believe we have the basis of a sustainable model going forward.

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These finances that are being shared are from April 2023 - March 2024. We are 5.5FTE members less and this does not show in staffing cost.

If Startpoint were able to have enrolled children in the past year that would have been more income and less of a deficit on top of employee reduction.

We completely understand that our deficit is a substantial amount of money, however this presentation is to highlight the current finances that the consultation is being based on are not true reflection of the current situation. Unfortunately, they are vague and have made our restructure proposal difficult for precise numbers.

We want to show there is potential to save money and continue our service which is key for our local area.

Thank you



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Direct dial: 023 8083 2112
Email: darrin.hunter@southampton.gov.uk
Please ask for: Darrin Hunter Ext Number 2112
Our ref: ENDCONS

PERSONAL AND CONFIDENTIAL

8th November 2024

Start Point Sholing Day Nursery – End of Formal Consultation

I am writing to confirm the outcome following the formal 45-day consultation period which commenced on 2nd September 2024 and ended on 16th October 2024. All staff in scope were invited to a consultation meeting held on 13th September 2024 which outlined the proposals for the closure of the Day Nursery and allowed questions and feedback to be raised. A copy of the proposal and consultation documents were placed on the Live Restructures webpage on the staff intranet along with all other supporting documents.

Consultation Feedback:

One-to-one consultation meetings with myself were offered to affected staff to give the opportunity to have a further confidential discussion on the potential impact on your role. During these meetings any questions raised, and the subsequent feedback were included as areas for discussion within wider staff meetings and are summarised below:

- More information on applying for internal positions and requests for being placed on the redeployment register early. - Staff were provided with a copy of the policy and any member of staff who requested to be placed upon the redeployment register were actioned immediately.
- Interest in finding out more about Springwell positions – Contact was made with Springwell School who recommended informal discussions with Springwell HR Staffing Lead who arranged work experience days for nursery staff.
- Confirmation on notice periods and whether in certain circumstances this could be reduced – subject to the specific circumstances, the answer was yes subject to managers discretion.
- Clarification around redeployment within a school post which is solely funded through SCC – Contact with HR colleagues who provided advice and support to the individual.
- Clarification around whether employment through the Temporary Employment Agency (TEA) would be count as continuous service – HR undertook extensive analysis of the records and the individual outcomes for each staff member affected has been fed back.

Work Experience, Redeployment & Training/Support:

Following one-to-one discussions, staff who have opted in to the redeployment process have been placed on the redeployment register. Staff will continue to be supported to find and apply for suitable alternative employment where such opportunities exist.

Work experience opportunities across Children's Services & Learning for existing nursery staff to train and upskill have been communicated with staff and these include offers from the following services:

- **Educational Welfare Service** – Job shadowing and additional training including Safeguarding
- **SEND Service** – Job shadowing, SEND systems and IT
- **Family Hubs** – Signposting parents, Universal group support
- **Libraries** – Supporting existing library staff during structured family sessions e.g Rhyme Time, and craft sessions etc.
- **HR Recruitment Team** – provided training around CV building, Redeployment process and skills mapping and support around completing application forms etc.
- **Job Club** – Proposed training is arranged over coming weeks focusing on IT skills and further support for CV writing and preparation for interviews.
- **Further opportunities to extend skills have been provided** – Springwell shadowing, archiving, access to online training including early years development training course, L2 Understanding children's mental health, Dingley's SEND training, my learning modules and Language and Communication training.
- **Educational Psychologists support** – safe space to talk and debrief (to support staff Wellbeing)

During consultation staff requested additional support to improve their computer/digital skills, application, CV writing and interview skills. Training sessions were organised through various routes including:

- Application, CV writing and interview skills with the Councils Recruitment Team
- Computer Skills Course in partnership with SCC Libraries
- Online training courses

Also arranged to take place is an IT skills, job application, CV and interview skills session in partnership with the Employment Skills Team. This session for affected staff is scheduled to take place on 14th November, 10.00am to 1.00pm at Startpoint Sholing.

The Council's recognised trade unions have been kept up to date during consultation and will continue to be available to support staff. Please contact your TU rep directly should you wish to arrange a discussion with them. Unison members were provided with a verbal response at today's End of Consultation Meeting at Startpoint Sholing. A formal written response will be provided to Unison next week.

A number of questions were raised during the End of Consultation meeting (08/11/2024) and the responses can be found below;

If the decision is made to close the setting on 26th November...

- What will be our official last working day, and how does pay work (November / December pay, notice periods, holiday, when would redundancy or last pay be)? *The last working day for staff will be dependent on when notice is given and what the timescale is for the official closure date of the nursery. There is an option for staff to have an informal meeting with Darrin, or a formal dismissal hearing can be arranged which would be chaired by a Head of Service. Whether you opt to have an informal meeting or formal hearing your last working day will be agreed, pay in lieu of notice, outstanding AL entitlement and redundancy payment will be confirmed at that time and paid to you on the 23rd of the month following the last working day.*
- If you then want to go on the redeployment list at this point is it possible to join? *Staff were given the opportunity to go onto the register at the start of the consultation process in September 2024. Staff will be able to go onto the redeployment register up until the decision is made by Cabinet and an official closure date confirmed.*
- What happens if you have been on redeployment and not found anything suitable (do you have the same rights to notice periods/ redundancy) and how long can you remain on the redeployment list? *All staff with over 2 years continuous service have the same rights to notice periods and redundancy payments regardless of whether they have opted in or out of the redeployment process. If staff have been unsuccessful in finding alternative employment within the Council, last working day will be agreed, and they will leave the Councils employment with their final salary payment, pay in lieu of notice, outstanding annual leave and redundancy payment.*
- If you can stay on the redeployment list throughout the notice period what will work look like during this time? *If the decision is made to close the nursery and an official closure date agreed, staff can remain on the redeployment register up until their last day in service. Pay in lieu of notice would be given should the decision be made to close the nursery.*
- What happens if I am in the middle of a redeployment process? *If you have been offered a trial period in another job role, this would continue until then end of the agreed trial period. If the trial period is unsuccessful, you will leave with a redundancy payment.*
- What will happen with outstanding sorting of equipment including archiving for the nursery? *Alternative arrangements will be put into place*

If the decision is to restructure... This will depend on the Cabinet decision

- What is the restructure process? *A further separate consultation process will be required on the proposal.*
- Will those who want to take redundancy need to wait until the end of a restructure process? *This would be dependent on the Cabinet decision and any restructure proposal put forward.*

In addition, the draft Stakeholder Consultation summary is being analysed and should be ready for uploading onto the website next week.

It is important to highlight that although staff and stakeholder consultation has now closed, a decision will not be made on the future of the Day Nursery until Cabinet meet on 26 November 2024. During this time staff will continue to be supported and further confidential one to one meetings can be requested as and when you require them. Once Cabinet have confirmed their decision on the proposals, you will be notified of this at the earliest opportunity and what this means for you individually.

I would like to take this opportunity to remind staff that the Employee Assistance Programme (EAP) can be accessed 24 hours a day, 365 days a year. The EAP is a confidential and free service for Council employees who require support or advice on a range of subjects. The service can be accessed via the confidential helpline on **0330 380 0658** or you can visit the website: <https://vivup.yourcareeap.co.uk?CODE=110263>.

Should you have any queries in relation to the content of this letter please do not hesitate to contact me.

Yours sincerely

D Hunter

Darrin Hunter

Early Years Service Manager

Cc Trade Unions – Mark Roberts (Unison), John Early, Carol Wilson (Unite), Ali Haydor (GMB)

Draft Startpoint Sholing Day Nursery Consultation

Full results summary

southampton
dataobservatory  Data, Intelligence & Insight Team | *November 2024*

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Southampton City Council undertook a public consultation on **Startpoint Sholing Day Nursery**.

This consultation took place between **02/09/24** and **18/10/24**.

The aim of this consultation was to:

- Communicate clearly to residents and stakeholders the proposal for Startpoint Sholing Day Nursery.
- Ensure any resident, business or stakeholder who wished to comment on the proposals had the opportunity to do so, enabling them to raise any impacts the proposals may have.
- Allow participants to propose alternative suggestions for consideration which they feel could achieve the objective in a different way.

The primary method of gathering feedback for this consultation was via online questionnaire. Physical paper versions of the questionnaire were also made available, and respondents could also email yourcity.yoursay@southampton.gov.uk with their feedback, as well as respond by post.



Southampton City Council is committed to consultations of the highest standard and which are meaningful and comply with the *Gunning Principles*, considered to be the legal standard for consultations:

1. Proposals are still at a formative stage (a final decision has not yet been made);
2. There is sufficient information put forward in the proposals to allow ‘intelligent consideration’;
3. There is adequate time for consideration and response, and;
4. Conscientious consideration must be given to the consultation responses before a decision is made.



Rules: The Gunning Principles

They were coined by Stephen Sedley QC in a court case in 1985 relating to a school closure consultation (R v London Borough of Brent ex parte Gunning). Prior to this, very little consideration had been given to the laws of consultation. Sedley defined that a consultation is only legitimate when these four principles are met:

1. **proposals are still at a formative stage**
A final decision has not yet been made, or predetermined, by the decision makers
2. **there is sufficient information to give ‘intelligent consideration’**
The information provided must relate to the consultation and must be available, accessible, and easily interpretable for consultees to provide an informed response
3. **there is adequate time for consideration and response**
There must be sufficient opportunity for consultees to participate in the consultation. There is no set timeframe for consultation,¹ despite the widely accepted twelve-week consultation period, as the length of time given for consultee to respond can vary depending on the subject and extent of impact of the consultation
4. **‘conscientious consideration’ must be given to the consultation responses before a decision is made**
Decision-makers should be able to provide evidence that they took consultation responses into account

These principles were reinforced in 2001 in the ‘Coughlan Case (R v North and East Devon Health Authority ex parte Coughlan²), which involved a health authority closure and confirmed that they applied to all consultations, and then in a Supreme Court case in 2014 (R ex parte Moseley v LB Haringey³), which endorsed the legal standing of the four principles. Since then, the Gunning Principles have formed a strong legal foundation from which the legitimacy of public consultations is assessed, and are frequently referred to as a legal basis for judicial review decisions.⁴

¹ In some local authorities, their local voluntary Compact agreement with the third sector may specify the length of time they are required to consult for. However, in many cases, the Compact is either inactive or has been cancelled so the consultation timeframe is open to debate

² BAILII, England and Wales Court of Appeal (Civil Decision) Decisions, Accessed: 13 December 2016.

³ BAILII, United Kingdom Supreme Court, Accessed: 13 December 2016

⁴ The information used to produce this document has been taken from the Law of Consultation training course provided by The Consultation Institute



The agreed approach for this consultation was to use an online questionnaire & paper questionnaire as the main route for feedback; questionnaires enable an appropriate amount of explanatory and supporting information to be included in a structured way, helping to ensure respondents are aware of the background and detail of the proposals.

Respondents could also write letters or emails to provide feedback on the proposals: emails or letters that contained consultation feedback were collated and analysed as a part of the overall consultation.

The consultation was promoted in the following ways:

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- Promoted to existing service users
- Posters on site (internal and external doors)
- Promoted to potential future service users
- Letters/emails to parents and carers on waiting list
- Promoted to wider City Residents
- Posters for local schools, early years settings and Family Hubs in locality
- Southampton City Council website
- Social media (Nextdoor for Sholing area only)

All questionnaire results have been analysed and presented in graphs within this report. Respondents were also given opportunities throughout the questionnaire to provide written feedback on the proposals. All written responses and questionnaire comments have been read and then assigned to categories based upon sentiment or theme.

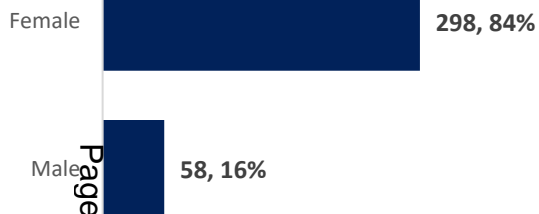


Total responses

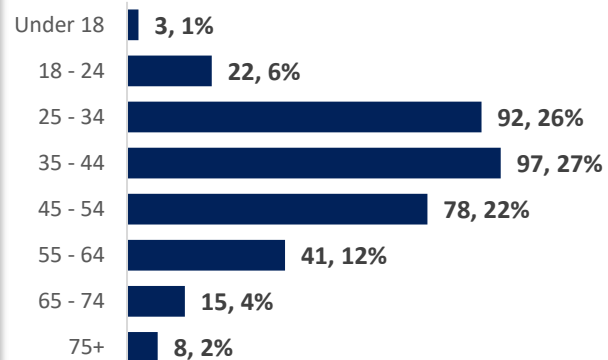
398 survey responses
9 email responses
407 Total

Graphs on this page are labelled as percentage (count).

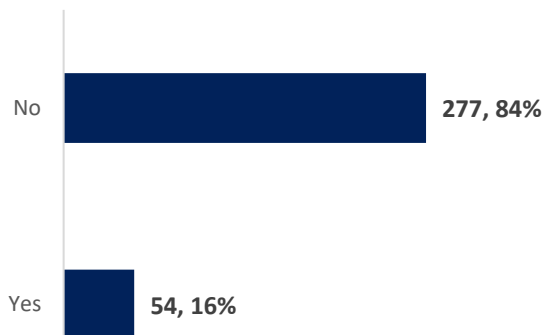
Sex



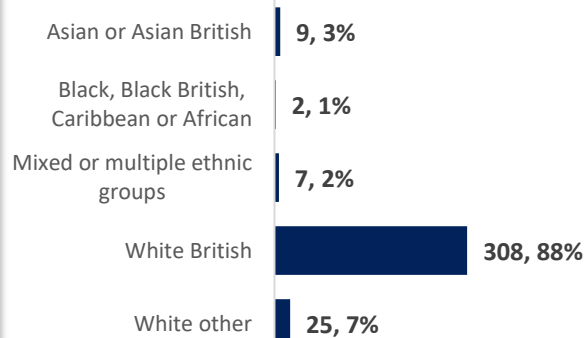
Age



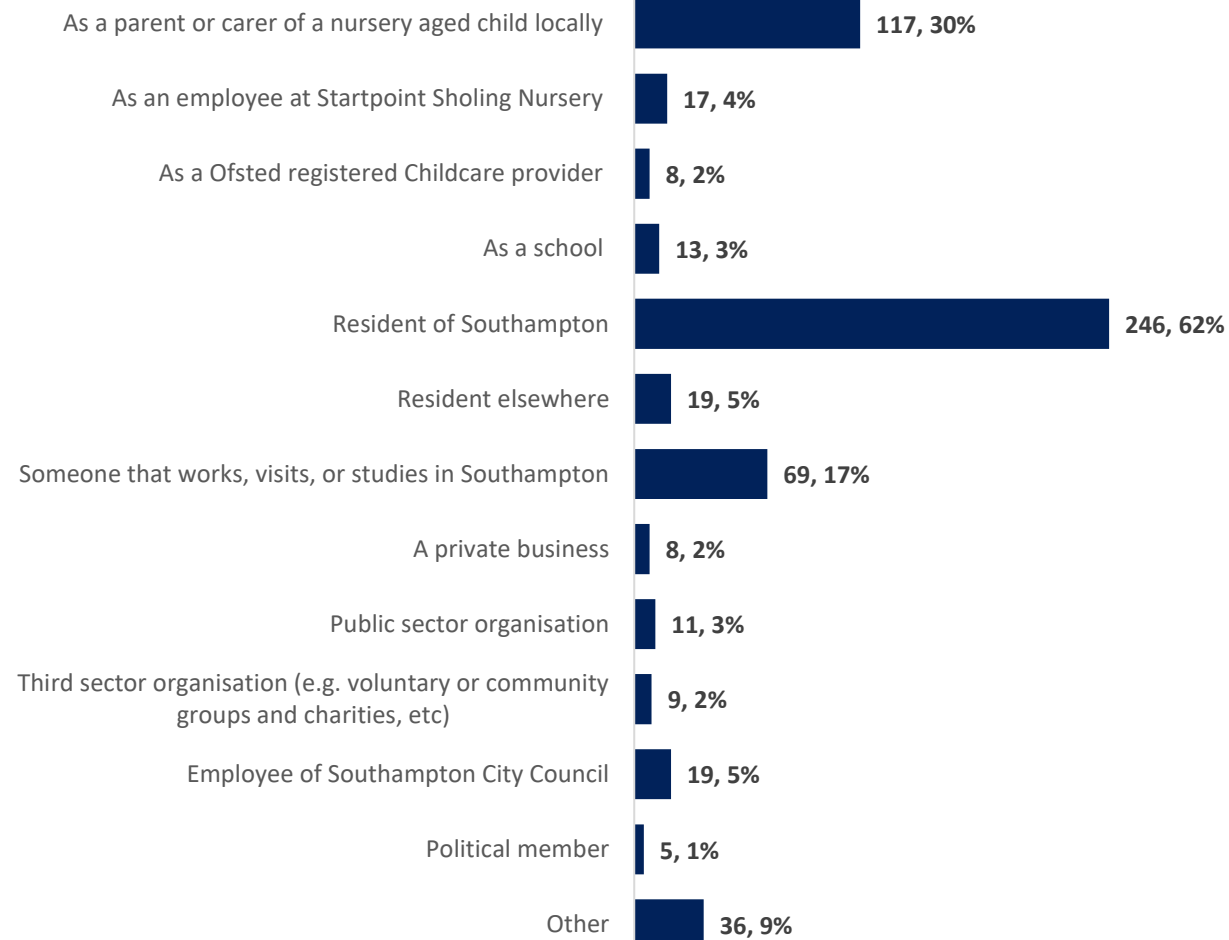
Disability



Ethnicity



Interest in the consultation





Consultation feedback



Startpoint Sholing is a Council-run, Ofsted-registered childcare nursery based at Startpoint Sholing Early Years Centre on Wood Close. The nursery has been in operation for over 20 years and offers 26 spaces for children.

The Early Years funding that is provided by central government does not cover the costs of sustaining this nursery without the need for significant on-going council subsidies. This is costing the council more and more each year and it has not been possible to identify a financially viable solution for the nursery.

Due to the significant creation of new childcare places recently opened locally and further planned expansions for 2025, we believe there is a sufficient supply of good quality, inclusive, affordable and flexible childcare choices available in Southampton. Therefore, we are proposing to close the Startpoint Sholing Childcare Nursery.

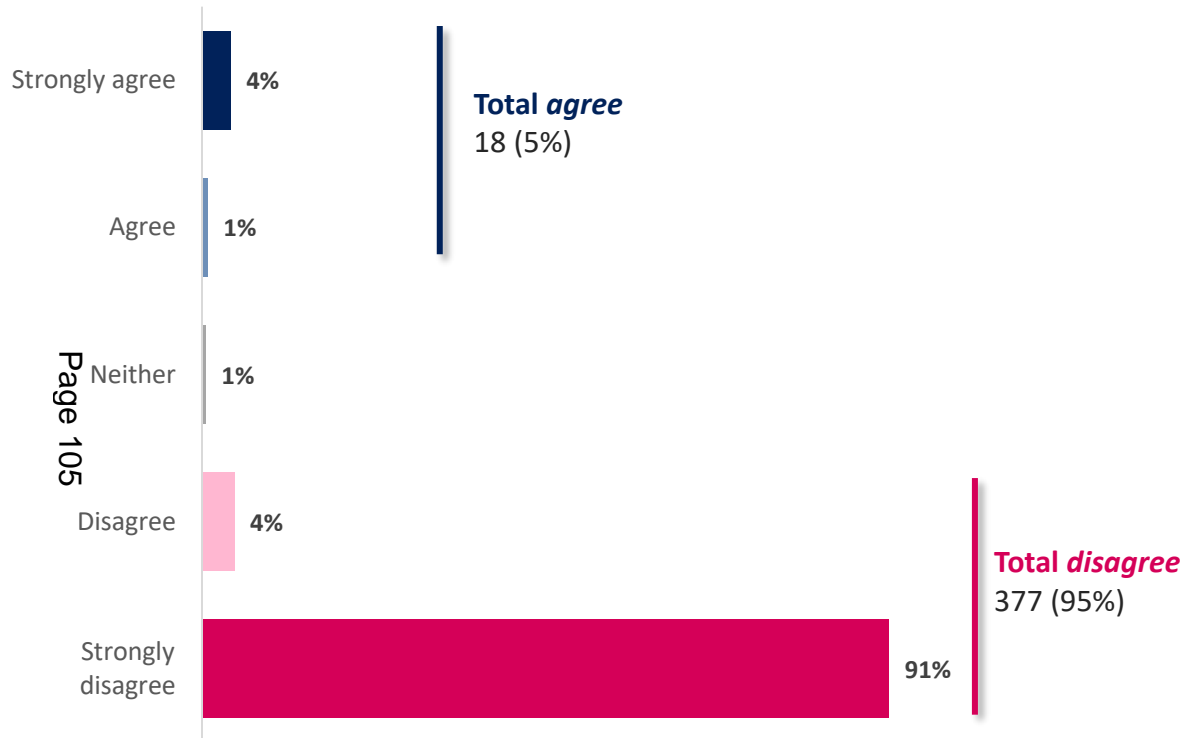
Due to the uncertainty about the nursery's future, no new children have currently been offered a place for September to avoid any major disruption to a child's early development.



Proposal to close Startpoint Sholing Day Nursery

Question 1 | To what extent do you agree or disagree with the proposal to close Startpoint Sholing Day Nursery?

Total responses | 397



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Breakdowns



**Small sample size – less than 50, *Small sample size – less than 100

Key findings

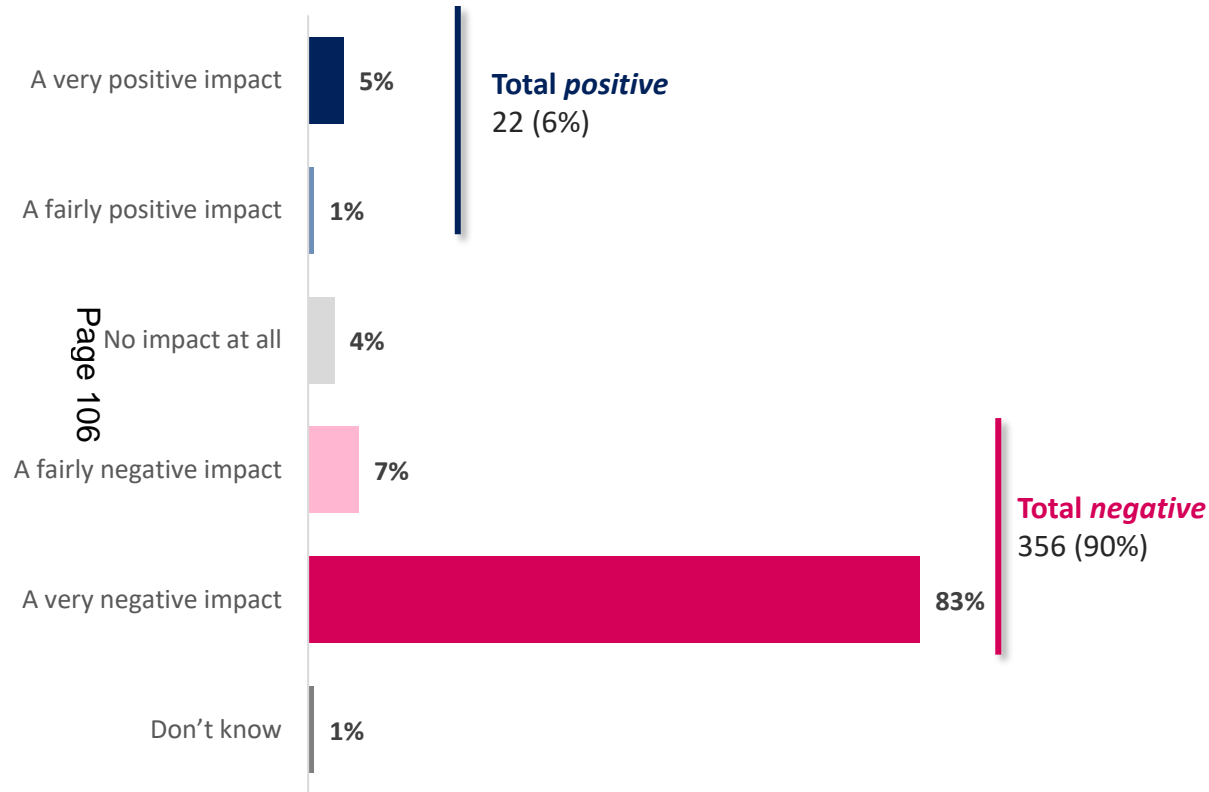
- 95% of respondents **disagree** with the proposal to close Startpoint Sholing Day Nursery.
- 91% of respondents with a **nursery aged child locally strongly disagree** to the proposal.



Proposal to close Startpoint Sholing Day Nursery

Question 2 | What impact do you feel this may have on you, your business or the wider community?

