

DECISION-MAKER:	Joint meeting of the Governance and Audit Committees		
SUBJECT:	Improvement Board annual report		
DATE OF DECISION:	13 January 2025		
REPORT OF:	Leader of the Council – Councillor Fielker Chief Executive		
<u>CONTACT DETAILS</u>			
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STATEMENT OF CONFIDENTIALITY	
A sentence in Appendix 1 has been redacted in accordance with Category 5 of the Council's Access to Information Procedure Rules as contained in the Council's Constitution. It is not considered to be in the public interest to disclose this information in respect of which a claim to legal privilege could be maintained in legal proceedings.	
BRIEF SUMMARY	
This report sets out updates from the interim Chief Executive on progress made against key objectives since his appointment, and an annual report from the council's independent Improvement Board.	
RECOMMENDATIONS:	
	(i) Note the contents of the Chair of the independent Improvement Board's report and the Chief Executive's related progress update.
REASONS FOR REPORT RECOMMENDATIONS	
1.	The updates set out in this report provide insight to help guide and shape the council's continuing transformation and improvement. Given the focus on performance and governance improvement the reports are tabled for consideration by Audit and Governance committees in joint session.
ALTERNATIVE OPTIONS CONSIDERED AND REJECTED	
2.	To not publish the report.
DETAIL	
3.	During 2023, despite measures to radically reduce spending, such as a mandatory cost control panel chaired by the then Chief Executive, the council was at risk of being unable to achieve a balanced budget, and as result having to issue a Section 114 notice. In such a situation the appointment of commissioners is a common feature of Government intervention.

	<p>Commissioners provide advice and challenge to a council and have powers to make decisions directly should they deem that necessary. In order to manage the situation more positively, to avoid a Section 114 notice and the appointment of Commissioners by the Department for Communities and Local Government, in October 2023 the council established a voluntary Improvement Board to provide external expertise and challenge to the council, to help understand and address the governance and financial failings. The Improvement Board works proactively with the council but does not have the power to make decisions.</p>
4.	<p>The Improvement Board was set up to provide a similar level of independent challenge as commissioners would have, and was given a mandate to:</p> <ul style="list-style-type: none"> • Provide external advice, challenge, and expertise to Southampton City Council in driving forward the development and delivery of their improvement plan and transformation programme • Provide assurance to key stakeholders including but not limited to Cabinet, External Auditors and Governance Committee, regarding progress in delivering necessary savings and improvements. • Provide regular progress reports to the Council on the delivery of the improvement plan. • Seek assurance that key decisions are made cognisant of the financial implications and impact on in-year budgets and the long term MTFS.
5.	<p>Of key importance and to achieve best value, appointments have been undertaken to ensure that members of the Improvement Board are people with the right level of experience and expertise to actively support and challenge the council at both a councillor and officer level.</p> <p>Current membership:</p> <p><u>Independent external members</u></p> <ul style="list-style-type: none"> • Independent Chair of the Improvement Board: Theresa Grant OBE <i>Theresa has a wealth of experience both as a Local Government Chief Executive and working as an independent consultant. Amongst other roles, including currently working as an independent advisor to the City of London Corporation, Theresa was interim Chief Executive of Liverpool City Council where she was tasked with transforming services and resolving a serious financial crisis.</i> • Finance: Rob Whiteman CBE <i>Rob Whiteman was CIPFA CEO from 2013-2024. Rob is Chair of the NHS University Hospitals Dorset and a board member of National Highways. He worked as the Chief Executive of the UK Border Agency and had previously led the Improvement and Development Agency. Prior to this he was CEO of the London Borough of Barking and Dagenham and Director of Resources at the London Borough of Lewisham.</i> • Leader of Milton Keynes Council: Cllr Peter Marland <i>Peter is the Leader of Milton Keynes City Council. Milton Keynes has positioned itself as the British pioneer in sustainable growth and urbanism and in July 2022 was awarded city status. In addition, Peter is Chair of the Local</i>

	<p><i>Government Association Economy and Resources Board and a member of the LGA Labour Group Executive.</i></p> <ul style="list-style-type: none"> • Adults: Anna Earnshaw (from 02/24) <i>Anna has a career in leadership across the public and private sector, with experience of business change and transformation in addition to the social care and health agenda - most recently as Chief Executive of West Northants Council.</i> • Children's: Annie Hudson (from 03/24) <i>Annie is Chair of the National Child Safeguarding Practice Review Panel, a social worker by profession, Annie has held a range of practice, leadership and academic posts including: Strategic Director, Children's Services for Lambeth London Borough Council and Director of Children's Services for Bristol City Council.</i> • Housing: Gerri Scott (from 07/24) <i>Gerri's career includes senior leadership roles in local authorities, housing associations and ALMOs. Formerly Executive Group Director Customer Service at L&Q, Gerri was previously Strategic Director Housing and Modernisation at Southwark Council.</i> <p><u>Southampton City Council</u></p> <ul style="list-style-type: none"> • Cllr Lorna Fielker, Leader of the Council • Cllr Simon Letts, Deputy Leader of the Council • Andrew Travers, Chief Executive (from 02/2024) <p>Previous members:</p> <ul style="list-style-type: none"> • Independent External Member Children's: Trevor Doughty • Independent External Member Adults: Craig McCardle • Mike Harris, former Chief Executive • Satvir Kaur, former Leader of the Council
6.	<p>To deliver its purpose, the Improvement Board provides wide ranging advice and guidance across the council's improvement and transformation priorities including:</p> <ul style="list-style-type: none"> • Providing regular advice, challenge, and support to the Council on the full range of their improvement activities and in particular, on delivery of the recommendations in the CIPFA reports and transformation programme. • Monitoring progress against key target improvement indicators, to ensure transformation outcomes and financial sustainability of the Council is achieved. • Working together across specialisms, acknowledging as well as challenging key dependencies with a collegiate approach to identifying, managing and resolving risk. • Exploring key issues in detail through deep dives and specially commissioned pieces of work and through workshops. <p>Ensuring key decisions are made cognisant of the financial implications and impact on in-year budgets and the long term MTFS.</p>