Total responses | 395

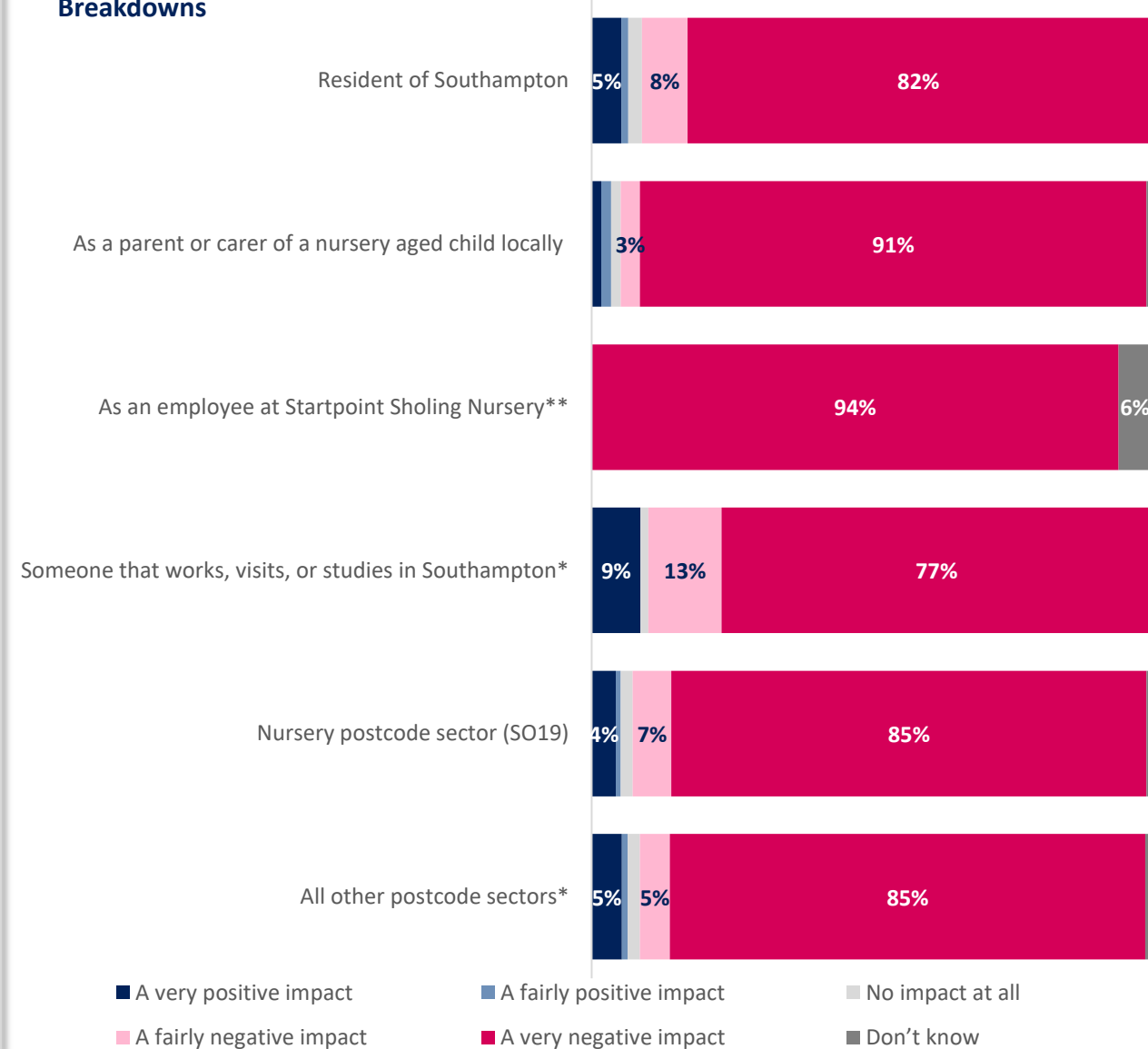


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Key findings

- 90% of respondents said the proposal to close Startpoint Sholing Day Nursery would have a **negative impact**.
- 91% of respondents with a **nursery aged child locally** & 94% of employees at Startpoint Sholing Nursery said this proposal would have a **very negative impact**.

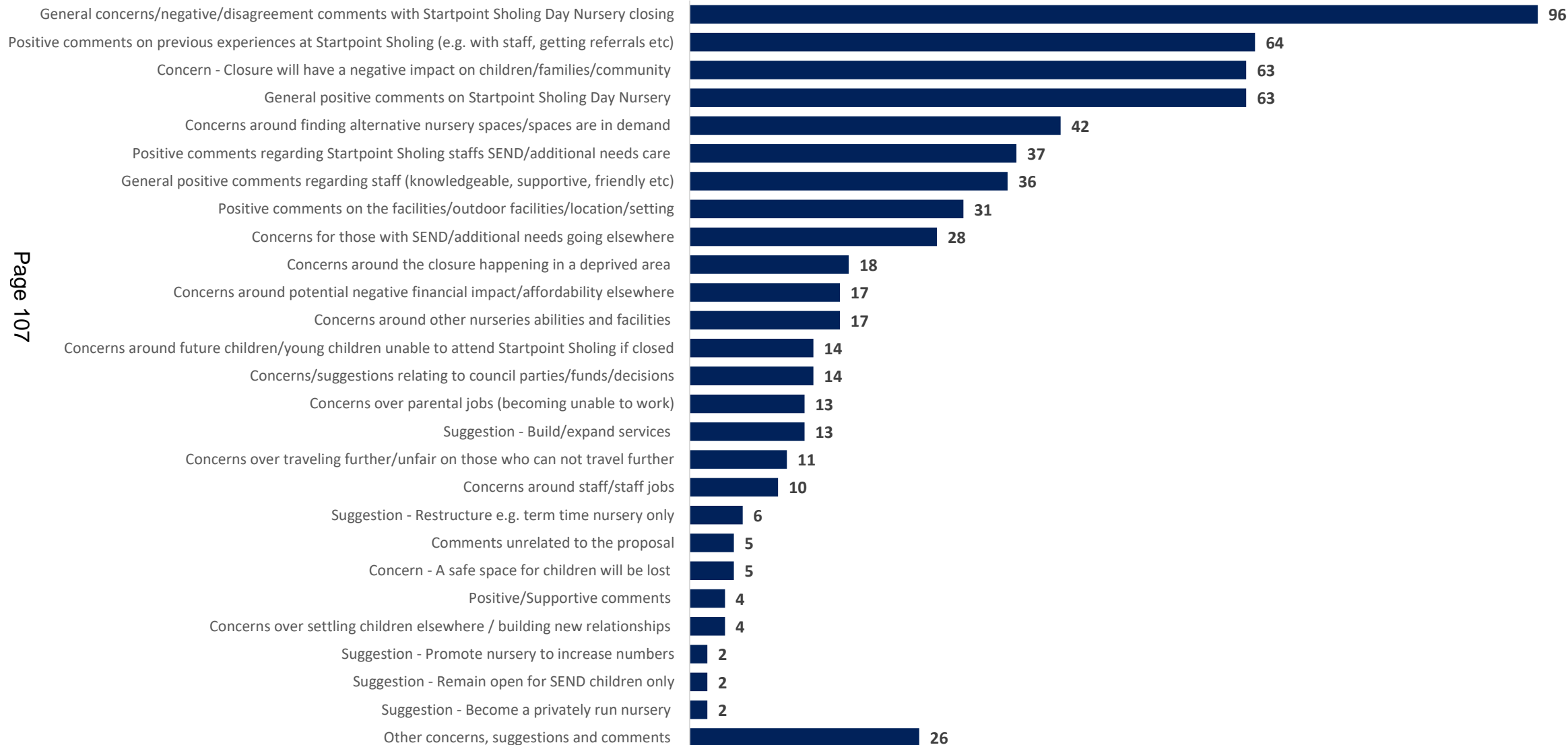
Breakdowns



**Small sample size – less than 50, *Small sample size – less than 100



Total Comments | 265



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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	Decision on the future of Startpoint Sholing Childcare Nursery
Brief Service Profile (including number of customers)	
Startpoint Sholing Childcare Nursery is a council run childcare nursery registered by Ofsted to care for up to 26 children. All current children transitioned to school in September 2024. The nursery currently employs 10.22 FTE staff, the majority are female and predominantly part time. The nursery occupies one classroom and associated staff areas within Startpoint Sholing Early Years Centre.	
Summary of Impact and Issues	
Since the nursery opened, it has continued to incur a financial deficit year on year and relied on SCC subsidies to break even. This deficit has continued to steadily increase year on year. A task and finish group were set up with colleagues within Finance and HR, Early Years and the Nursery Manager with input from Legal to address this. This resulted in several measures that were introduced in 2024, which were successful in partly reducing the deficit down from £358k, down to a forecast of £202k for 2024/25. However, despite implementing these changes, it has not been possible to identify a financially viable structure for the nursery that would enable them to break even. The Early Years funding that is provided by central government, does not cover the costs of sustaining this nursery without the need for significant on-going subsidies from the Council to cover the ongoing operational deficit.	
Potential Positive Impacts	
<ul style="list-style-type: none"> • Closure of the nursery would help to sustain neighbouring childcare provision, within the local area. • The potential for redeployment of skilled staff to other areas of the council with staffing shortages would support further retention of skilled staff. 	

<ul style="list-style-type: none"> Further efficiency savings may be possible by utilizing the classroom currently occupied by the nursery for other key statutory services, thus providing a further capital and revenue saving to the Council. 	
Responsible Service Manager	Darrin Hunter – Service Manager Early Years & Childcare
Date	8 th August 2024
Approved by Senior Manager	Robert Henderson – Executive Director, Wellbeing (Children & Learning)
Date	29 th August 2024

Potential Impact

Impact Assessment	Details of Impact	Possible Solutions & Mitigating Actions
Age	Closure of the nursery could have an impact on future children aged. (2-, 3- and 4-year-olds) who may wish to access their early years education entitlement at the centre.	There has already been a significant expansion of childcare places being provided within the local area, with plans in place for further expansions by private and voluntary childcare service providers over the coming months. These ensure the sufficient availability of childcare places within the local area in response to the increasing demands from parents/carers who rely on childcare to enable them to work.
Disability	Nationally, there is a growing issue of some parents of children with SEND, struggling to find availability of childcare places.	Any parents struggling to find suitable childcare would be supported as part of the Council's Childcare Brokerage Service. This free service operated by the Council's Early Years and Childcare service acts to help support parents/carers in finding

Impact Assessment	Details of Impact	Possible Solutions & Mitigating Actions
		appropriate suitable childcare for their children.
Gender Reassignment	There is no evidence we are aware of, which negatively impacts on this area for consideration	N/A
Care Experienced	There is no evidence we are aware of, which negatively impacts on this area for consideration	N/A
Marriage and Civil Partnership	There is no evidence we are aware of, which negatively impacts on this area for consideration	N/A
Pregnancy and Maternity	There is no evidence we are aware of, which negatively impacts on this area for consideration	N/A
Race	There is no evidence we are aware of, which negatively impacts on this area for consideration	N/A
Religion or Belief	There is no evidence we are aware of, which negatively impacts on this area for consideration	N/A
Sex	The majority of employees who work within the nursery are female, working part-time, some have additional family caring responsibilities.	<p>Where appropriate alternative redeployment opportunities may be available across other service areas, where vacancies exist.</p> <p>Currently within the childcare sector nationally there is a significant shortage of staff. In June 2024 Southampton's childcare sector had 128 job vacancies at all levels across the city. The early years' service can help to facilitate and broker, new external employment</p>

Impact Assessment	Details of Impact	Possible Solutions & Mitigating Actions
		opportunities for anyone wishing to continue to work within childcare.
Sexual Orientation	There is no evidence we are aware of, which negatively impacts on this area for consideration	N/A
Community Safety	There is no evidence we are aware of, which negatively impacts on this area for consideration	N/A
Poverty	Childcare along with adult social care are considered to be the two of the lowest paid occupations. Many of those employed within these sectors are part time, many of which are also on universal credit.	<p>Due to the critical staffing shortages within the childcare sector, all affected staff would be supported by the early years' service to facilitate and broker, new external employment opportunities for anyone wishing to continue to work within childcare.</p> <p>Alternatively, all affected staff will be eligible for alternative redeployment opportunities within the Council, should they be available.</p>
Health & Wellbeing	Some members of staff currently employed within the nursery are being supported due to mental health or disability needs.	Ongoing support would continue alongside any redeployment opportunities. Failing that then employee assistance would be available as part of any redundancy considerations.
Other Significant Impacts	Statutory Childcare Sufficiency Duty - under the Childcare Act 2006 and Childcare Act 2016 all Local Authorities have a statutory duty to ensure that there is a sufficient supply of good quality, affordable, flexible, and inclusive childcare choices available in response to	The Early Years and Childcare Service had a statutory duty set by the DfE to develop an additional 44 places by September 2024 to meet the demand for new childcare. The Councils Early Years Service has

Impact Assessment	Details of Impact	Possible Solutions & Mitigating Actions
	changes in parental demands for childcare.	been working in collaboration with the sector that saw the creation of 170 additional new early years places opened by September 2024. With a further 220 new childcare places planned for opening by September 2025 in response to the changes in childcare entitlements.
Affected Nursery Premises	The loss of income from the nursery could add additional premises costs to remaining Startpoint Sholing services, if the nursery was closed.	There are a number of alternative key services that could relocate and utilize the nursery space thus mitigating such financial pressures as well as potential efficiency savings through the relocation of services.
Legal Consultations	There is a requirement for a 45-day staff consultation and consultation with stakeholders and the public on the proposed closure of a council service.	<p>The 45-day staff consultation process opens on 2nd September 2024 and closes on 16th October 2024.</p> <p>The consultation with stakeholders and public will commence from 2nd September for a period of 6 weeks and closes on 18th October 2024.</p>

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DECISION-MAKER:	Cabinet
SUBJECT:	Corporate Performance Reporting Q2
DATE OF DECISION:	26 November 2024
REPORT OF:	COUNCILLOR FIELKER LEADER OF THE COUNCIL

<u>CONTACT DETAILS</u>			
Executive Director	Title	Director of Strategy & Performance	
	Name:	Munira Holloway	Tel: 023 8083 4476
	E-mail	munira.holloway@southampton.gov.uk	
Author:	Title	Head of Data, Intelligence and Insight	
	Name:	Dan King	Tel: 023 8083 2493
	E-mail	dan.king@southampton.gov.uk	

STATEMENT OF CONFIDENTIALITY
Not Applicable

BRIEF SUMMARY			
<p>Southampton City Council recognises the importance of effective performance management in delivering high-quality services to its residents. By implementing an updated, comprehensive reporting process, the council aims to foster an evidence and intelligence-led culture, as outlined in its Data and Intelligence Strategy.</p>			
<p>This report provides a summary of the Q2 strategic accountability and performance framework for the council. It is being developed on an iterative basis, and in time will align to ensure it is reflective of the aligned strategic outcomes in the City Plan, Master Plan and other key strategies. Effective partnership working is core to successful achievement of some of the outcomes, these are considered core indicators about the city and whilst the council does not necessarily have direct control over the outcomes, recognising the council's leadership role in partnerships across the city remain important areas of focus.</p>			
<p>2024/25 being a transitional year for the council, a one year update to the Corporate Plan was agreed, with service business plans developed to support this. The performance report covers key performance indicators (KPIs) relating to the Corporate Plan, service business plans and relevant measures from the Office of Local Government (Oflog). These are refreshed monthly (where data is available) and reported to Management Board and Cabinet on a quarterly basis.</p>			
<p>This report summarises performance by directorate, highlighting areas that are on track / improving as well as areas of concern and actions being taken to address these.</p>			
RECOMMENDATIONS:			
<table border="1" style="width: 100%;"> <tr> <td style="width: 5%;"></td> <td style="width: 55%;">(i)</td> <td style="width: 40%;">That Cabinet notes the Quarter 2 performance report.</td> </tr> </table>		(i)	That Cabinet notes the Quarter 2 performance report.
	(i)	That Cabinet notes the Quarter 2 performance report.	

	(ii)	Notes performance issues raised, actions being taken and consider any areas for focus or further investigation.
REASONS FOR REPORT RECOMMENDATIONS		
1.	Embedding a consistent and effective performance reporting process is important for the organisation to effectively manage its services and finances, improve processes and outcomes and to deliver on transformation objectives.	
2.	The proposed approach aligns to the Data and Intelligence Strategy for the Council and its aspiration to be an evidence and intelligence-led organisation.	
ALTERNATIVE OPTIONS CONSIDERED AND REJECTED		
3.	No corporate reporting process in place, with reporting ad-hoc or on request. Rejected as regular performance reporting is essential for the council to effectively manage its business.	
DETAIL (Including consultation carried out)		
4.	Background The SCC Corporate Performance Report provides a high-level overview of the performance of the organisation. The report has been developed in Power BI, allowing managers and Cabinet Members to explore a key set of measures on a regular basis, benchmark performance (against local targets, the national average / comparator areas), and also examine trends over time.	
5.	The dashboard brings together performance, finance and HR data in a single location using a Power BI Application. Managers can access this information in one location, providing a single version of the truth.	
6.	The Corporate KPI measures will be reviewed with Management Board, the Business Planning and Performance Group and Cabinet to ensure they continue to be relevant and reflect key performance issues. Other than those relating to the Corporate Plan, indicators will be added, removed or raised by exception if needed throughout the year.	
7.	In some areas local targets have been agreed with services to measure performance. The report also allows users to benchmark indicators against the national average and comparator areas (where available) to get a broader understanding of relative performance and where Southampton may be an outlier.	
8.	Although the report is updated monthly, some measures are only available on a quarterly or annual basis and so will be updated as new data becomes available.	
9.	Summary Overall, the report provides a mixed picture of performance across the organisation. There are certainly some areas of positive movement, and evidence of where decisive transformation or improvement activity has produced positive results. Where there are areas of concern these are being addressed both at a service and cross departmental level. Transformation plans are developing across the entire organisation which alongside financial benefits will be focused on ensuring performance meets expected levels.	
10.	Corporate Plan Indicators Most measures in the Corporate Plan are strategic indicators that reflect the city's overall status. While the council has limited control over these indicators, they are	

crucial for understanding residents' needs and service requirements. Achieving the aspirational local targets set requires effective partnership across the city.

Selected KPIs		RAG Key			Use the filtering options or RAG bars to filter the table. Selecting a KPI opens drill-through options to explore on the right			Select data →						
13		More than 10%	On or better	Within 10%	Target	National (England)	Peer (Statistical Neighbours)	Select data →						
		🔴	🟢	🟡	🔴 5	🟡 6	🟢	🔴 6	🟡 4	🟢	🔴 4	🟢 5	🟢	Select data →
KPI Description	Period	Previous Result	Latest Result	Change	Target	National	Peer	Trend						
Rate of Looked After Children (per 10,000)	September 2024	94.26	94.86	▲ 0.60	🟡 86.60	🔴 71.00	🟢 100.90							
Key Stage 4 - Percentage of pupils achieving a grade 5 or above in English & Maths	2023	42.10	38.10	▼ -4.00	🟡 40.00	🔴 45.50	🟡 39.10							
Southampton's relative deprivation rank amongst Local Authorities in England	2019	54.00	55.00	▲ 1.00	🔴 74.00	●	●							
Healthy life expectancy at birth (male)	2018 - 20	60.70	61.35	▲ 0.65	🟡 65.60	🟡 63.14	●							
Healthy life expectancy at birth (female)	2018 - 20	62.61	63.05	▲ 0.44	🟡 65.34	🟡 63.87	●							
Physically active adults	2022/23	65.89	66.91	▲ 1.02	🔴 80.40	🟡 67.14	●							
Percentage of children in Year 6 with excess weight	2022/23	39.77	40.36	▲ 0.59	🔴 30.82	🔴 36.57	●							
Economic growth measured by GVA per head £	2022	36,060.00	39,665.00	▲ 3,605.00	🟢 33,976.00	🟢 33,976.00	🟢 33,843.00							
Percentage of working age adults claiming out of work benefits	September 2024	4.50	4.70	▲ 0.20	🟡 4.40	🟡 4.40	🟡 4.45							
Gap in median weekly pay between residents and workers	2023	36.00	52.00	▲ 16.00	🔴 0.00	🔴 0.00	🔴 28.00							
Percentage of economically active population (age 16-64) with no or low qualifications	2023	5.00	7.70	▲ 2.70	🔴 5.80	🔴 5.80	🔴 5.50							
Proportion of residents that agree that their local area is a place where people from different backgrounds get on well together (%)	2020	71.00	74.00	▲ 3.00	●	●	●							
Percentage of SCC homes that meet the decent homes standard	2024/25 - Q2	53.50	53.20	▼ -0.30	🟡 57.40	🔴 93.52	●							

11. Key Performance Indicators (KPIs)
Among the 12 KPIs with local targets:

- 1 is on track (green)
- 6 are close to target (amber), within 10%
- 5 are not meeting targets (red)

12. Since quarter 1, three of these corporate plan indicators have been updated:

Economy

- The proportion of working age adults claiming out of work benefits rose to 4.7% in September compared to 4.0% in October last year. This is higher than the national average of 4.4%, although the increase appears to mirror the national trend.

Housing Standards

- The percentage of homes that meet the decent homes standard fell slightly to 53.2% in Q2 compared to 53.5% in Q1. This continues to be lower than the national average of 93.5% and below our in-year target of 57.4%. The forward trajectory indicates downward pressure on homes meeting the required standard. A number of mitigation measures have been put in place to slow the downward trend, a key one being a new planned contractor to support Housing Operations to deliver planned works investment. The main driver remains the level of capital investment in the property estate which is currently subject to review to ensure as we progress into future financial years that we reverse recent trends and bring properties back up to an acceptable standard.

Children in Care (CiC)

- The rate of children looked after increased slightly in September to 94.86 per 10,000 children. However, the rate is down overall since the start of the year (97.47 in April). As the Family Safeguarding approach is embedded, it is expected to see a reduction in care entrants over the next year. In the interim, we remain below the Statistical Neighbour Average.

13. Children and Learning – Social Care:

Selected KPIs 11

RAG Key: More than 10% (Red), On or better (Green), Within 10% (Amber)

Use the filtering options or RAG bars to filter the table. Selecting a KPI opens drill-through options to explore on the right

Target: 3 Red, 4 Amber, 4 Green | National (England): 3 Red, 4 Amber, 4 Green | Peer (Statistical Neighbours): 3 Red, 3 Amber, 5 Green

KPI Description	Period	Previous Result	Latest Result	Change	Target	National	Peer	Trend
Rolling rate of referrals per 10,000 of Under 18 Population	September 2024	555.51	562.33	▲ 6.82	581.00	544.50	640.06	
Rate of Children In Need (per 10,000)	September 2024	346.94	353.56	▲ 6.62	354.00	342.70	428.81	
Percentage of re-referrals within 12 months	September 2024	23.42	13.53	▼ -9.89	20.40	21.00	20.40	
Rate of Children subject to Child Protection Plan (per 10,000)	September 2024	46.93	42.92	▼ -4.01	49.00	43.20	52.92	
Percentage of Child Protection Children subject to a plan for a second or subsequent time	September 2024	38.03	33.64	▼ -4.39	25.10	23.60	25.10	
Rate of Looked After Children (per 10,000)	September 2024	94.26	94.86	▲ 0.60	86.60	71.00	100.90	
Percentage of CLA placed in SCC provision fostering placements as at the end of the month	September 2024	43.40	42.71	▼ -0.69	58.00	42.00	47.80	
Percentage of CLA at end of month with 3 or more placements during the year	September 2024	13.83	13.74	▼ -0.09	10.50	10.00	10.50	
Percentage of care leavers in suitable accommodation on their 19th to 21st birthday	September 2024	85.37	85.51	▲ 0.14	87.90	88.00	87.90	
Percentage of care leavers aged 19-21 in Education, Employment or Training	September 2024	55.61	52.66	▼ -2.95	54.70	56.00	54.70	
Percentage of care leavers in touch with the authority from 19th - 21st birthday	September 2024	92.20	92.75	▲ 0.55	93.70	92.00	93.70	

At a corporate level, the performance of Children's Social Care is assessed through 11 key performance indicators (KPIs), with 4 indicators rated green, 4 amber (within 10% of target), and 3 red. Most KPIs are trending positively reflecting the work that has been undertaken to improve the division over the past few years.

KPIs on track / improving:

Referral rates: Despite a slight increase in the last month, the referral rate into the service have fallen from 626.9 per 10,000 children in April to 562.3 in September. This is still above the national average, but better than our statistical neighbour average. However, the target to reduce referrals by 10% this year (581 per 10,000) has already been achieved and now needs to be sustained.

The overriding service principle of 'right service, right time' remains, but we have been exploring approaches that have been successfully implemented in other local authorities. The service is now implementing a conversational model at the front door, underpinned by relationship-based working. This means that practitioners will be talking to families and having conversations with professionals to ensure that the right information is gained earlier in the process, consent has been sought and we can target flexible family support as soon as possible.

Children in Need (CiN): The rate of CiN was 353.6 per 10,000 children in September. This is a slight increase from August, but reflects an overall falling trend since January (417.1 per 10,000). The service set a target to reduce the rate by 10% from March and has already achieved this goal. The current rate is lower than the 2023 statistical neighbour average (429) and within 10% of the national average (343). The Service is currently reviewing children that have been subject to a CIN plan for more than a year to consider the effectiveness of interventions and review the decision making.

Child Protection Plans: The rate of children subject to a Child Protection plan fell to a year low of 42.9 per 10,000 children in September. This is now below the local target set (49 per 10,000) and better than the national (43.2) and statistical neighbour (52.9) average. It is expected that this rate may increase over the winter as demand increases, but there is sufficient time over the next 18 months to stabilise the rate at or below the target.

The Family Safeguarding Model (FSM) offers intensive and robust, multi-agency working with parents impacted by mental health, substance use and domestic abuse. As a result, it is expected that children that would otherwise end up with a CP plan can be more effectively safeguarded through this approach. The quality of decision making and work with families through FSM is tested through the service's quality assurance framework.

Re-referral rates: The proportion of re-referrals within 12 months fell dramatically in September to 13.5% from 23.4% in August. This is now better than the set target of 20.4% and better than the national and stat neighbour averages. This is an important measure as a high rate could indicate we are closing families to services too early to reduce caseloads. The practice framework is strengthening practice in these areas, and a new team specifically targeting risk outside of the home is being launched in November 2024. A summary report will be submitted to Scrutiny Panel in November 24.

Placement Stability: There has been an improvement in placement stability since March. 13.7% of CLA had 3 or more placements during the year in September, compared to 18.2% in March. Despite this improvement, progress has plateaued in Q2 and remains above our local target of 10.5%. The placement stability panel continue to meet monthly to review the risks within all placements for looked after children to create support and contingency plans as early as possible. Children with 2 moves within the last year are being identified for additional placement stability oversight.

Care Leavers: In quarter 2 there were also improvements in the percentage of care leavers in suitable accommodation (85.5%) and in the percentage of care leavers in touch with the LA (92.8%). The service is reviewing all records for care leavers open to the service to ensure their current circumstances are up to date and that all practitioners have a shared understanding of the categorisation used.

Areas for focus:

Children in Care (CiC): The rate of CiC was 94.9 per 10,000 children in September. Whilst this represents a slight reduction from the end of Q1 (95.7 in June), the previous downward trend has plateaued over the last three months. This suggests we will be short of reaching the local target of 86.6 by the end of the year (our overall aspiration is to reach 72 by March 2026). As the Family Safeguarding approach is embedded, it is expected to see a reduction in care entrants over the next year. In the interim, we remain below the Statistical Neighbour Average.

Repeat Child Protection (CP) Plans: Despite children on a CP Plan falling, the percentage of children subject to a plan for a second or subsequent time continues to be high at 33.6% (against a target of 25.10%). However, the September percentage is 4.4 percentage lower than August, suggesting an improved direction of travel. It is believed the high percentage is due to our history of having a high number of children subject to a CP plan, as this measure considers any episode of child protection within a child's lifetime. Only 2% of children starting a new CP plan were previously on a plan within the last 12 months and 7% within the last 2 years.

The service has undertaken audit activity for this cohort of children and found that the key areas of need within families were linked to domestic abuse, parental mental health and neglect. There is a plan to strengthen the practice based on the Safe & Together model of domestic abuse over the coming months, and recruitment is underway for adult mental health practitioners to join the Family Safeguarding teams.

Council Care Provision: The proportion of CLA placed in SCC provision fell to 42.7% in September, compared to 45.7% recorded at the end of Q1 (June). This is below our local target of 58% and below the stat neighbour average of 47.8%. There is significant work underway to review the arrangements for foster carers to increase utilisation, and this is one of the work streams being supported by Newton.

Care Leavers in Education, Employment or Training: There has been a falling trend in the percentage of Care Leavers in education employment or training in quarter 2; The percentage fell to 52.7% in September, compared to 58.6% in June. This is now lower than our target of 54.7% and lower than the national average (56%). The service plan to conduct a review of the records for care leavers to ensure all situations are up to date and recorded on the system. This data will then inform a wider discussion regarding strategies and support for these young people linking in with the post 16 services.

Next steps:

The following initiatives are underway to address areas of concern:

- The Conversational Model is being introduced in January 2025
- We are undertaking a review of CIN plans for 12 months +
- The effectiveness of Family Safeguarding is being reviewed through governance arrangements

- A report on the re-referral audit will be submitted to Scrutiny Panel in November
- Placement Stability work is being undertaken
- Care leaver records are to be reviewed and updated to inform further work around Education, Employment and Training (EET)
- We are working to strengthen practice around domestic abuse
- Better utilisation of SCC fostering resource

14. Children and Learning – Education & Youth Offending:

KPI Description	Period	Previous Result	Latest Result	Change	Target	National	Peer	Trend
Percentage of 16-17 year olds Not in Education, Employment or Training (NEET)	2023	3.80	4.10	▲ 0.30	4.60	2.80	4.20	
Overall Absence	Autumn 2023/24	8.10	7.32	▼ -0.78	7.20	6.69	7.20	
Persistent Absence (10%)	Autumn 2023/24	23.30	21.16	▼ -2.14	21.20	19.44	21.20	
Free School Meal Eligible Pupils	Spring 2024	35.10	35.10	▶ 0.00	36.00	24.60	31.40	
Percentage of young people reoffending	2022/23 - Q2	45.00	35.70	▼ -9.30	27.10	33.40	32.16	
Key Stage 4 - Percentage of pupils achieving a grade 5 or above in English & Maths	2023	42.10	38.10	▼ -4.00	40.00	45.50	39.10	
Key Stage 4 - Attainment 8 Points Score	2023	46.10	42.90	▼ -3.20	44.00	46.40	43.00	
Key Stage 2 - Reading, Writing and Maths combined at the Expected Standard	2024	56.00	56.00	▶ 0.00	58.00	60.00	57.00	
EYFSP - Good Level of Development	2023	61.80	66.90	▲ 5.10	68.00	67.20	64.16	
Rate of First Time Entrants into Youth Justice (per 100,000)	July 2023 - June 2024	200.00	182.00	▼ -18.00	161.00			

At a corporate level, the performance of Education & Youth Offending is monitored through 10 key performance indicators, with 3 indicators rated green, 5 amber (within 10% of target), and 2 red. 5 KPIs are improving, 3 are worsening and 2 show no change.

Only two indicators have been updated since the Q1 performance review (KS2 outcomes & YJ first time entrants).

KPIs on track / improving:

Absence Rates: The latest data from the Autumn term shows improvement in both overall absence (7.32% vs target of 7.20%) and persistent absence (21.16% vs target of 21.20%). Primary schools have driven these improvements, while secondary schools still struggle with persistent absence.

Youth Offending: The rate of first-time entrants into the youth justice system reduced to 182 per 100,000 in the latest period (Jul'23 to Jun'24); this is moving in the right direction but still higher than the national average of 165 per 100,000. However, this is good for a city with higher youth crime and peer on peer violence than statistical neighbours. Extensive work on the prevention of offending and increasing of safety and opportunities for young people is ongoing. Over two-thirds of Youth Offending Services inspected in the past year received an overall rating of

'Good' or 'Outstanding', with stable staffing, manageable caseloads, and impressive services. This has translated into positive individual casework.

Areas for focus:

Educational outcomes: In 2023/24, 56.0% of Southampton pupils achieved the Expected Standard in Reading, Writing and Maths at KS2, which is 4% points below the National performance of 60%. This is equivalent to approximately 137 pupils less than achieved nationally in 2023/24. Southampton's performance is slightly below our local target of 58% and the stat neighbour average of 57%.

Next steps:

Just over 25% of maintained schools and Academies/Free schools were monitored during KS2 SATs week, and compliance was high. 95% of teacher assessments for writing were agreed through LA moderation processes for the second consecutive year, therefore there is confidence in accuracy of the outcomes data.

A new process for school improvement services has been in place since September bringing greater capacity into the school improvement offer. This 'Trusted Partners' network enables schools to choose to select partners to work with that the LA has Quality Assured with the intention of strong matching to school priorities.

Additionally, an action research piece is in progress this term that aims to identify good practice in schools whose disadvantaged gaps are closing or compare well to statistical neighbours to share this locally, through a similar targeted CPD approach to the writing project and greater depth writing projects that have been successful in improving outcomes more rapidly than national rates in 22/23 and 23/24.

Further work is in place to enable the Solent Maths Hub and the English Hub to work in a more targeted manner by signposting schools to their services and resources.

15. Community Wellbeing – Adult Social Care:

Selected KPIs		RAG Key			Use the filtering options or RAG bars to filter the table. Selecting a KPI opens drill-through options to explore on the right				Select data →	
9		More than 10% ⊖	On or better ✓	Within 10% !	Target	National (England)	Peer (Statistical Neighbours)		Select data →	
					⊖ 4	! 3	● 2	⊖ 2	● 6	Select data →
KPI Description	Period	Previous Result	Latest Result	Change	Target	National	Peer	Trend		
Number of contacts created by or received by ASC Connect team (including those created by Contact Centre team)	September 2024	706.00	351.00	▼ -355.00	●	●	●			
% of contacts with an outcome of request for telecare or housing adaptations or reablement intervention required	September 2024	17.73	14.13	▼ -3.60	!	●	●			
Number of New Care Act Assessments completed (excluding terminated assessments, unplanned reviews and planned reviews)	September 2024	93.00	100.00	▲ 7.00	●	●	●			
Proportion of people and carers with eligible long term services reviewed during the past 12 months	September 2024	47.61	46.90	▼ -0.70	⊖	●	●			
Proportion of completed safeguarding enquiries where the Adult at Risk achieved their desired outcomes	September 2024	58.82	33.33	▼ -25.49	⊖	●	●			
Percentage of people with eligible needs supported to live independently (LD Only)	September 2024	79.26	78.92	▼ -0.34	!	●	●			
Proportion of people who use services who receive direct payments	September 2024	12.73	12.50	▼ -0.23	⊖	⊖ 26.19	⊖ 25.90			
Cumulative number of younger adults (aged 18-64) whose long-term support needs are met by admission to residential and nursing care homes, per 100,000 population	September 2024	8.32	8.92	▲ 0.59	⊖	⊖ 7.31	⊖ 7.70			
Cumulative number of older adults (aged 65 and over) whose long-term support needs are met by admission to residential and nursing care homes, per 100,000 population	September 2024	248.22	291.51	▲ 43.29	!	! 280.38	! 278.48			

At a corporate level, the performance of Adult Social Care is monitored through 9 key performance indicators, with 3 indicators amber (within 10% of target), and 4 red.

KPIs on track / improving:

Contacts: There has been an overall decline in the number of contacts to ASC Connect Team over the last twelve months, reaching a low of 351 in September. This is around half the number received in August (706). This indicates that there could be a legitimate fall in demand; this is borne out by a significant increase in the number of people accessing Ask SARA (our online resource that gives practical information and advice to support people with living independently). Additionally, a shift in contacts going directly to the most appropriate service area, rather than being channelled through our front door was anticipated with the changes made to processes as part of the recent restructure. Processes have been reviewed to remove un-necessary contact points and reduce delay.

Care Act assessments: The number of new Care Act assessments completed in September (100) is similar to the end of quarter 1 (102 in June). This may suggest demand is stable, but assessment completion is also impacted by staff capacity and can be lower in periods of high staff turnover and annual leave. In future, this may need to be interpreted alongside a waiting list or completion time measure/s.

Supporting independence: The proportion of people with eligible needs supported to live independently was 78.9% in September. This measure has remained stable for some time and is close to our target of 80%. The transformation programme 'Whole Life Pathway' workstream is focused on moving individuals to the least restrictive setting, so it is anticipated that this measure will improve over time.

Admissions to care homes: The rate of 65+ admissions to residential and nursing care homes rose to 291.5 per 100k in September, which is slightly above the target

trajectory of 280. If the trend over the last 6 months is extrapolated to the end of the year, this would give a rate of 581.6, which is slightly higher than our end of year target of 560.8. Whilst there is an increase in placements, we are seeing a reduction in spend overall. Solution circles have been established to support earlier collaboration between professionals. The remit of these groups is to explore community-based support options before residential provision is considered.

Areas for focus:

Telecare and housing adaptations: The % of contacts with an outcome of request for telecare, housing adaptation or reablement has had been increasing throughout to the year, reaching a high of 17.7% in August (compared to 10.7% in April). However, performance fell back slightly in September to 14.1% which is just under our target of 15%. This is measure of earlier intervention and access to preventative support. Work is underway as part of the Transformation programme to increase capacity in these preventative services and to ensure that support can be accessed without delay.

Reviews: The proportion of reviews completed in the past 12 months continues to fall according to our current measure. In September it was 46.9%, which is the lowest point in the last 12 months and is significantly below our local target of 75%. This measure is important as it assesses if care packages are appropriate to client needs and can have an impact on ongoing costs. However, if we remove carer reviews (for which SCC is not responsible), SCC are in a favourable position when compared to our stat neighbours on this indicator but recognise the importance of maintaining strong focus on improving our review performance. Each service area holds a dedicated target for the number of reviews to be completed. It will be helpful in future reports to separate the service user reviews and the carer reviews, to provide an appropriate lens on areas of focus, as the carer reviews are commissioned, whilst the service user reviews are the responsibility of operational services.

Safeguarding outcomes: The proportion of completed safeguarding enquiries where the adult at risk achieved their desired outcomes fell in September to 33.3% (58.8% in August). There is an improvement in the recording of peoples desired outcomes, but more work is needed to train staff to ensure we record outcomes accurately when they are met.

Direct Payments: The proportion of service users receiving direct payments continues to be low at 12.5% in September (compared to our local target of 18%); this has been relatively stable for the past 12 months. This is significantly lower than the national average of 26.2% and our stat neighbour average of 25.9%. Our ambition is to see a significant improvement in the proportion of individuals who choose to take a Direct Payment, as this is an indicator that people are taking direct control of how their support needs are met. The introduction of "Virtual Wallets" (our online portal for managing Direct Payments) gives individuals and professionals greater visibility of each Direct Payment account. The project has delivered simplified processes, with a range of supporting material. There is a Direct Payments Advisor now in post who will provide specialist advice, guidance and support to staff and to Direct Payment recipients, as well as having a role to promote the benefits of Direct Payments.

Adult admissions: The rate of 18-64 year old admissions to residential and nursing care homes continues to be higher than our target trajectory (8.92 per 100,000 population compared to 7.3). If the trend over the last 6 months is extrapolated to the end of the year, this would give a rate of 15.1, which will exceed our end of year target of 14.60. However, we expect that figure to reduce as we see the impact of the Whole Life Pathway programme.

Next steps:

The transformation workstreams in Adult Social Care have clear points to identify where targeted improvement outcomes link to our vision and strategic ambition for Southampton residents.

Living and Ageing Well, Whole Life Pathway and Service Productivity and Re-design Programmes also have clear reference to key performance indicators that the transformation work will positively influence, including an outline of how those indicators will be impacted.

Areas of focus within transformation will reduce admissions to residential and nursing and facilitate greater uptake of new Direct Payments. A Strategic Performance Lead has been appointed who will provide greater oversight and coordination of our performance improvement, including reviews, reporting directly to Heads of Service.

We have recently developed a new performance data pack, which is currently being tested both operationally and strategically, with oversight from the ASC Improvement board, which has an independent chair to provide both challenge and support. We expect to finalise this pack in January 2025.

16. Community Wellbeing – Public Health and Communities:

Selected KPIs		RAG Key			Use the filtering options or RAG bars to filter the table. Selecting a KPI opens drill-through options to explore on the right								
18		More than 10%	On or better	Within 10%	Target	National (England)		Peer (Statistical Neighbours)		Select data →			
		🔴	🟢	🟡	🔴 12	🟡 4	🔴 6	🟡 6	🟢 6	🟡 4	🟢 5	🟢 8	Select data →
KPI Description	Period	Previous Result	Latest Result	Change	Target	National	Peer	Trend					
Violent crime rate per 1k population (benchmarking)	2022/23	58.90	57.70	▼ -1.20	🔴 35.40	🔴 35.40	🔴 41.90						
Domestic abuse rate per 1k population (benchmarking)	2022/23	23.50	22.80	▼ -0.70	🔴 14.90	🔴 14.90	🟢						
Hate crime rate per 1k population (benchmarking)	2022/23	4.80	4.40	▼ -0.40	🔴 2.40	🔴 2.40	🟢						
Violent crime rate per 1k population (local)	September 2023 - August 2024	46.64	46.52	▼ -0.12	🔴 35.40	🟢	🟢						
Domestic abuse rate per 1k population (local)	September 2023 - August 2024	18.02	18.07	▲ 0.05	🔴 14.90	🟢	🟢						
Hate crime rate per 1k population (local)	September 2023 - August 2024	3.29	3.48	▲ 0.20	🔴 2.40	🟢	🟢						
Southampton's relative deprivation rank amongst Local Authorities in England	2019	54.00	55.00	▲ 1.00	🔴 74.00	🟢	🟢 53.20						
Life Expectancy (Males)	Jul 2021 to Jun 2024	77.84	77.80	▼ -0.03	🟡 78.75	🟡 78.85	🟢 76.80						
Life Expectancy (Females)	Jul 2021 to Jun 2024	82.31	82.27	▼ -0.04	🟡 83.08	🟡 82.82	🟢 81.18						
Healthy life expectancy at birth (male)	2018 - 20	60.70	61.35	▲ 0.65	🟡 65.60	🟡 63.14	🟢 60.02						
Healthy life expectancy at birth (female)	2018 - 20	62.61	63.05	▲ 0.44	🟡 65.34	🟡 63.87	🟢 61.30						
Gap in life expectancy between most and least deprived (Males)	Jul 2021 to Jun 2024	5.19	6.05	▲ 0.86	🟢	🟢	🟢						
Gap in life expectancy between most and least deprived (Females)	Jul 2021 to Jun 2024	4.61	4.72	▲ 0.11	🟢	🟢	🟢						
Smoking levels in adults	2023	13.15	14.23	▲ 1.07	🔴 12.00	🔴 11.63	🟡 13.00						
Physically active adults	2022/23	65.89	66.91	▲ 1.02	🔴 80.40	🟡 67.14	🟡 67.50						
Alcohol specific mortality (all ages) per 100,000	July 2023 - June 2024	32.84	28.49	▼ -4.36	🔴 16.09	🔴 14.45	🟢						
Percentage of children in Year R with excess weight	2022/23	22.36	22.44	▲ 0.08	🔴 19.25	🟡 21.31	🟡 20.50						
Percentage of children in Year 6 with excess weight	2022/23	39.77	40.36	▲ 0.59	🔴 30.82	🔴 36.57	🟡 38.34						

These measures are largely more strategic indicators on the state of the city. The City Council has little direct control of these, so does not directly link to the performance of council services. However, they are important contextual indicators for the city, which impact on outcomes for residents and demand for services. Aspirational local targets have been set, but should be interpreted in the context of requiring effective partnership working across the city to achieve them, rather than being the responsibility of any one SCC service area to achieve.

Of the 16 KPIs with local targets set, 0 are currently green whilst 4 are amber (within 10% of target) and 12 are red; 9 are moving in the right direction (improving), whilst 9 are worsening.

Recently updated KPIs:

Violent crime: Rates of violent crime in Southampton remain high but have been consistently declining over the last year. The rate for the Sept'23 to Aug'24 period was 46.5 per 1,000 population, compared to 51.5 for the Oct'22 to Sept'23 period.

However, this remains above our ambitious target of 35.4 per 1,000 population. Operation Defender meets weekly to implement a crime prevention and reduction strategy to combat ongoing and emerging issues e.g. Violence Against Women and Girls.

Domestic abuse: Similarly, the rates of domestic abuse have also consistently been declining over the last year. The rate for the Sept'23 to Aug'24 period was 18.1 per 1,000 population, compared to 20.1 for the Oct'22 to Sept'23 period. Despite this positive direction of travel, this remains above our ambitious target of 14.9 per 1,000 population. The Domestic Abuse and VAWG Strategic Partnership Board oversees tactical and operational activity. Male engagement workers are working with perpetrators to reduce offending behaviour and reduce harm, with an emphasis on prevention as well as supporting victims and survivors.

Hate crime: Despite an overall downward trend over the last 12 months, rates of hate crime in Southampton increased in the latest period to 3.5 per 1,000 population (Sept'23 to Aug'24). This likely reflects the national disorder and local protest on asylum cases, post Stockport murders.

Life expectancy: Data over the last 12 months indicates that life expectancy in Southampton may be continuing to fall, reflecting the national trend. Although this is below the national average, both male and female life expectancy is better than the statistical neighbour average. The most recent period still overlaps with pandemic related deaths. Life expectancy is affected by many wider complex determinants (building blocks) of health, such as employment, education and housing.

Smoking prevalence: Estimated adult smoking prevalence was 14.2% in 2023, compared to 13.2% in 2022. The 2023 estimate is higher than the national average of 11.6% and our statistical neighbour average of 13%. However, this data is based on a national survey with a relatively small sample size (586 residents in Southampton). The differences are not statistically significant.

Next steps:

Community Safety

The Safe City Partnership will focus on Violent Crime (including Domestic Abuse and Violence against Women and Girls), Theft and ASB after a mid-strategy review of the data. Responses include:

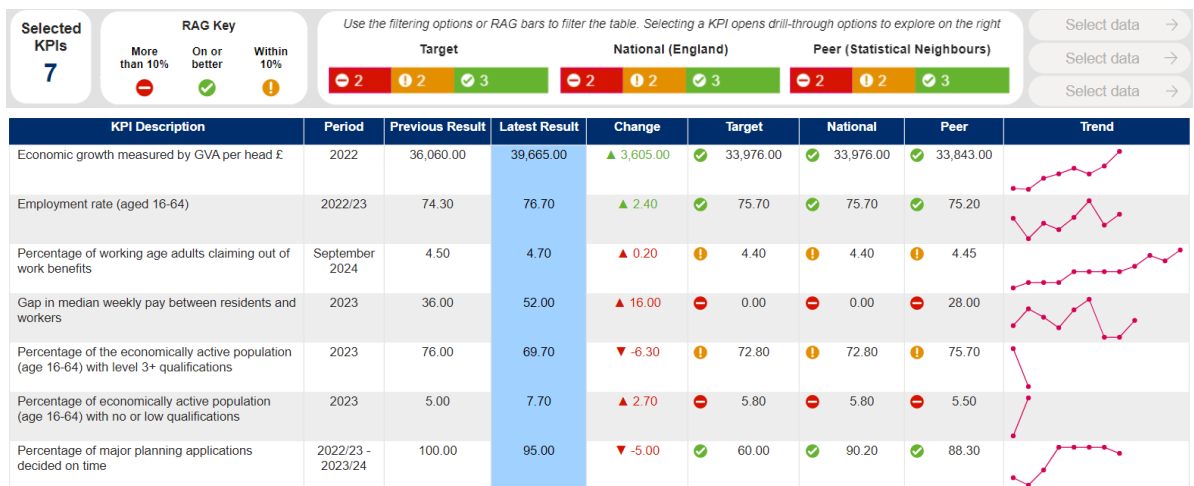
- Multi-agency DA and VAWG Operations Groups
- Operation Defender - City Centre Night Time Economy Group (24/25 £32k ASB funding secured from PCC)
- External funding for extra CCTV secured for Shirley and Portswood
- VAWG work in Schools with Saints Foundation and Yellow Door
- ASB Hotspot joint working with Police and Communities (24/25 £112k fundings secured from the Home Office via the OPCC)

Public Health

Strong partnership working is crucial in delivery of the health and wellbeing indicators as determinants are impacted by the places in which people live as well as NHS, care

and community services received. The physical activity alliance is working well, and continuing to strengthen, and we are seeing an increase in physical activity levels. Our tobacco dependency treatment services are commissioned to focus on health inequalities and show an increase in people seeking to quit smoking. Our model is an LGA case-study and we have also seen a reduction in smoking in pregnancy. The Health and Wellbeing Board, which is responsible for improving overarching health and wellbeing indicators, has undergone a recent LGA review and the health and wellbeing strategy is scheduled to be refreshed in 2025.

17. **Growth and Prosperity:**



At a corporate level, the performance of Growth & Prosperity is monitored through 7 key performance indicators, with 3 indicators currently green, 2 amber (within 10% of target), and 2 red. Once again, it should be noted that some of these indicators (particularly around the economy) are strategic indicators on the state of the city, rather than being directly controlled by the council alone.

Planning: Planning indicators around timeliness of planning application decisions continue to be above target and the national average. Performance has remained consistent for some time.