7.	<p>Since its establishment the Improvement Board has held monthly meetings with agenda items covering the agreed mandate being:</p> <ul style="list-style-type: none"> - Finance - Transformation - Adults Improvement Children's Improvement - Housing Improvement - Communications <p>Position statements and progress updates are provided in advance to ensure the external members have time to read and absorb the updates.</p> <p>The individual and combined experience of the external members has led to some challenging sessions and further honed the focus the organisation has on the financial and transformation delivery.</p>
8.	<p>As well as the more regular items, the Board asks for officer representation to provide updates on other areas of focus, including employee engagement, organisational culture and development and performance information to triangulate progress and in some of the 'soft infrastructure' across the organisation.</p>
9.	<p>Outside of the regular meetings, external members have had specific sessions with Cabinet Members and Officers to provide a more individual level of support and advice in their areas of expertise. Taking the time to develop a strong understanding of the services provided at Southampton, external members have sought to work with senior officers to understand sources of demand, cost and performance. Providing advice on areas that are under performing and recommending approaches to achieve and maintain service and financial sustainability including testing targets, advising on leadership capacity, structure and delivery model options.</p>
10.	<p>The report from the Improvement Board Chair (Appendix A) provides feedback to the council on the Board's work over their first year, their assessment of the progress made over the past year and the current challenges which the organisation needs to address.</p>
11.	<p>To support the development of the Improvement Board's report, the Chief Executive provided a progress update to the Board in October (Appendix B) setting out key areas of progress made against three priority areas – financial position, transformation and capacity, and growth and prosperity including:</p> <ul style="list-style-type: none"> • Significantly reducing the 2023/24 overspend to £1m. • Securing the necessary Exceptional Financial Support (EFS) to set a balanced budget. • Instituting a new business planning process and quarterly performance reporting to Cabinet • Establishing and initial delivery of the adapt grow thrive transformation plan. • Working with partners to develop a new City Plan for Southampton. • Creating new Executive Director roles for Growth and Prosperity, and Resident Services and a temporary Transformation Director role. • Appointing Newton Europe as our strategic transformation partner • Working with Centre for Governance and Scrutiny to review and improve council governance. • Developing a City Prosperity Plan with partners to drive investment.

	<ul style="list-style-type: none"> Submitting a joint expression of interest with neighbouring local authorities to establish a new Combined Authority.
12.	<p>The Chief Executive's report also sets out an analysis of the priority next steps for the council's improvement including:</p> <ul style="list-style-type: none"> Delivering a balanced budget for 2025/26 Resolving potential equal pay liabilities Delivering the adapt grow thrive transformation programme Improving partnership working Strengthening governance Permanent recruitment of a new Chief Executive, Director of Adult Social Services (DASS) and Executive Director for Resident Services. Organisational culture and development
13.	<p>Reflecting the council's commitment to meeting its Best Value duty and driving continuous improvement, in addition to the oversight from elected Members and the independent Improvement Board, the council has welcomed a range of further external challenge. Building on the Chartered Institute of Public Finance & Accountancy (CIPFA) review of resilience and financial management in 2023, we have since also hosted reviews by Grant Thornton on the council's transformation arrangements (2024), the LGA on adult social care finance (2024) and an ongoing governance review by the Centre for Governance and Scrutiny (CfGS). From 7th-10th January 2025 the Council will also undertake an LGA Corporate Peer Challenge, the results of which will be published alongside an action plan setting out the council's response to the recommendations.</p>
RESOURCE IMPLICATIONS	
<u>Capital/Revenue</u>	
	There are no direct additional resources implications arising from the report of the Improvement Board. However, there may be financial implications arising from the recommendations made which will be reported separately
<u>Property/Other</u>	
	None
LEGAL IMPLICATIONS	
<u>Statutory power to undertake proposals in the report:</u>	
	S.1 Localism Act 2011 (General Power of Competence) and s.111 Local Government Act 1972 (power to do anything calculated to facilitate the delivery of core functions). Individual elements of the transformation programme, governance reviews etc are subject to separate legal powers and conditions which are directly addressed within those areas of review.
<u>Other Legal Implications:</u>	
	The Council's Improvement Board and transformation activities have been undertaken having regard to s.149 Equality Act 2010 (the public sector equality duty) to ensure equalities implications have been embedded in , and considered, in designing service delivery throughout the review processes.

RISK MANAGEMENT IMPLICATIONS	
POLICY FRAMEWORK IMPLICATIONS	
	None

KEY DECISION?	No
WARDS/COMMUNITIES AFFECTED:	All
<u>SUPPORTING DOCUMENTATION</u>	
Appendices	
1.	Report from the Chair of the independent Improvement Board
2.	Chief Executive's progress report to the Improvement Board

Documents In Members' Rooms

1.	None
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Equality Impact Assessment

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

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

Other Background documents available for inspection at:

Title of Background Paper(s)	
1.	None