Economic Indicators: With sustainable fair and inclusive growth being a core outcome goal, the economic indicators present a mixed picture. While Gross Value Added (GVA) per head and the employment rate are above the national average, other areas such as out-of-work benefit claimants, the pay gap between residents and workers, and resident qualification levels are below the England average. Many underlying factors contributing to this socio-economic position have been discussed in the Community Wellbeing section, particularly regarding deprivation and health. Many underlying factors contributing to this socio-economic position have been discussed in the Community Wellbeing section, particularly regarding deprivation and health.

Next steps:

A new sub-regional strategy and local growth plan will serve as blueprints for fostering growth and enhancing economic resilience.

Growth and Prosperity plan: The Growth and Prosperity plan aims to cover a broad range of strategic outcomes, including:

- Growth and investment
- Good jobs, employability, and skills
- Infrastructure and transport
- Housing and regeneration

Aligned with the sub-regional strategy, this plan will contextualise economic performance within the region, emphasising growth potential. The plan also supports the council's goal of increasing corporate tax revenues, as outlined in the Medium Term Financial Strategy (MTFS) for financial sustainability. The benefits of growth are expected to enhance the Council's financial position through higher Council Tax and Business Rates revenues.

The outcomes from the sub-regional strategy and City Plan are anticipated to be positive and wide-ranging, building on strategic objectives such as ensuring accessible education and skills pathways, addressing worklessness, sustained infrastructure investment, and growth that benefits local residents and businesses.

18. Resident Services:

Selected KPIs		RAG Key			Use the filtering options or RAG bars to filter the table. Selecting a KPI opens drill-through options to explore on the right			Select data →		
18		More than 10% -	On or better ✓	Within 10% !	Target 6	National (England) 5	Peer (Statistical Neighbours) 12	Select data →		
					5	12	13	Select data →		
KPI Description	Period	Previous Result	Latest Result	Change	Target	National	Peer	Trend		
Percentage of customer who are very satisfied or fairly satisfied with the way the council runs things	2020	50.00	68.00	▲ 18.00	●	●	●			
Percentage of customer who are very satisfied or fairly satisfied that the council provides value for money	2020	43.00	51.00	▲ 8.00	●	●	●			
Percentage of call centre customers rating service levels as good	September 2024	85.00	85.00	▶ 0.00	!	90.00	●			
Number of reported fly tipping incidents (per 1,000 population)	2022/23	40.40	37.60	▼ -2.80	✓	45.00	●	19.00	21.20	
Percentage of household waste sent for recycling	2023/24	27.40	29.60	▲ 2.20	●	50.00	●	41.70	34.90	
Percentage of Municipal Waste sent to Landfill	2023/24	4.30	3.90	▼ -0.40	✓	7.30	✓	7.30	6.80	
Estimated percentage of scheduled bins collected	September 2024	99.60	99.80	▲ 0.20	✓	99.00	●	●		
Number of reported missed bins	September 2024	2,458.00	1,113.00	▼ -1,345.00	✓	1,500.00	●	●		
Contamination rate of recycling - calculated as estimated proportion that is rejected of total amount of household waste sent for recycling.	2022/23	17.30	19.50	▲ 2.20	✓	20.00	●	5.80	10.80	
Residual household waste (kg per household)	2023/24	570.00	567.00	▼ -3.00	●	509.00	●	509.00	511.00	
Percentage of people who are satisfied with their local area as a place to live	2020	78.00	85.00	▲ 7.00	●	●	●			
Proportion of residents that agree that their local area is a place where people from different backgrounds get on well together (%)	2020	71.00	74.00	▲ 3.00	●	●	●			
Percentage of SCC homes that meet the decent homes standard	2024/25 - Q2	53.50	53.20	▼ -0.30	!	57.40	●	93.52	●	
Number of properties that are non-decent due to Housing Health and Safety Rating System	2024/25 - Q2	78.00	79.00	▲ 1.00	●	63.20	●	●		
Percentage of all repair jobs completed on time across SCC homes (emergency, urgent, routine)	2024/25 - Q2	54.46	57.31	▲ 2.85	●	90.00	●	●		
Total number of voids at quarter end	2024/25 - Q2	559.00	539.00	▼ -20.00	●	●	●	●		
Number of households with children accommodated in BnB over 6 weeks	2024/25 - Q2	1.00	4.00	▲ 3.00	●	0.00	●	●		
Number of rough sleepers (single night count)	2024/25 - Q2	25.00	24.00	▼ -1.00	●	19.00	●	●		

At a corporate level, the performance of Resident Services is monitored through 18 key performance indicators. Of the 13 KPIs with local targets set, 5 are currently green whilst 2 are amber (within 10% of target) and 6 are red; 13 are moving in the right direction (improving), whilst 4 are worsening.

KPIs on track / improving:

Bin collections: Estimated scheduled bin collection rates continue to be high at 99.8% (target 99%), and the number of reported missed bins fell to a low of 1,113 in September, compared to over 11,000 recorded in April. This is now below our set target of 1,500 missed bins per month.

Rough sleepers: The number of rough sleepers fell to 21 in Q2, from 25 in Q1, which is close to the target of 19. The numbers tend to fluctuate over the quarter. As we move towards the winter months the service will continue to collaborate and work with sector partners and MHCLG colleagues to see what more can be done to mobilise additional housing solutions and prevent people from having no option but to sleep rough on the streets of our city.

Areas for focus:

Call Centre service levels: The proportion of call centre customers rating service levels as good continue to be lower than last year at 85% (target of 90%). The Service Centre remains under the same pressures detailed last quarter but are taking positive steps to improve the position.

Recycling: The proportion of waste recycled continues to be low at 29.6% in 2023/24; this is lower than the England average (41.7%), our local target (50%) and most of our comparator areas. The waste disposal and development team were introduced in 2022/23 to undertake activity to improve recycling rates, improve contamination rates and engage with communities. This has resulted in a small improvement in recycling rates, although larger improvements are unlikely until we have certainty over national direction of waste regulations and can implement revised collections supported by a comprehensive communication strategy.

Decent Homes Standard: Only 53.2% of SCC homes meet the decent homes standard in Q2, which is similar to Q1. This remains below the England average of 93.5%. Current projections forecast a deteriorating position, but we aim to redress the trajectory and improve by 5% this year (57.4% target). New planned contractor support is being put in place to support housing operations deliver planned works, but the service reports the main driver for poor performance remains the level of capital investment in our property estate. This currently subject to review to ensure as we progress into future financial years that we reverse recent trends and bring properties back up to an acceptable standard.

Housing voids: The overall number of housing voids remains high at 539 at the end of Q2, which is 20 less than at the end of Q1. Changes to processes and practice are continuing to be refined to help maintain momentum and manage the increases in disrepair and cost associated to properties that are returned. We are expecting performance to continue to improve during the remainder of the year and have targeted a reduction of a further 80 properties by the end of Q3.

Housing repairs: The proportion of housing repair jobs completed on time was 57.3% in Q2, which is a slight increase from Q1 (54.5%), but still well below our target of 90%. The service is addressing this through a range of improvement activities designed around processes and people. This is one aspect of a good landlord transformation programme that is based on a new delivery model which as we progress will be supported by advances in our technological and data systems and functionality. The small improvement seen in Q2 should be maintained as we progress through the remainder of the year.

Households in B&B: The number of households with children accommodated in B&B over 6 weeks increased to 4 at the end of Q2. Families with children are only placed in BnB in an emergency, although it is recognised that this is unsuitable for families with children. The service is progressing a number of initiatives continuing to provide better quality accommodation for homeless households at a reduced cost to the local authority. Initiatives include using right to buy receipts to purchase housing solutions; launching a private rented sector leasing scheme; reducing the number of void

properties across our housing stock and reprofiling internal assets where this makes business sense to do so.

Next steps:

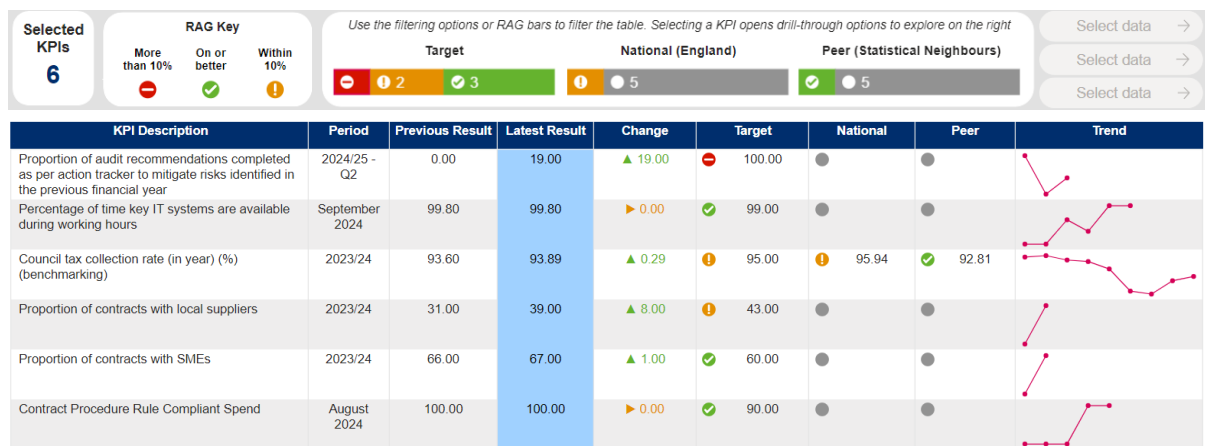
Significant work is being completed on comprehensive performance improvement across the Housing Landlord function with specific focus on repairs, voids and arrears on rent. The work is being completed in the context of the Transformation programme and represents a full 3 year programme that relies on additional investment and delivery of that investment to meet decent homes standards as well as greater engagement with tenants to influence the work of the team.

The improvement plan relates directly to the requirements of the new Regulator for housing and aligns with the requirements to improve that are expected to be included as part of the findings from the inspection carried out in August 2024.

Service centre performance is being supported with short term additional resources within budget with the focus on improving areas that drive the greatest demand for services and a shift to automation of services that currently require manual actions.

Recycling rates remain a real challenge, but we are awaiting clarification on the national direction of waste regulations before being able to implement a revised collections service.

19. **Enabling Services:**



At a corporate level, the performance of Enabling Services is monitored through 6 key performance indicators. When comparing against local targets, 5 KPI are currently green whilst 2 are amber (within 10% of target) and 1 is red; 4 are moving in the right direction (improving), whilst 2 show no change from the previous period.

Many of the indicators monitored at directorate level for the Enabling Services directorate are reflective of the wider organisation and managed accordingly.

	<p><u>KPIs on track / improving for Enabling Services:</u></p> <p>IT system availability: Core IT systems were available for over 99% of core working hours in Q2, which is similar to the previous quarter. This indicator still needs some refinement as it currently only includes availability of network switches and server availability. The system monitoring servers is technically end of life so may not be available long term. It also doesn't take into account hosted platforms like CareDirector / Business World / NEC etc. The IT team are looking at developing a process to include these in the future.</p> <p>Council tax collection rate: Our council tax collection rate (in year) was 93.9% in 2023/24, which was just below our target of 95%. Collection rates for 2024/25 are on track to meet this target however.</p> <p>Contract compliance: Our contract procedure compliant spend continues to be high at 100% as at the end of August (against a target of 90%). However, this currently only includes Business World transactions. It is likely that feeder systems performance is not as strong, and work is in progress to ascertain how this data might be captured and reported. The number of exemption requests also remains low and on target (6 in September).</p> <p><u>Areas for focus for Enabling Services:</u></p> <p>Audit actions: An Audit Action Tracker was rolled out in Q2 of this financial year to aid management in maintaining visibility of unmitigated risk exposure highlighted during audit reviews. The action tracker includes 135 agreed actions (102 high priority, 30 medium, 3 low). To date 19% of these actions have been closed down with a further 50% in progress. Internal Audit has attended directorate management teams to introduce the action tracker and will attend each DMT again before the end of Q3. Any actions which remain a concern or have no update will be raised. While this figure measures the total actions, some are not yet due. From the agreed actions that have reached their implementation dates the number closed sits at 28% with a further 47% in progress.</p>
20.	In summary, whilst performance and trends across the council and the city are mixed, corporate KPIs have cross organisational ownership, with focus and plans developed to drive tangible improvement.
RESOURCE IMPLICATIONS	
<u>Capital/Revenue</u>	
21.	Performance reporting delivered through existing resources
<u>Property/Other</u>	
22.	N/A
LEGAL IMPLICATIONS	
<u>Statutory power to undertake proposals in the report:</u>	
23.	Section 111 Local Government Act 1972 and S1 Localism Act 2011

<u>Other Legal Implications:</u>	
24.	N/A
RISK MANAGEMENT IMPLICATIONS	
25.	N/A
POLICY FRAMEWORK IMPLICATIONS	
26.	N/A

KEY DECISION?	No
WARDS/COMMUNITIES AFFECTED:	All
<u>SUPPORTING DOCUMENTATION</u>	
Appendices	
1.	None
2.	

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.	No
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Data Protection Impact Assessment

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

Other Background documents available for inspection at:

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

DECISION-MAKER:	CABINET		
SUBJECT:	FINANCIAL POSITION UPDATE		
DATE OF DECISION:	26 NOVEMBER 2024		
REPORT OF:	COUNCILLOR LETTS DEPUTY LEADER AND CABINET MEMBER FOR FINANCE AND CORPORATE SERVICES		
<u>CONTACT DETAILS</u>			
Executive Director	Title:	Executive Director Enabling 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
<p>This report provides a summary of the financial position of the council for 2024/25 as at the end of October 2024 (month 7). Further details for the month 6 (September 2024) position and on the Autumn Budget 2024 have also been included for information.</p> <p>The position as at the end of October 2024 is a £14.25M favourable variance, with the detail set out in Appendix 1. This is a further positive movement of £1.07M compared to the position at month 6 (£13.18M underspend forecast).</p>

RECOMMENDATIONS:

	Cabinet is recommended to:
i)	Agree the £1.85M adjustments to be made to directorate budgets to reflect sustained favourable variances reported at month 7 of 2024/25 due to transformation measures, to be transferred to centrally held contingency to reduce the reliance on Exceptional Financial Support (EFS), as set out in paragraph 6.

REASONS FOR REPORT RECOMMENDATIONS

1.	To ensure that Cabinet fulfils its responsibilities for the overall financial management of the council's resources.
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ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

2.	Not applicable.
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DETAIL (including consultation carried out)

Latest Financial Position

3. The forecast financial position of the council as at the end of October 2024 (month 7) is set out at Appendix 1. Table 1 summarises the General Revenue Fund Forecast. The adverse movement from month 6 for directorates is after £1.22M sustainable savings have been taken centrally in month 7.

4. **Table 1 – General Revenue Fund Forecast 2024/25**

	Working Budget Month 7 £M	Forecast Outturn Month 7 £M	Forecast Variance Month 7 £M	Movement Month 6 to Month 7 £M
Children & Learning	60.81	59.22	(1.59) F	0.63 A
Community Wellbeing	94.49	92.58	(1.91) F	(0.31) F
Enabling Services	26.31	25.87	(0.44) F	0.10 A
Growth & Prosperity	37.71	36.30	(1.41) F	0.10 A
Resident Services	25.98	25.77	(0.21) F	(0.19) F
Strategy & Performance	4.94	4.59	(0.36) F	(0.20) F
Total Directorates	250.25	244.34	(5.91) F	0.14 A
Centrally Held Budgets	28.35	20.06	(8.29) F	(1.22) F
Net Council Expenditure before EFS	278.60	264.39	(14.20) F	(1.07) F
Centrally Held Funding	(239.32)	(239.37)	(0.05) F	0.00
Net Over/(Underspend) before EFS	39.28	25.02	(14.25) F	(1.07) F
Exceptional Financial Support (EFS)	(39.28)	(25.02)		
Net Over/(Underspend)	0.00	0.00		

Numbers are rounded. 'F' indicates as favourable variance, 'A' is an adverse variance

5. Sustained favourable variances are being achieved by directorates through demand management transformation activity and other measures. In accordance with the Business Planning & Budgeting Framework, agreement is sought to transfer these budgets to centrally held contingency. Table 2 summarises the proposed budget adjustments.

6. **Table 2 – Proposed Budget Adjustments**

	Budget Adjustment £M
<u>Community Wellbeing</u>	
Care packages costs (transformation), including lower demand	(0.35)
<u>Growth & Prosperity</u>	
School Travel Service	(0.73)
Highways costs capitalisation	(0.45)
Traffic management income	(0.33)
Total Directorates	(1.85)
<u>Centrally Held Contingency</u>	
Budget transferred for sustained favourable variances	1.85
Net Adjustment	0.00

Numbers are rounded

7. Where overspends are forecast, service areas are required to develop Deficit Recovery Plans to bring budgets back into projected balance. All Deficit Recovery Plans from previous months have been implemented and there are no new plans required this month.

Financial Monitoring as at the end of September 2024

8. The forecast position on the General Revenue Fund as at the end of September 2024 was a net favourable variance (before exceptional financial support) of £13.18M, as reported to Cabinet on 29 October 2024. Further details are provided in the paragraphs below, appendices 2 and 3 and the following Members’ Room documents:

- General Revenue Fund Forecast
- Details of savings delivery
- Key Financial Risks Register
- Performance Indicators
- Collection Fund Forecast

Treasury Management

9. Treasury Management borrowing and investment balances as at the end of September 2024 and forecasts for the year-end are set out in Appendix 2. After taking into account maturing and new debt requirements in year and a forecast reduction in investment balances, net borrowing is expected to increase by £150.44M to £480.62M as at 31 March 2025. This forecast remains subject to change, most notably regarding the increased use of balances and changes to the capital programme.

10. As at the end of September 2024 the forecast cost of financing the council’s loan debt was £21.83M of which £6.75M related to the HRA, however this will be subject to movement as the need for further borrowing for the remainder of the year becomes more certain.

11.	Treasury management investments are primarily made to manage day-to-day cash flows using short-term low risk instruments. The council's investment balances as at the end of September 2024 were £44.80M and are expected to be around £48M at year end.
12.	Appendix 2 includes an overview of current performance along with an update on the financial outlook.
	<u>Prudential Indicators</u>
13.	The council is required to have regard to the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code) when determining how much it can afford to borrow. The Prudential Code includes a series of indicators to demonstrate the objectives of the Code are being fulfilled which are required to be reported on a quarterly basis. The prudential indicators as at the end of September 2024 are detailed in Appendix 3. The council has operated within the limits set by the prudential indicators for the first six months of 2024/25.
14.	The prudential indicators include the ratio of financing costs to net revenue stream as a measure of the affordability of the capital programme. The upper limit for this ratio is currently set at 11% for the General Fund. The 2024/25 forecast for the General Fund is 8.98%.
	<u>Schools</u>
15.	As at the end of September 2024 there were 12 schools forecasting a deficit balance totalling £4.3M which compares to 14 schools with deficits totalling £4.9M at the end of the last financial year (2023/24). There are 30 schools forecasting a surplus balance of £7.2M which compares to surpluses totalling £7.8M at the end of the last financial year. The net position is therefore a £2.9M surplus.
16.	The Schools Finance team are working with schools and providing advice on areas where the schools need to make changes to return to surplus. The current 3-year deficit recovery timetable for schools in deficit to get back to a balanced budget may be extended if necessary, for schools that have experienced significant pressures.
17.	The government announced a change in policy for schools that had previously received more than two consecutive judgements of "requires improvement". This has reduced the risk that a school would be required to join an academy trust with any deficit on conversion being a charge to the council's General Fund.
	<u>Dedicated Schools Grant (DSG) 2024/25</u>
18.	The forecast outturn for the Dedicated Schools Grant (DSG) as at the end of September 2024 is a £5.9M cumulative deficit, an improvement of £1.2M from the £7.1M cumulative deficit as at 31 March 2024. The deficit has been driven primarily by the significant year on year increases in Education Health Care Plans (EHCPs) and with higher levels of needs in these plans. Whilst this reflects the national picture, the impact is reflected in our local financial resilience. The increase in High Needs funding has helped mitigate some of the pressure being experienced and further work is being undertaken as part of the DfE programme Delivering Better Value in SEND. The primary strategy for managing the increase in High Needs is threefold: 1. Reduce the number of children requiring an Education and Health Care Plan through targeted early intervention support, through enhanced training and support to schools and parents.

	<p>2. Reduce the number of children requiring a place at a special school, by improving the consistency of offer and inclusive practice at mainstream schools and by developing SEND units and resourced provisions within mainstream schools.</p> <p>3. Maintain a reduction in the reliance of placements in high cost out of city special independent school places, by enhancing the offer and facilities of local mainstream schools, and on the development of highly specialist units and resourced provisions.</p> <p>There has been a reduction in the number of placements in out of city special independent school places and the resultant reduced spend is reflected in the forecast reduction in the deficit.</p>
19.	<p>The Schools Budget is ring-fenced and presently the DSG deficit is subject to a statutory override which means that the deficit will not impact on the wider council services or council tax payers. The statutory override is in place until March 2026.</p>
20.	<p>What this means, however, is that whatever deficit remains, as of April 2026, will impact directly on the council and will need to be covered by General Fund resources. It is therefore important the council ensures robust plans are in place to address the deficit within the 3 year window allowed by Government. The council will need to engage with other authorities and Government to control this deficit. This is likely to be a difficult challenge, which faces many councils nationally.</p>
<p><u>Autumn Budget 2024</u></p>	
21.	<p>On 30 October the Chancellor Rachel Reeves delivered the new Government's first Budget – “Fixing the foundations to deliver change”.</p>
22.	<p>The main headlines from a local government perspective are:</p> <ul style="list-style-type: none"> • £1.3Bn additional grant funding for local government in 2025/26, of which at least £600M million is for social care. Taken together with local income from council tax and locally-retained business rates this is expected to provide a 3.2% real-terms increase in Core Spending Power. • The Government announced its intention to reform the funding formula for local government and implement multi-year settlements from 2026/27. • The small business rate multiplier is being frozen for 2025/26 and the standard business rate multiplier increased by inflation. 40% relief for the retail, hospitality and leisure sector for 2025/26 was announced, with new permanently lower tax rates to be introduced for the sector from 2026/27 for properties with rateable values below £500k, to be funded by a higher tax rate for properties over £500k. Local authorities will be compensated for the loss of business rates income from the tax policy changes. • The employer's national insurance contribution rate will increase by 1.2% in 2025/26 and the secondary threshold reduce from £9,100 to £5,000. Local authorities will receive funding for the direct staffing costs of these changes, which will be in addition to the £1.3Bn. • A 6.7% increase in the National Living Wage to £12.21 and an increase in the Minimum Wage for 18 to 20 year-olds from £8.60 to £10.00 (16.3%). • Local authorities in England are expected to receive around £1.1Bn of new funding in 2025/26 through the implementation of the Extended Producer Responsibility scheme to improve recycling outcomes from January 2025.

	<ul style="list-style-type: none"> • Core schools budget will be increased by £2.3Bn. There is also a £1Bn uplift in Special Educational Needs & Disabilities (SEND) funding (6% real-terms increase from 2024/25) and £300M for further education. £30M is being provided for the rollout of free breakfast clubs in thousands of primary schools. Education capital funding is to increase by 19% to £6.7Bn for 2025/26, including a £1.4Bn school rebuilding fund. • £69M to continue delivery of a network of Family Hubs. • £165M is allocated to a range of Public Sector Reform and Innovation projects in 2025/26 “including to support foster carer recruitment and planning reform”. • A new tax on vaping liquid is to be introduced from October 2026 and above inflationary increases in tobacco taxes. • £233M additional funding for 2025/26 to prevent homelessness and rough sleeping and to prevent rises in the number of families in temporary accommodation. • Additional £500M for the Affordable Homes Programme, increasing the annual budget to £3.1Bn and over £5Bn confirmed for housing investment in 2025/26. • Reduction in right to buy discount and 2-year extension of 100% right to buy receipts retention. • Consultation on a 5-year commitment for a social housing rent settlement of Consumer Price Index (CPI) +1%. • £1Bn of funding to remove dangerous cladding, including in social housing. • £86M increase in Disabled Facilities Grant. • £1Bn to extend the Household Support Fund (HSF) in England and Discretionary Housing Payments (DHPs) in England and Wales in 2025/26. • £500M of new funding for local roads maintenance. • £650M announced for local transport funding outside of mayoral combined authorities. • Bus fare cap to continue, however cap increased from £2 to £3. • £200M to be allocated to local authorities for on-street electric vehicle charging points and £100M under the Active Travel Fund. • Extension of the UK Shared Prosperity Fund (UKSPF) for a further year, at a reduced level of £900M. • An English Devolution White Paper is expected later this year. • Funding to be withdrawn for Local Enterprise Partnerships and Pan-Regional Partnerships.
23.	The impact of the Autumn Budget 2024 on the council’s Medium Term Financial Strategy is currently being assessed. Confirmation on individual local authority funding allocations will be announced in the provisional Local Government Finance Settlement, expected in mid-December 2024.
RESOURCE IMPLICATIONS	
<u>Capital/Revenue</u>	
24.	The revenue implications are contained in the report.
<u>Property/Other</u>	
25.	None.

LEGAL IMPLICATIONS	
Statutory power to undertake proposals in the report:	
26.	Financial reporting is consistent with the Section 151 Officer's duty to ensure good financial administration within the council.
Other Legal Implications:	
27.	None.
RISK MANAGEMENT IMPLICATIONS	
28.	Risk management implications are contained in the report.
POLICY FRAMEWORK IMPLICATIONS	
29.	None.

KEY DECISION? No

WARDS/COMMUNITIES AFFECTED:	All
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SUPPORTING DOCUMENTATION

Appendices

1.	Financial position update report month 7 2024/25
2.	Treasury Management as at end of September 2024
3.	Prudential Indicators as at end of September 2024

Documents In Members' Rooms

1.	General Revenue Fund Forecast as at end of September 2024
2.	Details of savings delivery as at end of September 2024
3.	Key Financial Risks Register as at end of September 2024
4.	Performance Indicators as at end of September 2024
5.	Collection Fund Forecast as at end of September 2024

Equality Impact Assessment

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

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

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

Title of Background Paper(s)	Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)
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1.	The 2024/25 Budget and Medium Term Financial Strategy (Council 6 March 2024)	
2.		



Revenue Monitoring

The forecast outturn at Month 7 shows a positive variance of £14.25M before the use of Exceptional Financial Support (EFS). This is made up of favourable Directorate variances of £5.91M plus £8.29M for centrally held budgets and £0.05M in centrally held funding. This is a £1.07M improvement on the Month 6 position which forecast a £13.18M favourable variance. A further £2.16M of budgets for sustainable 2024/25 savings was transferred to centrally held budgets in Month 7, bringing the total transferred to £8.29M (£3.75M of which is subject to ratification by full Council).

The main favourable variances are in the following areas:

- Children & Learning (£1.59M favourable) with the main positive variance being in children looked after (CLA) of £0.94M, together with favourable variances for care leavers (£0.16M), agency staffing (£0.15M) and legal costs (£0.15M). This is after £1.56M of sustainable savings have been taken centrally.
- Community Wellbeing (£1.91M favourable) with the main positive variances being for non-recurrent staffing savings from the Phase 2A restructure (£0.69M), lower respite service redesign costs (£0.64M) and release of Adult Social Care budget due to demand management transformation activity (£0.35M). This is after £4.33M of sustainable savings have been taken centrally (£3.75M subject to full Council approval).
- Enabling Services (£0.44M favourable) from a range of savings (£0.20M), additional income (£0.13M) and staffing vacancies (£0.11M). This is after £0.14M of sustainable savings have been taken centrally.
- Growth and Prosperity (£1.41M favourable) relating to further School Travel Service transformation savings (£0.73M), capitalisation of highways costs (£0.45M) and £0.69M of other favourable variances reduced by £0.46M adverse variances in other areas. This is after £1.05M of sustainable savings have been taken centrally.
- Resident Services (£0.21M favourable), mainly due to staffing vacancies and additional grant income in Environmental Health and Trading Standards (£0.16M), and with final mitigations from the Deficit Recovery Plans having been fully implemented. This is after £0.27M of sustainable savings have been taken centrally.
- Strategy & Performance (£0.36M favourable), due to salary underspends and additional income.
- Centrally held budgets (£8.29M favourable) relating to sustainable savings transferred from directorates (£7.35M) and Capital Asset Management (£0.94M).

The overall favourable variance of £14.25M reported this month includes forecast Transformation Savings of £7.90M and these are detailed later in the report.

There are no directorates reporting an overall adverse variance.

Exceptional Financial Support (EFS)

All services should continue to aim to under-spend in 2024/25 to minimise the reliance on Exceptional Financial Support (EFS). The annual revenue cost of using borrowing to fund the 2024/25 budget shortfall of £39.28M (via the EFS facility) is £3.2M, this is £0.4M lower than previous estimates due to the government confirming the removal of the EFS premium. If the favourable forecast variance of £14.25M is sustained, the borrowing costs will be £1.2M per annum lower at £2.0M.

Budget Adjustments

As set out in the Business Planning and Budgeting Framework sustained favourable budget variances will be transferred from service budgets to contingency. £2.16M of sustained Directorate favourable variances reported at Month 6 were transferred to contingency in Month 7. This is in addition to the £6.13M previously transferred, bringing the total to £8.29M. £1.85M of new sustainable savings have been identified in Month 7 and are recommended to be transferred. All of the new sustainable savings this month relate to transformation.

Savings Delivery

The savings targets built into 2024/25 budgets is £24.64M. £21.26M of the savings are reported as "delivered" and a further £2.35M are "expected to be delivered". £0.84M of low risk savings are being closely monitored. £0.20M of at risk savings within City Services are being covered by mitigations within the Resident Services Deficit Recovery Plans.

Deficit Recovery Plans

All Deficit Recovery Plans from previous months have been implemented and there are no new plans required this month.

Dedicated Schools Grant (DSG) and School Balances

The DSG deficit reduced by £3.99M to £7.11M in 2023/24 and a further reduction of £1.20M is currently forecast for 2024/25. Schools budget data for 2024/25 indicates there are 13 schools with a deficit balance and where necessary deficit recovery plans are being prepared.

Reserves

The General Fund reserve is forecast to be £12.00M at year end 2024/25, and Earmarked Reserves (excluding schools' balances) at £36.22M.

Housing Revenue Account (HRA)

The HRA is forecasting a balanced position at Month 7, with a reduction in depreciation being balanced by an increase in direct revenue financing of the capital programme. Additional insurance premium costs are covered by increased service charges to leaseholders and other adverse variances are covered by favourable variances on staffing. The Landlord Controlled Heating Account carried a £2.35M deficit into 2024/25, and this is now expected to reduce to £1.74M by year end.

Capital Programme

The General Fund capital programme is reporting a forecast underspend of £2.38M. The major project variances are:

- Underspends reported in Care Director (£0.68M) and Belgrave Industrial Estate Roof (£0.27M)

The HRA capital programme is reporting a forecast underspend of £1.71M. The major project variances are:

- Underspends are reported in Roofing (£0.40M)
- Overspends are reported in Lift Refurbishments (£0.41M), Sprinkler works (£0.64M), Wyndham Court Refurbishment (£0.60M) and Structural Inspections (£0.60M)



	Working Budget 2024/25 £M	Forecast Outturn Month 7 £M	Forecast Variance Month 7 £M	
Directorates:				
Children & Learning	60.81	59.22	(1.59)	F
Community Wellbeing	94.49	92.58	(1.91)	F
Enabling Services	26.31	25.87	(0.44)	F
Growth & Prosperity	37.71	36.30	(1.41)	F
Resident Services	25.98	25.77	(0.21)	F
Strategy & Performance	4.94	4.59	(0.36)	F
Total Directorates	250.25	244.34	(5.91)	F
Levies & Contributions	0.10	0.10	0.00	
Contribution to General Fund Balance	1.93	1.93	0.00	
Capital Asset Management	11.92	11.92	0.00	
Other Expenditure & Income	14.40	6.11	(8.29)	F
Net Council Expenditure before EFS	278.60	264.39	(14.20)	F
Financed by:				
Council Tax	(120.44)	(120.44)	0.00	
Business Rates	(54.45)	(54.45)	0.00	
Non-Specific Government Grants & Other Funding	(64.43)	(64.48)	(0.05)	F
Total Funding	(239.32)	(239.37)	(0.05)	F
Net Over/(Underspend) before EFS	39.28	25.02	(14.25)	F
Exceptional Financial Support (EFS)	(39.28)	(25.02)		
Net Over/(Underspend)	0.00	0.00		

General Fund Month 7 Commentary

Overall forecast position is £14.25M underspent, a favourable movement of £1.07M from Month 6

Children & Learning: a forecast underspend of £1.59M.

The overall £1.59M favourable variance is mainly due to favourable variances of £0.94M for Children Looked After for care package costs, £0.16M for lower Care Leavers client numbers, £0.15M for agency staffing reductions, £0.15M for Legal costs and £0.19M of other favourable variances elsewhere. The directorate is forecasting £1.71M of transformation savings, of which £1.06M have been taken centrally.

Community Wellbeing: a forecast underspend of £1.91M.

The overall £1.91M favourable variance is largely due to a favourable variance of £0.69M across Whole Life Pathways & Living & Ageing Well Resourcing arising from non-recurrent staffing savings achieved as a result of the Phase 2A restructure. Additionally, there is a £0.35M favourable variance on Living & Ageing Well - Cost of Care attributable to transformation due to lower levels of activity compared to budget. There are other favourable variances in the ICU totalling £0.64M with the Respite Service redesign costing less than budgeted and starting later than anticipated in addition to improved income forecasts and savings from offsetting costs with grant funding. In terms of transformation, savings of £2.9M are forecast, of which £2.0M have been taken centrally.

Enabling Services: a forecast underspend of £0.44M.

The £0.44M favourable variance is mainly due to £0.16M of savings from AVCs take up, £0.13M additional income for Supplier Management and Finance, and £0.11M for staffing vacancies and other minor favourable variances. £0.14M of transformation savings have been taken centrally.

Growth & Prosperity: a forecast underspend of £1.41M.

The favourable variance of £1.41M is mainly due to £0.73M of further transformation savings for the School Travel Service, £0.33M increase in traffic management income, £0.45M capitalisation of highways costs and £0.35M favourable variance for Corporate Landlord energy and staffing costs. There are adverse variances of £0.31M on investment property based on projected income and £0.10M for Planning. The directorate is forecasting £2.56M of transformation savings, of which £1.05M have been taken centrally.

Resident Services: a forecast underspend of £0.21M.

The £0.21M favourable variance is mainly due to staffing vacancies and additional grant income in Environmental Health and Trading Standards of £0.16M. There are £0.30M of in-year transformation savings within the directorate, of which, £0.27M have been taken centrally.

Strategy & Performance: a forecast underspend of £0.36M.

The £0.36M favourable variance is mainly due to staffing vacancies (£0.25M) and additional income (£0.11M). £0.05M of transformation savings are included in the forecast.



Month 6 Adjusted Variance Vs Month 7



	Forecast Variance Month 6 £M		Sustainable Savings Removed £M	Adjusted Variance Month 6 £M	Forecast Variance Month 7 £M	Movement Adjusted Month 6 to Month 7 £M	
Directorates:							
Children & Learning	(2.21) F		0.50	(1.71) F	(1.59) F	0.13 A	↓
Community Wellbeing	(1.60) F		0.58	(1.02) F	(1.91) F	(0.89) F	↑
Enabling Services	(0.54) F		0.14	(0.40) F	(0.44) F	(0.03) F	↑
Growth & Prosperity	(1.51) F		0.00	(1.51) F	(1.41) F	0.10 A	↓
Resident Services	(0.02) F		0.00	(0.02) F	(0.21) F	(0.19) F	↑
Strategy & Performance	(0.16) F		0.00	(0.16) F	(0.36) F	(0.20) F	↑
Total Directorates	(6.05) F		1.22	(4.84) F	(5.91) F	(1.07) F	↑
Levies & Contributions	0.00		0.00	0.00	0.00	0.00	
Contribution to General Fund Balance	0.00		0.00	0.00	0.00	0.00	
Capital Asset Management	(0.94) F		0.94	0.00	0.00	0.00	
Other Expenditure & Income	(6.13) F		(2.16)	(8.29) F	(8.29) F	0.00	
Net Council Expenditure before EFS	(13.13) F		0.00	(13.13) F	(14.20) F	(1.07) F	↑
Financed by:							
Council Tax	0.00		0.00	0.00	0.00	0.00	
Business Rates	0.00		0.00	0.00	0.00	0.00	
Non-Specific Government Grants & Other Funding	(0.05) F		0.00	(0.05) F	(0.05) F	0.00	
Total Funding	(0.05) F		0.00	(0.05) F	(0.05) F	0.00	
Net Over/(Underspend) before EFS	(13.18) F		0.00	(13.18) F	(14.25) F	(1.07) F	↑

NB: The Month 6 forecast variance has been adjusted to reflect the transfer of £2.16M of sustainable savings to contingency.

Children & Learning:

£0.50M of sustainable savings have been taken centrally in Month 7 and there is a further adverse movement of £0.13M from Month 6, mainly due to an increase in a small number of high cost clients causing an adverse movement of £0.22M. There is a £0.05M favourable movement due to a reduction in monthly spend in No Recourse to Public Funds and £0.05M favourable movements across a small number of Education & Learning areas.

Community & Wellbeing:

£0.58M of sustainable savings have been taken centrally in Month 7 and there are a further £0.89M of favourable movements from Month 6, mainly from non-recurrent staffing savings following completion of the Phase 2A restructure.

Enabling Services:

£0.14M of sustainable savings have been taken centrally in Month 7 and there is a further favourable movement of £0.03M from Month 6 due to minor favourable variances.

Growth & Prosperity:

There is an adverse movement of £0.10M from Month 6 mainly due to a £0.20M forecast reduction in bus shelter advertising income and a favourable variance on salary forecasts of £0.12M.

Resident Services:

There is a favourable movement of £0.19M from Month 6, predominantly due to the final mitigations from the Deficit Recovery Plan being implemented which has enabled the residual £0.13M pressure in Landscapes to be fully mitigated. There is also a favourable movement on the Service Centre of £0.05M with forecast severance costs now being met centrally.

Strategy & Performance:

There is a favourable movement of £0.20M from Month 6 mainly due to staffing vacancies and additional income.



Executive Director	Description of saving	Savings £M
Community Wellbeing	Care package costs (Transformation), including lower demand	0.35
Growth & Prosperity	Highway costs capitalisation	0.45
Growth & Prosperity	School Travel Service	0.73
Growth & Prosperity	Traffic Management Income	0.33
Total		1.85

£2.16M of sustainable savings previously reported have been transferred to centrally held contingency in Month 7, bringing the total transferred to £8.29M (of which £3.75M is subject to ratification by full Council). £1.85M of new sustainable savings have been identified in Month 7 and are recommended to be transferred to contingency. All of the new sustainable savings this month relate to transformation.



Transformation Savings



Executive Director	Month 7 Variance	Sustainable Savings Removed	Total Directorate Variance	Transformation Savings	Other Directorate Variances
	£M	£M	£M	£M	£M
Children & Learning	(1.59)	(1.56)	(3.14)	(1.71)	(1.44)
Community Wellbeing	(1.91)	(4.33)	(6.24)	(2.90)	(3.34)
Enabling Services	(0.44)	(0.14)	(0.58)	(0.14)	(0.44)
Growth & Prosperity	(1.41)	(1.05)	(2.46)	(2.56)	0.09
Resident Services	(0.21)	(0.27)	(0.48)	(0.30)	(0.18)
Strategy & Performance	(0.36)	0.00	(0.36)	(0.05)	(0.31)
Capital Asset Management	0.00	(0.94)	(0.94)	(0.25)	(0.69)
Total	(5.91)	(8.29)	(14.20)	(7.90)	(6.30)

Executive Director	Description of transformation saving	Savings £M
Children & Learning	Managing Demand	(0.15)
Children & Learning	Right Child / Right Home	(1.56)
Community Wellbeing	Commissioning	(0.50)
Community Wellbeing	Living & Ageing Well	(1.50)
Community Wellbeing	Phase 2A restructure	(0.40)
Community Wellbeing	Whole Life Pathways - LD	(0.50)
Enabling Services	Data & Digital - System Rationalisation	(0.14)
Growth & Prosperity	Parking and Traffic Management	(0.33)
Growth & Prosperity	School Travel Service	(1.48)
Growth & Prosperity	Service Redesign	(0.75)
Resident Services	Service Centre	(0.30)
Strategy & Performance	Strategic Core - Advertising	(0.05)
Capital Asset Management	Treasury Management (Reshaping Financial Management)	(0.25)
Total		(7.90)

Children & Learning

Community Wellbeing

Enabling Services

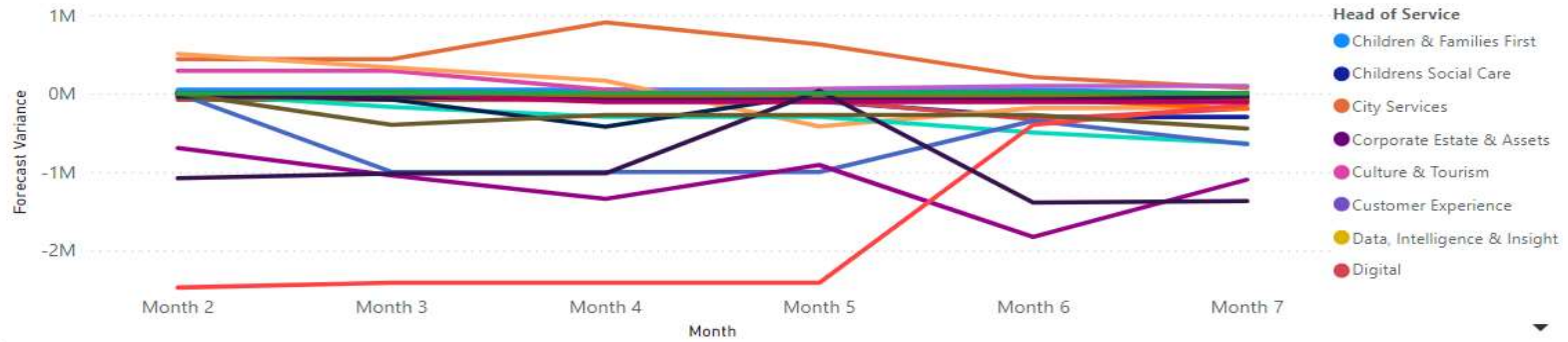
Growth & Prosperity

Resident Services

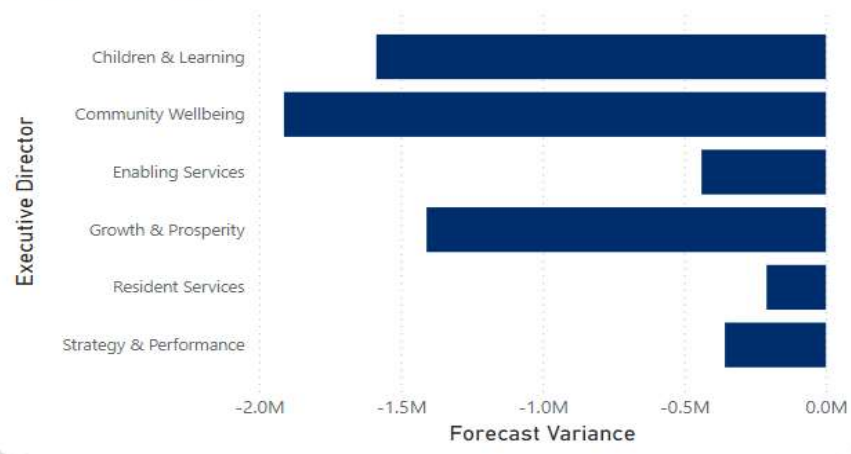
Strategy & Performance

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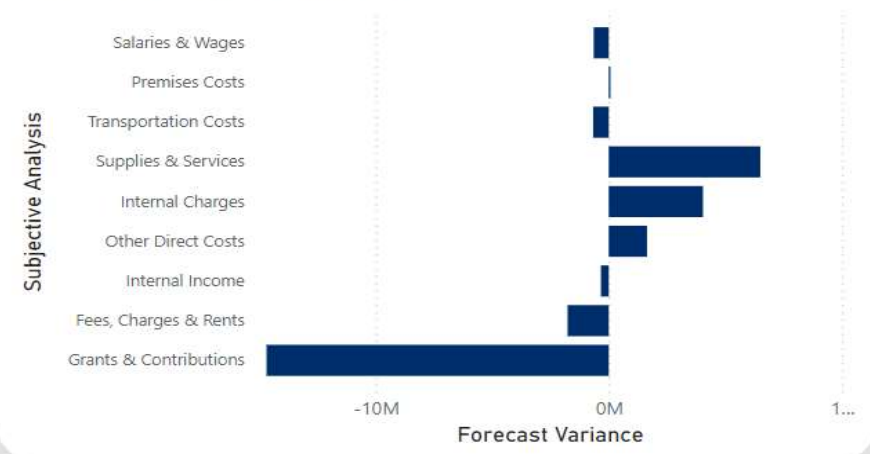
Variance Trend -



Variance to Budget -

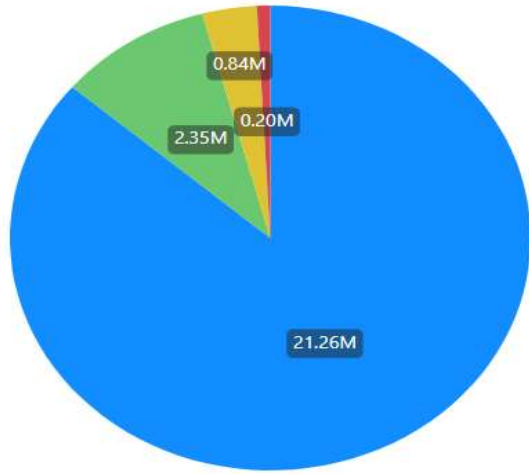


Variance by Subjective Analysis -



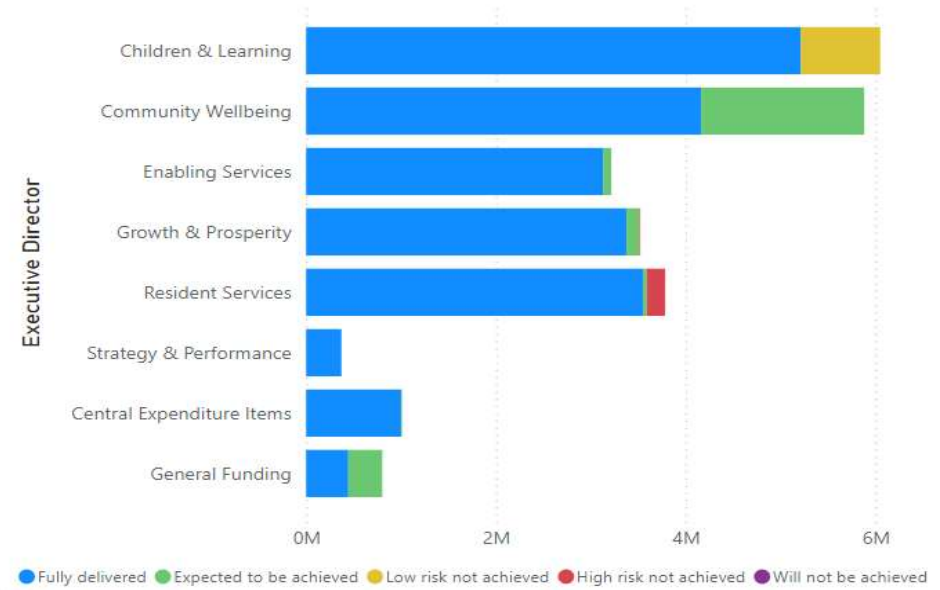


Savings Targets 2024/25 RAG Rated



● Fully delivered ● Expected to be achieved ● Low risk not achieved ● High risk not achieved ● Will not be achieved

Savings Targets per Directorate



Please select a Directorate to drillthrough

Key Issues

The current rate of non-achievement of savings is 1% or £0.20M forecast not to be achieved (Red & Purple). The Resident Services Deficit Recovery Plan has mitigated the impact of non-achievement of savings through additional increased income by services within the directorate.



Summary of variations to Budget (£M)

Executive Director	Client Packages and Placement costs	Coroner costs	Employee and Agency Costs	Energy	Fuel	Income	Non Achievement of savings	Other	Property Investment	Service Review of ICU	Transformation Savings held in directorate	Total
Children & Learning	(0.46)	0.00	(0.31)	0.00	0.00	(0.03)	0.00	(0.14)	0.00	0.00	(0.65)	(1.59)
Community Wellbeing	0.17	0.00	(0.88)	0.00	0.00	0.00	0.00	(0.18)	0.00	(0.12)	(0.90)	(1.91)
Enabling Services	0.00	0.00	(0.10)	0.00	0.00	(0.13)	0.00	(0.20)	0.00	0.00	0.00	(0.44)
Growth & Prosperity	0.00	0.00	(0.19)	(0.20)	0.00	0.24	0.01	(0.08)	0.31	0.00	(1.50)	(1.41)
Resident Services	0.00	0.28	0.66	0.00	0.12	(1.02)	0.20	(0.41)	0.00	0.00	(0.03)	(0.21)
Strategy & Performance	0.00	0.00	(0.25)	0.00	0.00	(0.06)	0.00	0.00	0.00	0.00	(0.05)	(0.36)
Total	(0.29)	0.28	(1.07)	(0.20)	0.12	(1.00)	0.21	(1.02)	0.31	(0.12)	(3.13)	(5.91)

Within directorates there are favourable variances of £3.13M for Transformation Savings (excluding those transferred to contingency), £0.29M for client packages and placements, £1.07M for staffing and agency costs, £1.00M for increased income and £1.34M for other factors. The main adverse variances are for property investment income shortfalls £0.31M and Coroner costs £0.28M, with £0.33M for other factors. The £5.91M net favourable variance for directorates is after £7.35M of sustainable savings have been taken centrally, of which £4.52M relates to Transformation Savings.



	Working Budget 2024/25 £M	Forecast Outturn Month 7 £M	Forecast Variance Month 7 £M		Movement Month 6 to Month 7 £M	
Children & Families First	3.68	3.68	0.00		(0.05)	F ↑
Children & Families First	3.68	3.68	0.00		(0.05)	F ↑
Childrens Social Care	3.10	2.80	(0.30)	F	0.00	
Divisional Management	2.18	2.03	(0.15)	F	0.00	
ICU - Children's Services	0.38	0.38	0.00		0.00	
Legal (Children's)	0.54	0.39	(0.15)	F	0.00	
Education	4.18	4.15	(0.04)	F	(0.05)	F ↑
DSG Central School Services Block	(0.06)	(0.06)	0.00		0.00	
DSG Early Years Block	0.00	0.00	0.00		0.00	
DSG High Needs Block Education	2.60	2.60	0.00		0.00	
DSG Schools Block	0.00	0.00	0.00		0.00	
Education - Asset Management	0.84	0.84	0.00		0.00	
Education & Learning	0.81	0.77	(0.04)	F	(0.05)	F ↑
Quality Assurance	2.65	2.61	(0.04)	F	0.00	
Quality Assurance Business Unit	2.65	2.61	(0.04)	F	0.00	
SEND	(1.55)	(1.60)	(0.05)	F	0.00	
DSG High Needs Block SEND	(2.60)	(2.60)	0.00		0.00	
Education - High Needs	1.04	0.99	(0.05)	F	0.00	
Pathways Through Care	33.65	32.56	(1.10)	F	0.73	A ↓
Care Leavers	1.07	0.91	(0.16)	F	0.00	
Children Looked After	32.58	31.64	(0.94)	F	0.73	A ↓
Resources	11.85	11.80	(0.06)	F	0.00	
Jigsaw	5.45	5.46	0.00		0.00	
Safeguarding	6.40	6.34	(0.06)	F	0.00	
Young Peoples Service	3.24	3.24	0.00		0.00	
Young Peoples Service	2.35	2.35	0.00		0.00	
Youth Offending	0.89	0.89	0.00		0.00	
Total Children & Learning	60.81	59.22	(1.59)	F	0.63	A ↓

Children & Learning: a forecast underspend of £1.59M.

There is a £0.63M adverse movement from Month 6. This is after £0.50M of in year only sustainable savings relating to the Children's staffing restructure were taken centrally in Month 7 thus reducing the C&L budget by this amount.

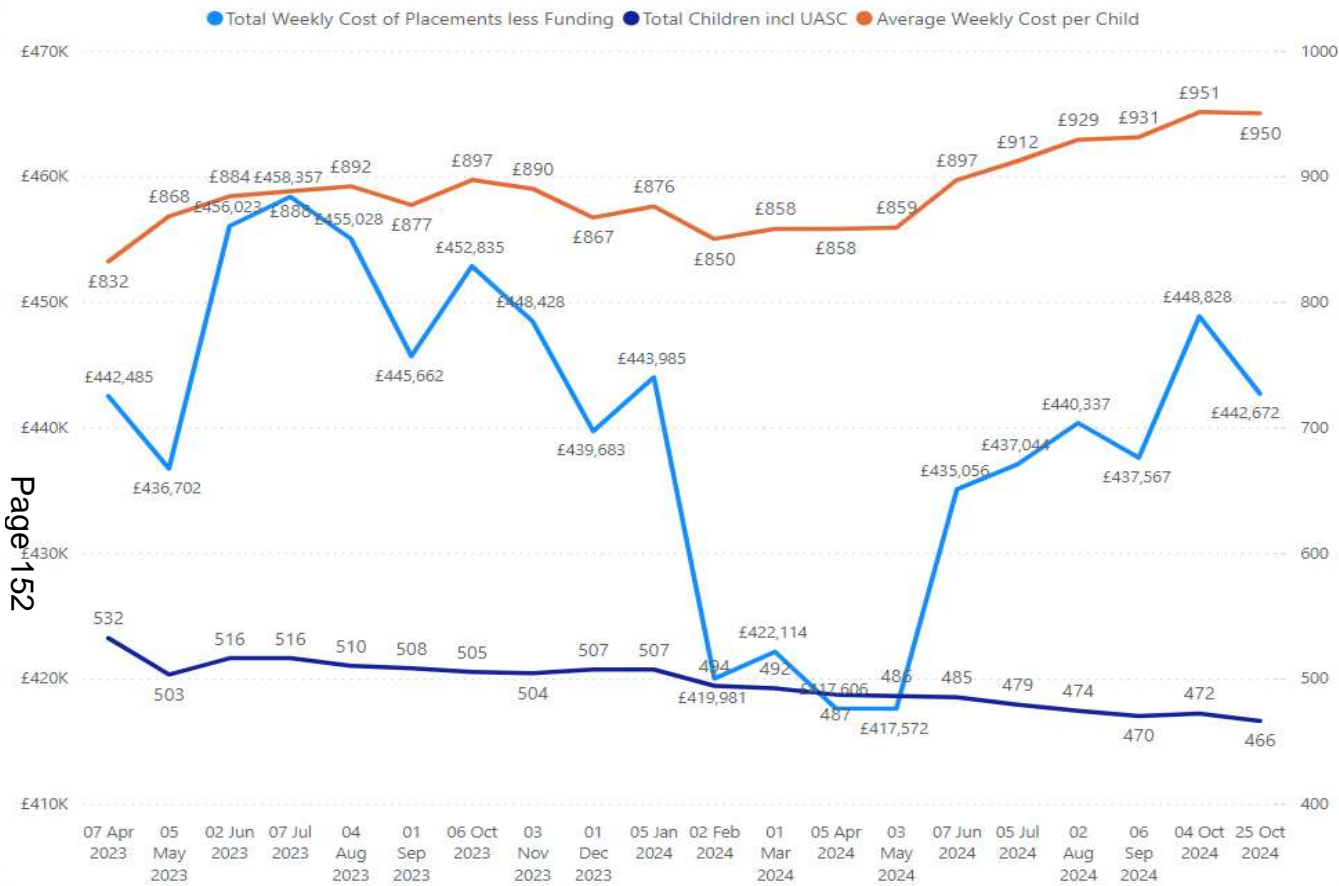
The favourable variance of £1.59M at Month 7 is due primarily to a favourable variance of £0.94M for Children Looked After as package costs remain less than budgeted, together with favourable variances of £0.16M for Care Leavers as client numbers are less than budgeted, £0.15M for Divisional Management due to agency staffing projections, £0.06M in Safeguarding due to a forecast reduction in supplies and services spend, £0.15M for Legal costs being less than budgeted, and £0.04M for Quality Assurance relating to staffing. There is also a £0.05M favourable variance in Education High Needs due to the net impact of staffing vacancies and pay award pressures and £0.04M favourable variances elsewhere. A further £0.5M in the current financial position has been allocated against transformation in month 7. With the previous £1.21M transformation savings highlighted in previous months, this now amounts to £1.71M.

In recent months the numbers of clients and average cost has plateaued and in some areas has begun to increase. This is being looked at closely by the service as represents a financial risk.

The £0.63M adverse movement since Month 6 is mainly due to £0.50M of in year only sustainable savings being taken centrally. There has also been an increase in a small number of high cost clients causing an adverse movement of £0.22M. There is a £0.05M favourable movement due to a reduction in monthly spend in No Recourse to Public Funds and £0.05M favourable movements across a small number of Education & Learning areas.



Children Looked After Numbers



Total weekly cost of placements less funding

Over the past 18 months the weekly cost reduced up to the end of May by around 6%, but has subsequently increased and started to plateau. Some of this relates to cost uplifts, however some of this relates to a recent increase in high needs/cost clients.

The graph shows a temporary increase in the latest week's figures which is mainly due to a short-term high cost client.

Numbers of Children

Over the past 18 months the numbers of children in care have reduced by over 10%.

Average cost per child

The average cost per child did reduce in the final quarter of the last financial year, but as per the total weekly costs this has started to increase and is linked to the same reasons as the total weekly costs.

The increase in this figure is again due to a short-term high cost client.



	Working Budget 2024/25 £M	Forecast Outturn Month 7 £M	Forecast Variance Month 7 £M		Movement Month 6 to Month 7 £M	
Integration	18.13	17.49	(0.64)	F ●	(0.14)	F ↑
ICU - Provider Relationships	15.88	15.65	(0.23)	F ●	0.00	
ICU - System Redesign	2.25	1.85	(0.41)	F ●	(0.14)	F ↑
Living & Ageing Well	31.56	30.91	(0.65)	F ●	(0.30)	F ↑
ASC - Living & Ageing Well - Cost of care	21.39	21.04	(0.35)	F ●	0.00	
ASC - Living & Ageing Well - Resourcing	10.16	9.87	(0.30)	F ●	(0.30)	F ↑
Public Health	0.00	0.00	0.00	●	0.00	
Public Health - Health Improvement	1.89	1.89	0.00	●	0.00	
Public Health - Health Protection and Surveillance	10.21	10.21	0.00	●	0.00	
Public Health - Management & Overheads	(16.11)	(16.11)	0.00	●	0.00	
Public Health - Non-ringfenced	0.00	0.00	0.00	●	0.00	
Public Health - Population Healthcare	4.01	4.01	0.00	●	0.00	
Quality, Governance & Professional Development	(8.13)	(8.27)	(0.14)	F ●	0.26	A ↓
ASC - Quality, Assurance & Professional Development	(8.13)	(8.27)	(0.14)	F ●	0.26	A ↓
Stronger Communities	1.60	1.55	(0.04)	F ●	0.04	A ↓
Community Safety, Alcohol Related Crime, CCTV	0.31	0.31	0.00	●	0.00	
Domestic Violence	0.37	0.37	0.00	●	0.00	
Grants to Voluntary Organisations	0.49	0.45	(0.04)	F ●	0.04	A ↓
Stronger Communities	0.43	0.43	0.00	●	0.00	
Whole Life Pathways	51.34	50.89	(0.45)	F ●	(0.17)	F ↑
ASC - Whole Life Pathways - Directly Delivered Services	2.40	2.34	(0.05)	F ●	(0.18)	F ↑
ASC - Whole Life Pathways - LD Cost of care	26.29	26.29	0.00	●	0.40	A ↓
ASC - Whole Life Pathways - MH Cost of care	11.35	11.35	0.00	●	0.00	
ASC - Whole Life Pathways - Other Cost of care	7.36	7.36	0.00	●	0.00	
ASC - Whole Life Pathways - Resourcing	3.94	3.55	(0.39)	F ●	(0.39)	F ↑
Total Community Wellbeing	94.49	92.58	(1.91)	F ●	(0.31)	F ↑

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Community Wellbeing: a forecast underspend of £1.91M.

There is a favourable movement of £0.31M from Month 6 to Month 7. This is after £0.58M of sustainable savings have been taken centrally in Month 7. The improvement is mainly arising from non-recurrent staffing savings following the completion of the Phase 2A restructure.

The overall £1.91M favourable variance is largely due to a favourable variance of £0.69M across Whole Life Pathways & Living & Ageing Well Resourcing arising from non-recurrent staffing savings achieved as a result of the Phase 2A restructure. Additionally, there is a £0.35M favourable variance on Living & Ageing Well - Cost of Care attributable to transformation due to lower levels of activity compared to budget. There are other favourable variances in the ICU totalling £0.64M with the Respite Service redesign costing less than budgeted and starting later than anticipated in addition to improved income forecasts and savings from offsetting costs with grant funding. In terms of transformation, savings of £2.9M are forecast.



Adult Client Package Numbers



Number of Clients

The total number of Adults placements has increased by around 100 placements since the end of the 2022-23 financial year, an increase of around 2.25%. However, numbers have been relatively stable since January 2024, holding at around 4,350 clients with current authorised services.

Average Weekly Cost per Client

Average weekly costs per client have generally been between £425 per week and £450 per week for that time period, but we have seen a general downward trend in the total weekly cost for current authorised services since July 2023. This is due to ongoing work undertaken by the service, including resolution of legacy issues arising from the Discharge to Assess process.

N.B.

Figures are subject to change once the position has been finalised



Enabling Services Month 7



	Working Budget 2024/25 £M	Forecast Outturn Month 7 £M	Forecast Variance Month 7 £M		Movement Month 6 to Month 7 £M	
Digital	11.16	10.97	(0.19)	F	0.14	A ↓
Digital Services	11.16	10.97	(0.19)	F	0.14	A ↓
Enabling Services	1.31	1.31	0.00		0.00	
Corporate Management	1.07	1.07	0.00		0.00	
Internal Audit	0.24	0.24	0.00		0.00	
Finance	(2.73)	(2.63)	0.09	A	0.00	
Centrally Apportionable Overheads	(7.67)	(7.67)	0.00		0.00	
Corporate Finance	2.60	2.65	0.06	A	0.00	
Net Housing Benefit Payments	0.00	0.00	0.00		0.00	
Pension & Redundancy Costs	2.34	2.38	0.04	A	0.00	
Human Resources & Organisational Development	3.33	3.23	(0.10)	F	0.00	
HR Services	3.33	3.23	(0.10)	F	0.00	
Income & Expenditure	6.03	5.94	(0.09)	F	0.00	
Accounts Payable	0.70	0.78	0.08	A	0.00	
Accounts Receivable	2.50	2.46	(0.04)	F	0.00	
Local Taxation & Benefits Services	2.84	2.70	(0.14)	F	0.00	
Legal & Governance	4.31	4.31	0.00		0.00	
Democratic Representation & Managemen	2.30	2.26	(0.05)	F	0.00	
Registration of Electors and Elections Costs	0.53	0.57	0.04	A	0.00	
Risk Management	1.48	1.48	0.00		0.00	
Legal Partnership	1.45	1.42	(0.03)	F	(0.03)	F ↑
Land Charges	(0.14)	(0.14)	0.00		0.00	
Legal Services & Customer Relations	1.59	1.56	(0.03)	F	(0.03)	F ↑
Supplier Management	1.44	1.33	(0.11)	F	0.00	
Supplier Management Services	1.44	1.33	(0.11)	F	0.00	
Total Enabling Services	26.31	25.87	(0.44)	F	0.10	A ↓

Enabling Services: a forecast underspend of £0.44M.

There is an adverse movement of £0.10M from Month 6. This is after £0.14M of Data & Digital transformation savings have been taken centrally in Month 7. The overall variance comprises of underspends of £0.11M due to vacancies; £0.13M of additional income for Supplier Management and Finance; £0.16M of saving from savings linked to AVCs and there are other minor favourable variances.



	Working Budget 2024/25 £M	Forecast Outturn Month 7 £M	Forecast Variance Month 7 £M		Movement Month 6 to Month 7 £M	
Corporate Estate & Assets	5.15	5.11	(0.04)	F	0.00	
Central Repairs & Maintenance	3.01	3.01	0.00		0.00	
Energy Team	0.13	0.13	0.00		0.00	
Property Portfolio Management	(6.97)	(6.66)	0.31	A	0.00	
Property Services	8.11	7.76	(0.35)	F	0.00	
Facilities	0.87	0.87	0.00		0.00	
Culture & Tourism	3.75	3.75	0.00		0.03	A ↓
Cultural Services	1.71	1.74	0.03	A	0.03	A ↓
Libraries	2.04	2.01	(0.03)	F	0.00	
Economic Development & Regeneration	1.30	1.30	0.00		0.05	A ↓
City Development	0.71	0.71	0.00		0.05	A ↓
Economic Development	0.20	0.20	0.00		0.00	
Skills & Employment Support	0.39	0.39	0.00		0.00	
Growth & Prosperity	0.22	0.22	0.00		0.00	
Directorate Management	0.22	0.22	0.00		0.00	
Transport & Planning	27.28	25.91	(1.37)	F	0.02	A ↓
Flood Risk Management	0.15	0.15	0.00		0.00	
Highways Contracts	10.05	9.29	(0.77)	F	(0.08)	F ↑
Home To School Transport	10.74	10.01	(0.73)	F	0.00	
Planning	0.77	0.87	0.10	A	0.00	
Transportation	5.57	5.59	0.02	A	0.10	A ↓
Total Growth & Prosperity	37.71	36.30	(1.41)	F	0.10	A ↓

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Growth & Prosperity: a forecast underspend of £1.41M.

There is an adverse movement of £0.10M from Month 6 to Month 7. This is predominantly due to a decrease in forecast clear channel income by £0.2M within the Bus Contract Payments & Concessionary Fares team on bus shelter advertising and there is a favourable variance on vacancies and salary forecasts of £0.12M.

The overall favourable variance of £1.41M comprises of an increase in traffic management income of £0.33M and the capitalisation of highway costs of £0.45M from revenue to capital. There also has been a favourable variance of £0.73M from the School Travel Service as a result of further transformation savings being delivered through optimisation of routes to schools and the introduction of a dynamic purchasing system. A further favourable variance of £0.35M in Property Services was due to a change in the forecasted geothermal costs on Corporate Landlord of £0.20M along with £0.15M on staffing. A forecast adverse variance of £0.31M on investment property income indicates that the current forecast may not be achievable based on current rents and profit share projections. There is an adverse forecast of £0.10M in Planning development management due to a £0.04M adverse forecast on staffing vacancy management and, on income of £0.06M as a result of planning application fee receipts being lower than expected based on past trends. In terms of transformation, savings of £2.56M are forecast.



Resident Services Month 7



	Working Budget 2024/25 £M	Forecast Outturn Month 7 £M	Forecast Variance Month 7 £M		Movement Month 6 to Month 7 £M	
City Services	22.03	22.10	0.07	A	(0.14)	F ↑
City Services - Commercial Services	0.87	0.92	0.04	A	0.00	
City Services - District Operating Areas	5.10	5.10	0.00		0.01	A ↓
City Services - Management & Compliance	0.54	0.53	(0.02)	F	(0.01)	F ↑
City Services - Waste Operations	16.23	16.18	(0.05)	F	0.00	
Fleet Trading Area	(0.93)	(0.85)	0.08	A	0.00	
Landscape Trading Area	0.22	0.22	0.01	A	(0.13)	F ↑
Customer Experience	0.49	0.47	(0.02)	F	0.00	
Customer Experience	0.49	0.47	(0.02)	F	0.00	
Emergency Preparedness, Planning & Response	0.13	0.13	0.00		0.00	
Emergency Planning	0.13	0.13	0.00		0.00	
Environment	(7.87)	(8.05)	(0.18)	F	0.00	
CPRES - Bereavement Services	0.59	0.59	0.00		0.00	
CPRES - Environmental Health & Scientific Services	1.64	1.48	(0.16)	F	0.00	
CPRES - Licensing	(0.06)	(0.05)	0.01	A	0.00	
CPRES - Parking & Itchen Bridge	(10.38)	(10.38)	0.00		0.00	
CPRES - Port Health	(0.78)	(0.78)	0.00		0.00	
CPRES - Private Sector Housing	0.41	0.42	0.01	A	0.00	
CPRES - Registration Services	(0.19)	(0.19)	0.00		0.00	
Green Cities	0.63	0.58	(0.05)	F	0.00	
Health & Safety	0.29	0.29	0.00		0.00	
Housing	4.97	4.97	0.00		0.00	
DFG Support	(0.01)	(0.01)	0.00		0.00	
Housing Needs	4.83	4.83	0.00		0.00	
Social Fund & Property	0.18	0.18	0.00		0.00	
Travellers Sites	(0.04)	(0.04)	0.00		0.00	
Resident Services	2.80	2.80	0.00		0.00	
Leisure Contracts	2.69	2.69	0.00		0.00	
Leisure Strategy	0.11	0.11	0.00		0.00	
Service Centre	3.43	3.36	(0.08)	F	(0.05)	F ↑
Customer Services	3.43	3.36	(0.08)	F	(0.05)	F ↑
Total Resident Services	25.98	25.77	(0.21)	F	(0.19)	F ↑

Resident Services: a forecast underspend of £0.21M.

There is a favourable movement of £0.19M from Month 6. This is predominantly due to the final mitigations from the Deficit Recovery Plan for resident services being implemented and included in the forecast position, which has enabled the residual £0.13M pressure in Landscapes to be fully mitigated. There is also a favourable movement on the Service Centre of £0.05M from previously forecast severance cost being removed from the forecast as they are now being picked up from the central redundancy budget.

The overall favourable forecast of £0.21M is mainly due to staffing vacancies and additional grant income in Environmental Health and Trading Standards of £0.16M. There are other net favourable variances in the Service Centre of £0.08M due to staffing vacancies and £0.05M in Waste due to a favourable position on waste disposal and income generation being greater than staffing pressures and additional operating costs. There is currently a forecast adverse in Fleet of £0.08M but recharges are currently being reviewed with the intention to ensure all costs are being appropriately recovered from the user services.

There are £0.30M of in-year transformation savings within the directorate, of which, £0.27M has been moved centrally.



	Working Budget 2024/25 £M	Forecast Outturn Month 7 £M	Forecast Variance Month 7 £M		Movement Month 6 to Month 7 £M	
Data, Intelligence & Insight	1.18	1.10	(0.08) F	●	(0.02)	↑ F
Data & Intelligence	1.18	1.10	(0.08) F	●	(0.02)	↑ F
Marketing & Communications	0.99	0.80	(0.20) F	●	(0.13)	↑ F
Corporate Communications	0.99	0.80	(0.20) F	●	(0.13)	↑ F
Projects & Change	1.42	1.42	0.00	●	0.00	
Projects, Policy & Performance	1.42	1.42	0.00	●	0.00	
Strategy & Performance	1.34	1.26	(0.08) F	●	(0.05)	↑ F
Strategic Management of the Council	1.34	1.26	(0.08) F	●	(0.05)	↑ F
Total Strategy & Performance	4.94	4.59	(0.36) F	●	(0.20)	↑ F

Strategy & Performance: a forecast underspend of £0.36M.

There is a favourable movement of £ £0.20M from Month 6. The overall favourable variance comprises of £0.25M linked to salary underspends due to vacancies in the Data team, Chief Executive's team and Communications. Plus £0.11M of additional income in Communications and Data & Digital. £0.05M of transformation savings are included within the forecast.



General Fund Capital Month 7



	Adjusted 2024-25 Budget £M	Forecast Outturn Month 7 £M	Forecast Variance Month 7 £M	Explained By:	(Slippage)/ Rephasing Month 7 £M	(Surplus)/ Deficit Month 7 £M
Directorates:						
Children & Learning	14.62	14.14	(0.48)	F	0.00	(0.48)
Community Wellbeing	4.25	4.25	0.00		0.00	0.00
Enabling Services	4.15	3.47	(0.68)	F	0.00	(0.68)
Growth & Prosperity	46.99	46.15	(0.84)	F	(0.56)	(0.27)
Resident Services	17.88	17.50	(0.38)	F	(0.42)	0.04
Strategy & Performance	8.13	8.13	0.00		0.00	0.00
Total General Fund	96.01	93.63	(2.38)	F	(0.99)	(1.40)
Financed by:						
Council Resources - Borrowing	11.49	10.54	(0.96)	F	0.00	(0.96)
Council Resources - Capital Receipts	8.48	8.48	0.00		0.00	0.00
Contributions	9.24	8.09	(1.15)	F	(1.17)	0.02
Grants	66.07	65.80	(0.27)	F	0.19	(0.46)
Council Resources - DRF	1.71	1.71	0.00		0.00	0.00
Minimum Revenue Account	0.00	0.00	0.00		0.00	0.00
Total Financing	96.01	93.63	(2.38)	F	(0.99)	(1.40)

Major Variances

Directorate	Project	Variance type	Variance Month 7 £M
Children & Learning	Valentine School	Surplus	(0.39)
Enabling Services	CareDirector	Surplus	(0.68)
Growth & Prosperity	Bargate North Walls	Slippage	(0.45)
Growth & Prosperity	Belgrave Industrial Estate Roof	Surplus	(0.27)
Growth & Prosperity	Safer Streets	Slippage	(0.30)
Resident Services	Solar Powered Compactor Bins	Slippage	(0.42)

General Fund Earmarked Reserves (excluding Schools Balances)

	Balance As At 01/04/2024 £M	Forecast Balance As At 31/03/2025 £M	Movement 2024/25 £M			Forecast Balance As At 31/03/2026 £M	Movement 2025/26 £M		
Medium Term Financial Risk Reserve	9.72	9.25	(0.47)	A	↓	10.47	1.22	F	↑
Organisational Redesign Reserve	2.50	2.91	0.41	F	↑	2.91	0.00		
Transformation & Improvement Reserve	4.66	6.05	1.39	F	↑	5.96	(0.10)	A	↓
Revenue Contributions to Capital	1.00	0.92	(0.08)	A	↓	0.92	0.00		
Social Care Demand Risk Reserve	2.00	2.20	0.20	F	↑	2.20	0.00		
Revenue Grants Reserve	4.21	0.00	(4.21)	A	↓	0.00	0.00		
Investment Risk Reserve	0.80	1.20	0.40	F	↑	1.60	0.40	F	↑
Directorate Carry Forwards	0.00	0.00	0.00			0.00	0.00		
PFI Sinking Fund	4.35	4.11	(0.24)	A	↓	3.67	(0.43)	A	↓
Insurance Reserve	2.20	2.20	0.00			2.20	0.00		
On Street Parking	2.48	0.54	(1.94)	A	↓	0.02	(0.52)	A	↓
DSG Reserve	3.99	5.19	1.20	F	↑	6.44	1.25	F	↑
Other Reserves	2.69	1.65	(1.03)	A	↓	1.42	(0.23)	A	↓
Total Earmarked Reserves	40.58	36.22	(4.36)	A	↓	37.80	1.58	F	↑
General Fund Balance	10.07	12.00	1.93	F	↑	12.00	0.00		
Total GF Reserves (excl. Schools)	50.65	48.22	(2.43)	A	↓	49.80	1.58	F	↑

There is a forecast balance of £9.25M on the Medium Term Financial Risk (MTFR) Reserve at the end of 2024/25, assuming the forecast in-year surplus is used to reduce the Exceptional Financial Support requirement and not added to the reserve. An increase in the General Fund Balance to £12.0M was included in the 2024/25 budget.



Collection Fund



Collection Fund Balance

	Council Tax £M	Business Rates £M	Total £M
Distribution of previous year's estimated surplus/(contribution towards estimated deficit)	(1.18)	6.61	5.43
Net income and expenditure for 2024/25	0.41	(3.29)	(2.88)
(Surplus)/Deficit for the year	(0.77)	3.32	2.55
(Surplus)/Deficit brought forward from 2023/24	1.24	(8.42)	(7.19)
Overall (Surplus)/Deficit Carried Forward	0.47	(5.10)	(4.63)
SCC Share of (Surplus)/Deficit	0.39	(2.50)	(2.11)

For the Collection Fund as a whole there is a forecast cumulative surplus of £4.63M to be carried forward into 2025/26, from an improvement of £1.76M in the 2023/24 outturn position and a £2.88M forecast net surplus for 2024/25.

The £2.88M forecast net surplus for 2024/25 comprises a £3.29M surplus for business rates offset by a £0.41M deficit for council tax. The business rates surplus is due to an increase in rateable values and a reduction in business rates reliefs and the estimate for non collection. The forecast deficit for council tax relates to an increase in the estimate for non-collection, offset by a reduction in local council tax support costs.

SCC's share of the forecast cumulative surplus is £2.11M. In addition to this there is a £1.20M adverse variance on estimated government grant income for business rates reliefs, due to a large reduction in funded reliefs, which sits outside of the Collection Fund.

Collection Rates

Over or underachievement of collection rates has a positive or negative impact on the Collection Fund Balance.

Council Tax	April	May	June	July	August	September	October
Expected Collection - Projected (93.03%) avg collection	9.82%	8.80%	8.66%	8.61%	8.57%	8.67%	8.75%
In month Expected Collection £	14,494,929	12,978,087	12,768,068	12,737,128	12,706,600	12,870,634	13,014,047
Expected Collection - Difference (in month) £	↓ (154,666)	↑ 14,474	↓ (176,580)	↑ 288,357	↓ (2,128)	↓ (103,882)	↓ (59,126)
Expected Collection - Difference year to date £	↓ (154,666)	↓ (140,192)	↓ (316,772)	↓ (28,415)	↓ (30,543)	↓ (134,425)	↓ (193,551)

Business Rates	April	May	June	July	August	September	October
Expected Collection - Projected (97.05%) avg collection	16.10%	8.75%	8.75%	8.75%	8.75%	8.75%	8.75%
In month Expected Collection £	17,970,500	9,766,040	9,683,981	9,808,680	9,823,847	9,846,472	9,850,107
Expected Collection - Difference (in month) £	↓ (1,508,405)	↑ 2,336,509	↑ 1,228,332	↑ 2,181,699	↓ (1,312,954)	↓ (1,174,746)	↓ (988,049)
Expected Collection - Difference year to date £	↓ (1,508,405)	↑ 828,104	↑ 2,056,436	↑ 4,238,135	↑ 2,925,181	↑ 1,750,436	↑ 762,387

Council Tax Collection

In-year - As of 31st October 2024 net collectable debt is £148.74M (up £0.21M from last month and £8.9M on last year). The collection rate is 61.43%. This is down £0.19M to where we expect to be.

A project has started looking at a single view of the customer in conjunction with the Debt Management Centre. Additional recovery resources have been made available to increase collection.

It has been confirmed that the HMRC data sharing pilot will start in December which will help increase collection. HMRC will provide employment information to the council tax department which will increase the number of Attachment to Earnings.

Business Rates Collection

In-year - As of 31st October 2024, net collectable debt is £112.57M of which we have collected £77.51M.

The collection rate is 0.26% up on where we expect to be.



Housing Revenue Account Month 7



Housing Revenue Account	Working Budget 2024/25 £M	Forecast Outturn Month 7 £M	Forecast Variance Month 7 £M		Movement Month 6 to Month 7 £M
Income					
Dwelling Rents	(80.29)	(80.22)	0.07	A	0.00
Other Rents	(1.21)	(1.21)	0.00		0.00
Service Charge Income	(2.53)	(2.53)	0.00		0.00
Leaseholder Service Charges	(1.14)	(1.39)	(0.25)	F	0.00
Interest Received	(0.11)	(0.15)	(0.04)	F	0.00
Total Income	(85.27)	(85.49)	(0.22)	F	0.00
Operational Expenditure					
Responsive Repairs	18.10	17.04	(1.06)	F	(1.06) F ↑
Cyclical Maintenance	6.99	6.79	(0.21)	F	(0.21) F ↑
Rents Payable	0.45	0.65	0.20	A	0.20 A ↓
Debt Management	0.09	0.09	0.00		0.00
Supervision & Management	29.80	29.98	0.19	A	(0.04) F ↑
Total Operational Expenditure	55.43	54.55	(0.87)	F	(1.10) F ↑
Capital Asset Management					
Interest & Principal Repayments	6.46	6.15	(0.31)	F	(0.31) F ↑
Depreciation	22.35	18.12	(4.23)	F	0.00
Direct Revenue Financing of Capital	0.54	6.17	5.63	A	1.40 A ↓
Total Capital Asset Management	29.35	30.44	1.09	A	1.10 A ↓
(Surplus)/deficit for year	(0.50)	(0.50)	0.00		0.00
Working Balance B/Fwd	(2.59)	(2.59)			
Working Balance C/Fwd	(3.09)	(3.09)			

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Landlord Controlled Heating	2023/24 Outturn £M	Month 7 Forecast £M
Expenditure		
Costs incurred in year	7.39	8.00
Contribution to bad debt provision	0.20	(0.20)
Prior year adjustment	(0.78)	0.00
Gross Expenditure	6.81	7.80
Income		
Rent collected in year	(7.57)	(7.90)
Leaseholder contribution	(0.47)	(0.51)
Total Income	(8.03)	(8.41)
(Surplus)/deficit for year	(1.23)	(0.61)
Balance B/fwd	3.58	2.35
Balance C/fwd	2.35	1.74

HRA POSITION: a balanced position is forecast.

The overall forecast is in line with the business plan position. There is a favourable position forecast on depreciation based on the reduced asset values recognised in the 2023/24 accounts. There is an off-setting increase in direct revenue financing to ensure the capital programme is not underfunded as a result. Additional insurance premium costs of £0.25M are covered by increased service charges to leaseholders. Adverse forecast on rents payable, Estate Regeneration and bad debt are covered by favourable forecasts on staffing. The forecast movements in Month 7 on repairs is from posts being vacant in the first half of the year and the impact of that on expenditure forecasts. The landlord-controlled heating account deficit brought forward from 2023/24 is £2.35M, and, based on anticipated cost for 2024/25 and additional income from charge increases, is expected to reduce to £1.74M. Modelling will take place to assess the impact on planned future price setting.



	Adjusted 2024-25 Budget £M	Forecast Outturn Month 7 £M	Forecast Variance Month 7 £M	Explained By:	(Slippage)/ Rephasing Month 7 £M	(Surplus)/ Deficit Month 7 £M
Scheme Classification:						
Improving Quality of Homes	13.85	15.01	1.16	A	0.00	1.16
Making Homes Energy Efficient	19.57	19.47	(0.10)	F	0.00	(0.10)
Making Homes Safe	13.66	14.30	0.64	A	0.00	0.64
New Homes & Regeneration	4.06	4.06	0.00		0.00	0.00
Supporting Communities	0.00	0.00	0.00		0.00	0.00
Supporting Independent Living	5.38	5.38	0.00		0.00	0.00
Total HRA	58.46	60.17	1.71	A	0.00	1.71
Financed by:						
Council Resources - Borrowing	28.36	28.26	(0.10)	F	0.00	(0.10)
Council Resources - Capital Receipts	3.46	3.46	0.00		0.00	0.00
Contributions	0.00	0.00	0.00		0.00	0.00
Grants	1.85	1.85	0.00		0.00	0.00
Council Resources - DRF	0.54	0.54	0.00		0.00	0.00
Minimum Revenue Account	24.26	26.06	1.81	A	0.00	1.81
Total Financing	58.46	60.17	1.71	A	0.00	1.71

Major Variances

Scheme	Project	Variance type	Variance Month 7 £M
Improving Quality of Homes	Lift Refurbishment - Shirley Towers	Deficit	0.41
Improving Quality of Homes	Roofing	Surplus	(0.40)
Improving Quality of Homes	Shed Doors	Surplus	(0.05)
Improving Quality of Homes	Structural Inspections to High Rise Blocks	Deficit	0.60
Improving Quality of Homes	Wyndham Court Refurbishment	Deficit	0.60
Making Homes Energy Efficient	Insulation Upgrades	Surplus	(0.10)
Making Homes Safe	Sprinkler Work	Deficit	0.64



Dedicated Schools Grant	Working Budget 2024-25 £M	Forecast Outturn Month 7 £M	Forecast Variance Month 7 £M		Movement Month 6 to Month 7 £M
Schools	0.00	0.00	0.00		0.00
High Needs	0.00	(1.20)	(1.20)	F	0.00
Early Years	0.00	0.00	0.00		0.00
Central Services	0.00	0.00	0.00		0.00
In Year Balance	0.00	(1.20)	(1.20)	F	0.00
Balance B/Fwd held in DSG adjustment reserve	0.00	11.09	11.09	A	0.00
Balance B/Fwd held in DSG usable reserve	0.00	(3.99)	(3.99)	F	0.00
Net DSG deficit B/Fwd	0.00	7.11	7.11	A	0.00
Total DSG Balance	0.00	5.91	5.91	A	0.00

Schools Balances	Budget 2024/25 Deficit	Budget 2024/25 Surplus	Budget 2024/25 Total
Primary			
Net Budget	£2.91M	(£2.06M)	£0.85M
No. of Schools	11	20	31
% of Schools	35%	65%	100%
Secondary			
Net Budget	£0.00M	(£4.86M)	(£4.86M)
No. of Schools	0	6	6
% of Schools	0%	100%	100%
Special			
Net Budget	£1.43M	(£0.27M)	£1.16M
No. of Schools	2	3	5
% of Schools	40%	60%	100%
Total			
Net Budget	£4.34M	(£7.20M)	(£2.85M)
No. of Schools	13	29	42
% of Schools	31%	69%	100%

The DSG deficit reduced by £3.99M to £7.11M in 2023/24 and a further reduction of £1.20M is currently forecast for 2024/25. Schools budget data for 2024/25 indicates there are 13 schools with a deficit balance and where necessary deficit recovery plans are being prepared.

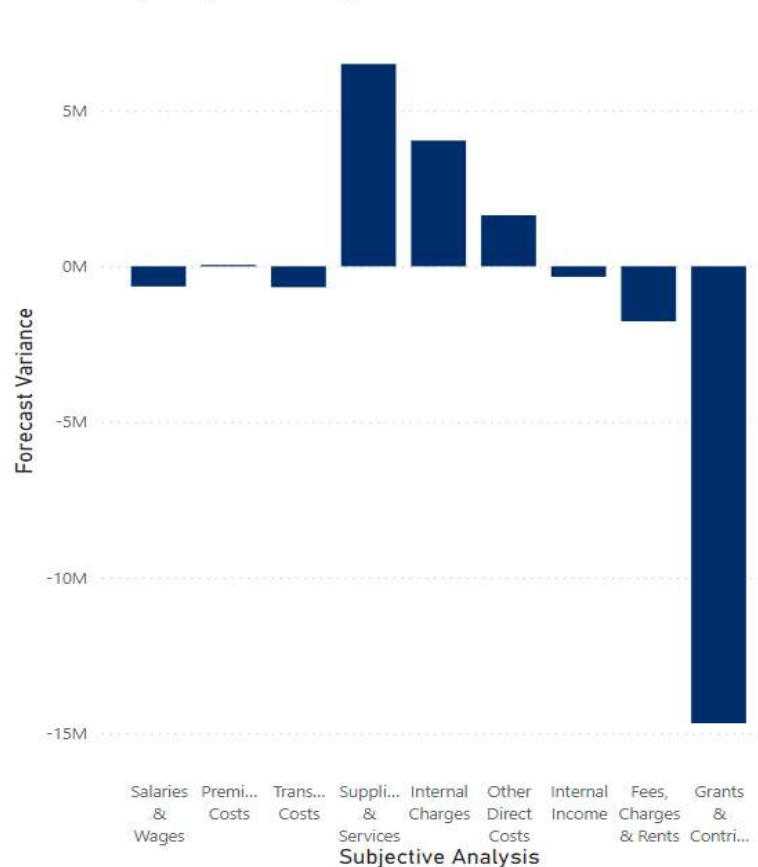


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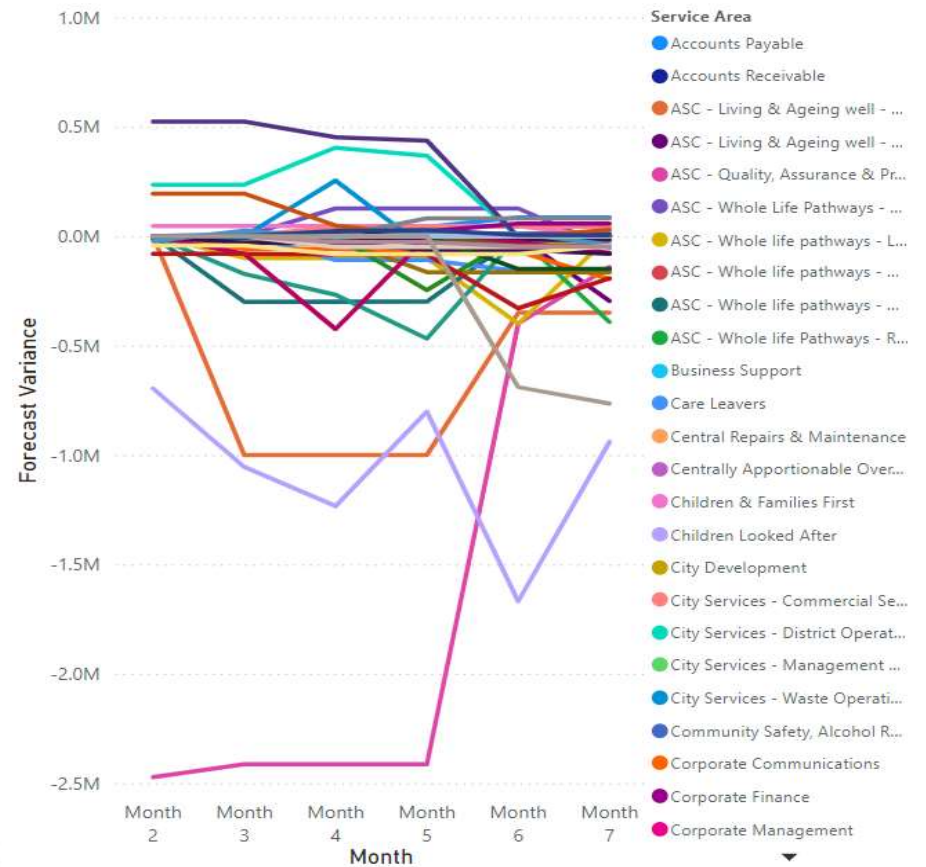


- Adults & Hea...
- Children & Learning
- Compliance & Leisure
- Communities & Safer City
- Economic Development
- Environment & Transport

Variance by Subjective Analysis -



Variance Trend -





Clear Filters

Portfolio Position Month 7



Adults & Hea...

Children & Learning

Compliance & Leisure

Communities & Safer City

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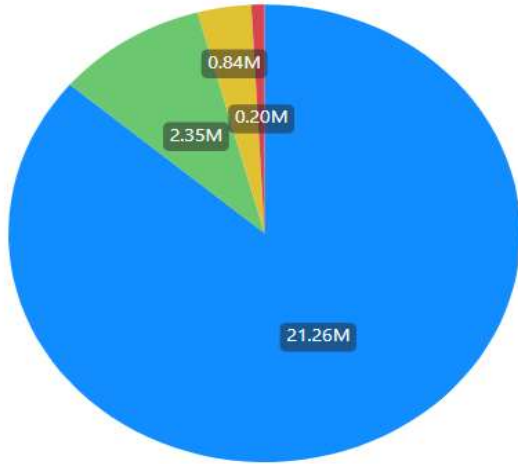
Economic Development

Environment & Transport

Portfolio	Working Budget 2024/25 £'000	Forecast Outturn Month 7 £'000	Forecast Variance Month 7 £'000	Movement Month 6 to Month 7 £'000
▲				
▣ Adults & Health	92,894	91,024	(1,870)	(350)
▣ Children & Learning	70,660	68,346	(2,314)	628
▣ Compliance & Leisure	4,425	4,274	(151)	(2)
▣ Communities & Safer City	2,664	2,621	(42)	40
▣ Economic Development	7,448	7,507	59	50
▣ Environment & Transport	22,325	21,652	(672)	(120)
▣ Finance & Corporate Services	32,835	32,221	(614)	35
▣ Green City & Net Zero	5,722	5,678	(44)	5
▣ Housing Operations	5,191	5,200	10	0
▣ Leader	6,087	5,813	(274)	(147)
▣ Central Expenditure Items	28,346	20,057	(8,289)	(1,215)
▣ General Funding	(239,319)	(239,370)	(52)	0
▣ Exceptional Financial Support (EFS)	(39,276)	(25,023)	14,253	1,075
Total	1	1	0	1

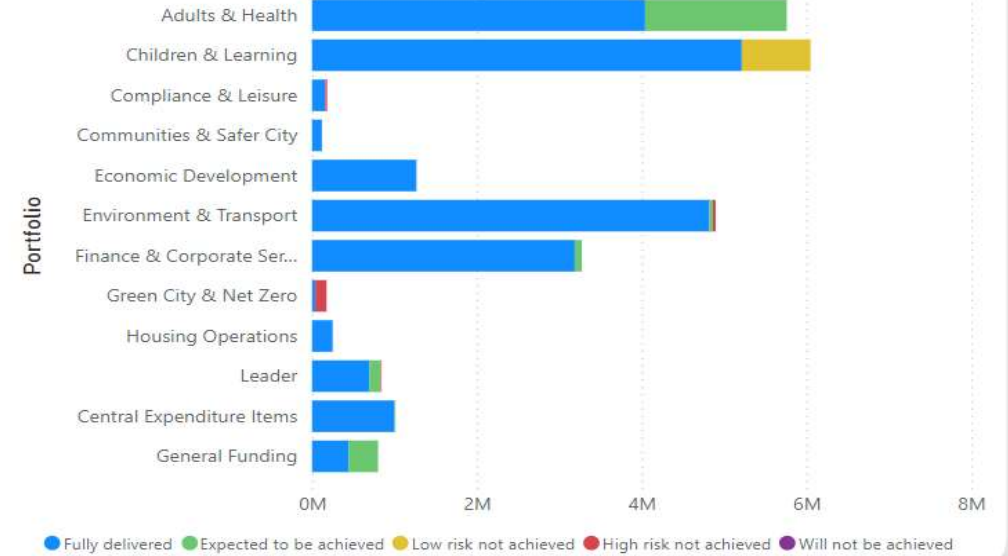


Savings Targets 2024/25 RAG Rated



● Fully delivered ● Expected to be achieved ● Low risk not achieved ● High risk not achieved ● Will not be achieved

Savings Targets per Portfolio



● Fully delivered ● Expected to be achieved ● Low risk not achieved ● High risk not achieved ● Will not be achieved

Please select a Portfolio to drillthrough

Key Issues

The current rate of non-achievement of savings is 1% or £0.20M forecast not to be achieved (Red & Purple). The Resident Services Deficit Recovery Plan has mitigated the impact of non-achievement of savings through additional increased income by services within the directorate.

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Treasury Management																																																																																																																																																									
Borrowing and Investments																																																																																																																																																									
1.	<p>Table 1 below shows the year's opening balance of borrowing and investments, current levels, and the year-end forecast. Forecast borrowing is based on the forecast capital programme and will be subject to review during the year.</p> <p>The strategy of keeping borrowing and investments below their underlying levels to reduce risk and make a net saving, has been maintained.</p>																																																																																																																																																								
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3.	<p>After taking into account maturing and new debt requirements in year and a forecast investment balance, net borrowing is expected to increase by £150.44M, to £480.62M.</p> <p>This forecast remains subject to change; most notably regarding the increased use of balances, (which increase borrowing need as use of internal borrowing will reduce) and changes to the capital programme, which due to the current financial environment is subject to ongoing review against the backdrop of rising inflation (which is significantly increasing construction costs) and rising interest rates which has seen the cost of borrowing increase dramatically in the last year.</p>																																																																																																																																																								
4.	<p>The interest cost of financing the council's long and short term loan debt is charged to the general fund revenue account and is detailed below together with a summary of performance to date.</p>																																																																																																																																																								

	<u>Borrowing</u>
5.	As of September 2024, the forecast cost of financing the council's loan debt is £21.83M of which £6.75M relates to the HRA, however this will be subject to movement as the need for further borrowing for the remainder of the year becomes more certain.
6.	As outlined in the treasury strategy, the primary objective when borrowing is to strike an appropriately low risk balance between securing low interest costs and achieving cost certainty over the period for which funds are required, with flexibility to renegotiate loans should long-term plans change being a secondary objective. The borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio. At the present time short term interest rates are higher than long term interest rates.
7.	<p>After substantial rises in interest rates since 2021 many central banks have now begun to reduce rates, albeit slowly. Gilt yields were volatile over the 6-month period and have reduced slightly between April and September 2024. Much of the downward pressure from lower inflation figures was counteracted by upward pressure from positive economic data. Data from the US continues to impact global bond markets including UK gilt yields.</p> <p>The PWLB certainty rate for 10-year maturity loans was 4.80% at the beginning of the half year and 4.79% at the end. The lowest available 10-year maturity rate was 4.52% and the highest was 5.18%. Rates for 20-year maturity loans ranged from 5.01% to 5.57% during the half year, and 50-year maturity loans from 4.88% to 5.40%.</p> <p>Whilst the cost of short-term borrowing from other local authorities spiked to around 7% in late March 2024, primarily due a dearth of LA-LA lending/borrowing activity during the month, as expected shorter-term rates reverted to a more normal range and were generally around 5.00% - 5.25%.</p> <p>CIPFA's 2021 Prudential Code is clear that local authorities must not borrow to invest primarily for financial return and that it is not prudent for local authorities to make any investment or spending decision that will increase the capital financing requirement and so may lead to new borrowing, unless directly and primarily related to the functions of the Authority. PWLB loans are no longer available to local authorities planning to buy investment assets primarily for yield unless these loans are for refinancing purposes. The Authority has no new plans to borrow to invest primarily for financial return.</p>
8.	The PWLB HRA rate which is 0.4% below the certainty rate is available until to June 2025. The discounted rate is to support local authorities borrowing for the Housing Revenue Account and for refinancing existing HRA loans, providing a window of opportunity for HRA-related borrowing and to replace £8.1M loans relating to HRA maturing during this time frame.
9.	Previously the majority of long-term borrowing has been raised from the PWLB but will consider long-term loans from other sources including banks, pensions and local authorities, and will investigate the possibility of issuing bonds and similar instruments, in order to lower interest costs and reduce over-reliance on one source of funding in line with the CIPFA Code. PWLB loans are no longer available to local authorities planning to buy investment assets primarily for yield; there is no intention to do this and therefore access to PWLB loans will be retained.
10.	Loans restructuring: The continuing rise in gilt yields since early 2022 resulted in some loans being in or close to a discount position if repaid early. However, as the prepaid loans would need to be replaced by new loans at higher interest rates, this isn't a cost-effective option.
11.	LOBO loans: LOBO (Lender's Option Borrower's Option) loans are where the lender has the

	<p>option to propose an increase in the interest rate at set dates, which can either be accepted or repay the loan at no additional cost.</p> <p>As reported previously with market interest rates having risen, the probability of LOBOs being called increased and in September 2023 one lender exercised their option.</p> <p>We currently have £4M remaining in LOBO loans with call dates within the next 12 months, we will continue to monitor and take appropriate action.</p>																																
12.	<p>Short-term borrowing: Short-term borrowing costs have remained high with the currently high Base Rate and short-dated market rates. The average rate on short-term loans at 30th September 2024 on £29M was 5.29%.</p> <p>Any borrowing will be done in consultation with our advisors as although short term borrowing is currently higher than 20 year maturity debt at 5.27% (5.47% less 0.20% certainty discount), long term debt is expected to fall in the medium term and the overall costs assessed.</p>																																
13.	<p>There is an increasing CFR due to the capital programme, and after future debt maturities currently has an estimated borrowing requirement of £156.01M for the year, as determined by the Liability Benchmark, which considers capital spend, maturing debt, usable reserves and working capital and is summarised in Table 2 below.</p> <p>Table 2 – Estimated Borrowing Requirement</p> <table border="1" data-bbox="164 869 1273 1328"> <thead> <tr> <th></th> <th>2024/25 £M</th> <th>Qtr. 1 £M</th> <th>Movement £M</th> </tr> </thead> <tbody> <tr> <td>New Capital Expenditure</td> <td>160.44</td> <td>173.83</td> <td>(13.39)</td> </tr> <tr> <td>Repayment of Principle (MRP)</td> <td>(9.46)</td> <td>(15.53)</td> <td>6.07</td> </tr> <tr> <td>Maturing Debt</td> <td>30.60</td> <td>30.60</td> <td>(0.00)</td> </tr> <tr> <td>Movement in Resources</td> <td>3.43</td> <td>3.47</td> <td>(0.04)</td> </tr> <tr> <td></td> <td>185.01</td> <td>192.37</td> <td>(7.36)</td> </tr> <tr> <td>New Borrowing Taken in Year (short term)</td> <td>(29.00)</td> <td>(24.00)</td> <td>(5.00)</td> </tr> <tr> <td>Cumulative Borrowing Need</td> <td>156.01</td> <td>168.37</td> <td>(12.36)</td> </tr> </tbody> </table>		2024/25 £M	Qtr. 1 £M	Movement £M	New Capital Expenditure	160.44	173.83	(13.39)	Repayment of Principle (MRP)	(9.46)	(15.53)	6.07	Maturing Debt	30.60	30.60	(0.00)	Movement in Resources	3.43	3.47	(0.04)		185.01	192.37	(7.36)	New Borrowing Taken in Year (short term)	(29.00)	(24.00)	(5.00)	Cumulative Borrowing Need	156.01	168.37	(12.36)
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	<p>Other Debt Activity</p>																																
14.	<p>Although not classed as borrowing the Council has previously raised capital finance via Private Finance Initiative (PFI). The forecast balance at the end of the year, after allowing for repayment in year of £3.29M is £37.11M.</p>																																
15.	<p>In addition, the council holds debt in relation to debt transferred from Hampshire County Council of £12.19M from when we became a unitary authority on the 1 April 1997. This is being repaid over 50 years at £0.36M per annum.</p>																																

<u>Investment</u>	
16.	<p>Both the CIPFA Code and government guidance require the Authority to invest its funds prudently, and to have regard to the security and liquidity of its treasury investments before seeking the optimum rate of return, or yield. The objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.</p> <p>As demonstrated in table 2 above, the Authority expects to be a long-term borrower and new treasury investments are therefore primarily made to manage day-to-day cash flows using short-term low risk instruments. The existing portfolio of strategic pooled funds will be maintained to diversify risk into different sectors and boost investment income.</p>
17.	<p>Invested funds represent income received in advance of expenditure plus balances and reserves. During the year investment balances have ranged between £90.30M and £35.83M and are currently £44.8M and expected to around £48M by year end.</p>
18.	<p>Bank Rate reduced from 5.25% to 5.00% in August 2024 with short term interest rates largely being around these levels. The rates on DMADF deposits in last quarter ranged between 5.19% and 5.20% and money market rates between 4.94% and 5.20%.</p> <p>Forecast income is now £2.54M, slightly higher (£0.31M) than originally budgeted £2.23M, which helps to bring down net borrowing cost.</p>
<u>Investment Performance</u>	
19.	<p>The council's advisors undertake quarterly investment benchmarking across its client base. We previously had a more diversified portfolio and at higher interest rates than the average as a result of moving into the bond programme earlier than most clients, but there is now more competition for bonds from both government bodies and other local authorities, so opportunities to replace maturing bonds are limited and we have seen a fall in suitable instruments. With this in mind, and the changes to Prudential code to only borrow when cash flows dictate, our investments primarily now consist of a previous long-term investment in property funds and short term investments for cash flow purposes.</p>
20.	<p>Current investment in bonds remains at £1M and the pooled property fund at £27M, with all other cash being placed in short term deposits as shown in table 1.</p>
21.	<p>As detailed in paragraph 17 cash balances have fallen during the quarter in line with the target of a £20M working balance, to reduce borrowing and therefore net interest costs.</p>
22.	<p>Investments managed internally are currently averaging a return of 5.03% (which is slightly higher than both the average unitary authority at 5.01% and other LA's at 4.91%), whilst maintaining the same credit rating of A+.</p> <p>Total income returns at 5.12% is also slightly higher than other unitary (5.09%) and above LA's (4.90%).</p> <p>As we are now operating on a cash flow basis for investments to avoid higher borrowing costs and maintained lower cash balances, £17.8M compared to £55.7M for other Unitaries and £60.1M for other Local Authority. Cash is performing well in the current financial environment which accounts for our total return (after allowing for loss on our strategic funds) is lower 3.39% compared to 5.50% for other Unitaries and 5.42% for other Local Authority but has performed better over the last the medium term, see paragraph 28 below.</p> <p>We hold 58% of our investments in historic strategic funds which offer higher return over the long term, as detailed in paragraphs 23 to 28. The capital value of our external strategic funds has increased slightly, £0.04M in the quarter. The income return over the longer term was and</p>

remains the driver to invest, although this is kept under review for opportunities to divest.

External Managed Investments

23. The council has invested £27M in pooled property funds as an alternative to buying property directly. As previously reported these funds offer the potential for enhanced returns over the longer term but may be more volatile in the shorter term. They are managed by professional fund managers which allows the Authority to diversify into asset classes other than cash without the need to own and manage the underlying investments.

24. These funds have no defined maturity date but are usually available for withdrawal after a notice period (180 days). The performance and continued suitability in meeting the investment objectives is regularly reviewed.

25. Strategic fund investments are made in the knowledge that capital values will move both up and down on months, quarters and even years; but with the confidence that over a three to five-year period total returns will exceed cash interest rates.

Considering the performance over the long-term and the latest cash flow forecasts, these funds have been maintained but will be monitored carefully especially as the statutory override on accounting for gains and losses on pooled investment funds ends on 31st March 2025, when any difference between initial investment and the current value will be a cost/gain. A reserve of £0.80M was created to mitigate the impact of the statutory override not being extended and unrealised losses being required to be recognised.

Tables 3 and 4 below shows current value and income due in year together with the performance of the fund since we invested and how it has performed against cash.

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

26. Dwindling prospects of policy rate cuts weighed on consumer discretionary stocks as well as on the UK real estate sector. Improvement in commercial property capital values was dampened by property’s sensitivity to higher interest rates.

This was evident in the capital value of the CCLA fund which were below those in March (£24.79M). The change in the funds’ capital values and income earned over the 6-month period is shown in Table 3 below.

The dividend for this quarter is forecast to be £0.32M and £1.29M for the year.

Table 3 - Pooled Fund Performance (Year to Date)

Quarter Ending	Valuation £M	Movement since Reported in SOA	Dividends £M
1st April	24.79		
30th June	24.67	(0.12)	0.34
30th September	24.71	(0.09)	0.32 *
Total			<u>0.66</u>
<i>*Forecast</i>			

27. Although there is currently an unrealised capital loss of £2.29M at 30 September 2024, since investing £9.76M of dividends have been earned, a net return of £7.47M which equates to an annualised income return of 3.86% compared to the average bank rate of 1.27% for the same period. This also compares favourably to the investments that were made directly in property, which gave a net return of 2.13% in 2023/24 after financing costs as detailed below.

STRATEGIC POOLED FUND PORTFOLIO			SOUTHAMPTON CITY					From:	01/05/2014		To:	30/09/2024	
FUND NAME	ASSET CLASS	No of Units Held in Period	Current Value £	Capital Growth £	Dividends Earned £	Holding Period (yrs)	Capital Return	Income Return	Total Return	Volatility			
CCLA - LAMIT PROPERTY FUND	PROPERTY	9,091,173	24,706,172	-2,293,833	9,755,501	8.1	-8.50%	36.13%	27.64%	5.2%			
GRAND TOTAL			24,706,172	-2,293,833	9,755,501	8.1	-8.50%	36.13%	27.64%	5.2%			
Unrealised capital loss since purchase:							-2,293,833	Annualised income return:	3.86%				
								Average Bank Rate:	1.27%				

Non – Treasury Investments

28. The definition of investments in CIPFA’s revised 2021 Treasury Management Code covers all the financial assets of the Authority as well as other non-financial assets which the Authority holds primarily for financial return. Investments that do not meet the definition of treasury management investments (i.e., management of surplus cash) are categorised as either for service purposes (made explicitly to further service objectives) and or for commercial purposes (made primarily for financial return). Investment Guidance issued by the Department for Levelling Up Housing and Communities (DLUHC) also broadens the definition of investments to include all such assets held partially or wholly for financial return.

Between 2016 and 2017, SCC implemented a strategy to invest in commercial properties with the expected return on investment being used to fund council services, known as the Property Investment Fund (PIF), and purchased 3 properties.

The rate of return on investment for 2024/25 is forecast at 6.03%. Borrowing costs are 3.90% giving a forecast net rate of return of 2.13% before any realised gains or losses.

All the properties remain fully let and the tenants are meeting their financial obligations under the leases (although one tenant has vacated the premises but continues to honour the lease).

A full review of all assets is underway and may result in the disposals in year.

Details of the properties purchased are shown in table 4 below.

Table 4 – Property Investment Fund

Property	Actual	31.03.2023 Actual		31.03.2024 Actual		Outstanding Debt 31.03.2024 £M	Outstanding Debt 31.03.2025 £M
		Value in Accounts	Gain or (Loss) in Year	Value in Accounts	Gain or (Loss) in Year		
Property 1	6.47	4.79	(0.09)	5.43	0.64	5.75	5.68
Property 2	14.69	10.61	(1.03)	11.52	0.91	13.05	12.91
Property 3	8.53	8.42	(0.74)	8.24	(0.18)	7.57	7.49
	29.69	23.82	(1.86)	25.19	1.37	26.37	26.08

Financial Review and Outlook

30. A summary of the external factors, which sets the background for Treasury, as provided by the council’s treasury advisors, Arlingclose Ltd, is summarised below:

Table 5 - Arlingclose’s Economic Outlook (September 2024 interest rate forecast)

	Current	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27	Sep-27
Official Bank Rate													
Upside risk	0.00	0.25	0.50	0.75	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Central Case	5.00	4.75	4.25	3.75	3.25	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Downside risk	0.00	-0.25	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50

31. The economic interest rate outlook provided by Arlingclose Ltd, for September 2024 is based on the following underlying assumptions:

- In line with previous forecast the MPC held Bank Rate at 5.0% in September.
- The MPC will continue to cut rates to stimulate the UK economy but will initially be cautious given lingering domestic inflationary pressure. We see another rate cut in 2024 (Q4), but more significant monetary easing in 2025, with Bank Rate falling to a low of around 3%.
- Upside risks to inflation remain which could limit the extent of monetary easing.
- Long-term gilt yields have fallen alongside US monetary policy expectations. Arlingclose's central case is for yields to be volatile around a relatively narrow range, reflecting the likelihood for monetary policy loosening in the Eurozone, UK and US

Economic background

32. UK headline consumer price inflation remained around the Bank of England (BoE) target later in the period, falling from an annual rate of 3.2% in March to 2.0% in May and then rebounding marginally to June to 2.2% in July and August, as was expected, due to base effects from energy prices. Core and services price inflation remained higher at 3.6% and 5.6% respectively in August.

The UK economy continued to expand over the period, albeit slowing from the 0.7% gain in the first calendar quarter to 0.5% (downwardly revised from 0.6%) in the second. Of the monthly figures, the economy was estimated to have registered no growth in July.

Labour market data was slightly better from a policymaker perspective, showing an easing in the tightness of the job market, with inactivity rates and vacancies declining. However, a degree of uncertainty remains given ongoing issues around the data collected for the labour force survey by the Office for National Statistics. Figures for the three months to July showed the unemployment rate fell to 4.1% (3mth/year) from 4.4% in the previous three-month period while the employment rate rose to 74.8% from 74.3%.

Over the same period average regular earnings (excluding bonuses) was 5.1%, down from 5.4% in the earlier period, and total earnings (including bonuses) was 4.0% (this figure was impacted by one-off payments made to NHS staff and civil servants in June and July 2023). Adjusting for inflation, real regular pay rose by 2.2% in May to July and total pay by 1.1%.

With headline inflation lower, the BoE cut Bank Rate from 5.25% to 5.00% at the August Monetary Policy Committee (MPC) meeting. The decision was finely balanced, voted by a 5-4 majority with four members preferring to hold at 5.25%. At the September MPC meeting, committee members voted 8-1 for no change at 5.00%, with the lone dissenter preferring Bank Rate to be cut again to 4.75%. The meeting minutes and vote suggested a reasonably hawkish tilt to rates, with sticky inflation remaining a concern among policymakers.

The latest BoE Monetary Policy Report, published in August, showed policymakers expected GDP growth to continue expanding during 2024 before falling back and moderating from 2025 to 2027. Unemployment was forecast to stay around 4.5% while inflation was shown picking up in the latter part of 2024 as the previous years' energy price declines fell out of the figures before slipping below the 2% target in 2025 and remaining there until early 2027.

Arlingclose, the authority's treasury adviser, maintained its central view that Bank Rate would steadily fall from the 5.25% peak, with the first cut in August being followed by a series of further cuts, with November 2024 the likely next one, taking Bank Rate down to around 3% by the end of 2025.

The US Federal Reserve (the Fed) also cut interest rates during the period, reducing the Federal Funds Rate by 0.50% to a range of 4.75%-5.00% at its policy meeting in September. The forecasts released at the same time by the central bank suggested a further 1.00% of easing is expected by the end of the calendar year, followed by the same amount in 2025 and then a final 0.50% of cuts during 2026.

Having first reduced interest rates in June, the European Central Bank (ECB) held steady in July before cutting again in September, reducing its main refinancing rate to 3.65% and its deposit rate to 3.50%. Unlike the Fed, the ECB has not outlined a likely future path of rates, but inflation projections remain in line with the central bank's previous forecasts where it will remain above its 2% target until 2026 on an annual basis.

	<u>Financial Markets</u>
33.	<p>Sentiment in financial markets continued to mostly improve over the period, but the ongoing trend of bond yield volatility remained. The general upward trend in yields in the early part of the period was reversed in the later part, and yields ended the half-year not too far from where they started. However, the volatility in response to economic, financial and geopolitical issues meant it was a bumpy ride for bond investors during that time.</p> <p>Over the period, the 10-year UK benchmark gilt yield started at 3.94% and ended at 4.00% but hit a high of 4.41% in May and a low of 3.76% in mid-September. While the 20-year gilt started at 4.40% and ended at 4.51% but hit a high of 4.82% in May and a low of 4.27% in mid-September. The Sterling Overnight Rate (SONIA) averaged 5.12% over the period to 30th September.</p>
	<u>Credit Review</u>
34.	<p>Arlingclose maintained its advised recommended maximum unsecured duration limit on all banks on its counterparty list at 100 days.</p> <p>Having had its outlook increased by Fitch and ratings by S&P earlier in the period, Moody's upgraded Transport for London's rating to A2 from A3 in July.</p> <p>Moody's also placed National Bank of Canada on Rating Watch for a possible upgrade, revising the outlook on Standard Chartered to Positive, the outlook to Negative on Toronto Dominion Bank, and downgrading the rating on Close Brothers to A1 from Aa3.</p> <p>S&P upgraded the rating on National Bank of Canada to A+ from A, and together with Fitch, the two rating agencies assigned Lancashire County Council with a rating of AA- and A+ respectively.</p> <p>Credit default swap prices were generally lower at the end of the period compared to the beginning for the vast majority of the names on UK and non-UK lists. Price volatility over the period was also generally more muted compared to previous periods.</p> <p>Financial market volatility is expected to remain a feature, at least in the near term and, credit default swap levels will be monitored for signs of ongoing credit stress. As ever, the institutions and durations on the Authority's counterparty list recommended by Arlingclose remain under constant review.</p>
	<u>Prudential Indicators</u>
35.	<p>As required by the 2021 CIPFA Treasury Management Code, the Authority monitors and measures the following treasury management prudential indicators, which together with Capital Prudential Indicators can be seen in Appendix 4.</p> <ul style="list-style-type: none"> • Liability Benchmark • Maturity Structure of Borrowing • Long-term Treasury Management Investments • Security • Liquidity • Interest Rate Risk Indicator

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

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

1. Capital Financing Requirement

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

Capital Financing Requirement	31-Mar-24	31-Mar-25	31-Mar-26	31-Mar-27	31-Mar-28
	Actual £M	Forecast £M	Forecast £M	Forecast £M	Forecast £M
Balance Brought forward	342.57	345.36	464.63	473.80	488.93
New Borrowing	15.14	133.07	29.37	34.95	6.41
MRP	(8.69)	(9.46)	(16.35)	(16.25)	(17.35)
Movement in Other Liabilities	(3.66)	(4.34)	(3.85)	(3.57)	(4.12)
Total General Fund Debt	345.36	464.63	473.80	488.93	473.87
HRA	182.05	210.41	248.09	260.88	272.82
Total CFR	527.41	675.04	721.89	749.81	746.69
Estimated Debt	366.05	516.12	560.07	582.72	577.72
Under / (Over) Borrowed	161.36	158.92	161.82	167.09	168.97

2. Gross Debt and the Capital Financing Requirement

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

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

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

Gross Debt	31/03/2024	31/03/2025	31/03/2026	31/03/2027	31/03/2028
	Actual £M	Forecast £M	Forecast £M	Forecast £M	Forecast £M
Total Debt	366.05	516.12	560.07	582.72	577.72
Capital Financing Requirement	527.41	675.04	721.89	749.81	746.69
Under / (Over) Borrowed	161.36	158.92	161.82	167.09	168.97

3. Debt and the Authorised Limit and Operational Boundary

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

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

The S151 Officer confirms that there were no breaches to the Authorised Limit and the Operational Boundary during 2024/25 to date; borrowing at its peak was £316.60M plus other deferred liabilities of £53.45M.

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

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

Ratio of Net Income from Commercial Investment to NRS	2023/24 Actual	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	2027/28 Forecast
	£M	£M	£M	£M	£M
Total net income from commercial investments	6.84	7.03	7.28	7.28	7.28
Net Revenue Stream GF	203.73	239.17	290.03	305.84	317.76
Proportion of NRS	3.36%	2.94%	2.51%	2.38%	2.29%

5. Proportion of Financing Costs to Net Revenue Stream

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

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

Due to a potential increase in borrowing costs to fund EFS, this indicator needs to be monitored as likely to exceed the 11% from 2025/26, depending on the amount of Exceptional Financial Support (EFS). The net revenue stream may also be reduced as a result of the Social Care Grant being reclassified as a ring-fenced grant and the budget being treated as directorate income, leading to an increase in the percentage, this virement is subject to full council approval in November. The table below shows the likely

position based on the proposed capital programme and the assumption that the full EFS of £121.6M will be taken at the end of 2024/25.

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

Ratio of Financing Costs to Net Revenue Stream	2023/24 Actual £000	2024/25 Forecast £000	2025/26 Forecast £000	2026/27 Forecast £000	2027/28 Forecast £000
Financing Costs Exc Interest Received	26,636	29,137	44,197	45,930	48,503
Net Revenue Stream Total	279,032	324,432	330,445	334,914	341,614
Total	9.55%	8.98%	13.38%	13.71%	14.20%

Ratio of Financing Costs to Net Revenue Stream	2023/24 Actual	2024/25 Forecast %	2025/26 Forecast %	2026/27 Forecast %	2026/27 Forecast %
General Fund	10.29	9.35	14.66	14.84	15.35
HRA	7.55	7.95	9.86	10.72	11.19
Total	9.55	8.98	13.38	13.71	14.20

6. Liability Benchmark

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

	31-Mar-24 Actual £M	31-Mar-25 Forecast £M	31-Mar-26 Forecast £M	31-Mar-27 Forecast £M	31-Mar-28 Forecast £M
Loans CFR	473.96	625.92	676.63	708.13	709.13
Less Balance sheet Resources	(186.69)	(183.22)	(186.08)	(191.37)	(191.37)
Plus Minimum Investments	35.86	48.00	48.00	48.00	48.00
Liability Benchmark	323.13	490.70	538.55	564.76	565.76
Less Committed External Borrowing	(312.60)	(282.00)	(265.32)	(248.64)	(231.96)
Minimum Borrowing Need	10.53	208.70	273.23	316.11	333.79
Less HRA Borrowing Liability	(0.71)	0.00	(78.07)	(94.76)	(110.59)
GF Minimum Borrowing Need / (Investment)	9.82	208.70	195.16	221.35	223.20

7. Maturity Structure of Borrowing

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

	Upper Limit %	Lower Limit %	30.09.24 Actual £M	30.09.24 Actual %	Complied?
Under 12 months	0	50	5.30	2	Yes
12 months and within 24 months	0	50	10.60	4	Yes
24 months and within 5 years	0	50	31.80	11	Yes
5 years and within 10 years	0	55	60.50	21	Yes
10 years and within 20 years	0	60	30.25	11	Yes
20 years and within 40 years	0	60	144.84	50	Yes
Over 40 years	0	75	0.00	0	Yes
Uncertain Date**	0	5	4.00	1	Yes
Total			287.29	100	

8. Long-term Treasury Management Investments

This indicator allows the Council to manage the risk inherent in investments longer than a year and the limit is set at £30M. The actual principal sum currently invested is £28.02M and consists of £27M in CCLA property funds (see Appendix 3 paragraphs 21 - 24 for more details) and £1M EIB bond which will mature on 15th April 2025.

9. Security

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

	2023/24 Target	Q1 Actual	Complied?
Portfolio average credit Rating	A	A+	Yes

10. Liquidity

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

We held £16.78M of liquid cash at end of September and although this is below the target level we have been able to borrow to meet expected cash flows. Based on current cash flow, in order to maintain minimum balance and meet outgoing commitments we expect to take further borrowing before year end.

	2024/25 Target	Q2 Actual	Complied?
Total cash available within 3 months	£20M	£16.78M	Yes
Total sum borrowed in past 6 months without prior notice		£39M	Yes

11. Interest Rate Exposures

This is a voluntary indicator which is set to control the Authority’s exposure to interest rate risk.

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

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

	<u>01/04/24</u>	<u>30/09/24</u>
Bank Rate	5.25%	5.00%
1-year PWLB certainty rate, maturity loans	5.36%	4.95%
5-year PWLB certainty rate, maturity loans	4.68%	4.55%
10-year PWLB certainty rate, maturity loans	4.74%	4.79%
20-year PWLB certainty rate, maturity loans	5.18%	5.27%
50-year PWLB certainty rate, maturity loans	5.01%	5.13%

We did not take out any new long loans during the period and have budgeted new long-term borrowing at 5.00%. The benchmark was based on a 1% increase of forecast borrowing as of 31st March 2025.

Borrowing need has increased since the indicator was approved, as a result of being awarded EFS in the form of a capitalisation direction, of up to £121.58M, and will need be reset prior to any associated borrowing being undertaken.

The forecast reflects the current borrowing need for the year, prior to any borrowing taken in year, of £198.16M.

Interest rate risk indicator	2024/25 Benchmark £M	2024/25 Forecast £M
Upper limit on one-year revenue impact of a 1% <u>rise</u> in interest rates	1.5M	1.98M
Upper limit on one-year revenue impact of a 1% <u>fall</u> in interest rates	(1.5M)	(1.98M)

12. Summary

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

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