

# Public Document Pack

## Cabinet

Tuesday, 27th August, 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**

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## **BACKGROUND AND RELEVANT INFORMATION**

### **The Role of the Executive**

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

### **The Forward Plan**

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

<b>2024</b>	<b>2025</b>
25 June	7 January
16 July	28 January
27 August	25 February (Budget)
17 September	25 March
29 October	29 April
26 November	
17 December	

### **Executive Functions**

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

### **Key Decisions**

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

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

### **Procedure / Public Representations**

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

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

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

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

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

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

## **CONDUCT OF MEETING**

### **TERMS OF REFERENCE**

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

### **RULES OF PROCEDURE**

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

### **DISCLOSURE OF INTERESTS**

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

### **DISCLOSABLE PECUNIARY INTERESTS**

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

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

(ii) Sponsorship:

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

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

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

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

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

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

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

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

### **BUSINESS TO BE DISCUSSED**

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

### **QUORUM**

The minimum number of appointed Members required to be in attendance to hold the meeting is 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 16 July, 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 MOUNT PLEASANT & NORTHUMBERLAND RD PUBLIC SPACE PROTECTION ORDERS (PSPO) □ (Pages 5 - 52)

To consider the report of Leader of the Council seeking approval to the Public Space Protection Orders at Mount Pleasant and Northumberland Road.

### 9 FINANCIAL POSITION UPDATE (Pages 53 - 116)

To consider the report of the Cabinet Member for Finance and Corporate Services providing a summary of the financial position of the Council for 2024/25 as at the end of July 2024 (month 4). The month 3 (June 2024) position has also been included for completeness.

**10 CAPITAL FINANCIAL MONITORING FOR THE PERIOD TO THE END OF JUNE 2024** (Pages 117 - 130)

To consider the report of the Cabinet Member for Finance and Corporate Services providing information on any major changes in the General Fund and Housing Revenue Account (HRA) capital programme.

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

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

Appendix 1 of this report is not for publication by virtue of category 7A (obligation of confidentiality) of paragraph 10.4 of Southampton City Council's ("the Council's") Access to Information Procedure Rules, as contained in the Council's Constitution.

It is not in the public interest to disclose this information as the report contains confidential and commercially sensitive information in relation to one of the Council's suppliers. It would prejudice the Council's ability to operate in a commercial environment and obtain best value in contract negotiations and would prejudice the Council's commercial relationships with third parties if they believed the Council would not honour obligations of confidentiality.

**12 BUDGET MATTERS** □ (Pages 131 - 138)

To consider the report of the Leader summarising budget matters relating to the appointment of an interim transformation partner to support the successful implementation of the Council's "adapt | grow | thrive" organisational transformation programme.

Friday, 16 August 2024

Director of Legal and Governance

SOUTHAMPTON CITY COUNCIL  
EXECUTIVE DECISION MAKING

RECORD OF THE DECISION MAKING HELD ON 16 JULY 2024

Present:

Councillor Fielker	-	Leader of the Council
Councillor Letts	-	Cabinet Member for Finance and Corporate Services
Councillor Bogle	-	Cabinet Member for Economic Development
Councillor Finn	-	Cabinet Member for Adults and Health
Councillor A Frampton	-	Cabinet Member for Housing Operations
Councillor C Lambert	-	Cabinet Member for Communities and Safer City
Councillor Kataria	-	Cabinet Member for Compliance and Leisure
Councillor Keogh	-	Cabinet Member for Environment and Transport
Councillor Savage	-	Cabinet Member for Green City and Net Zero
Councillor Winning	-	Cabinet Member for Children and Learning

7. DRAFTING A NEW CITY PLAN FOR SOUTHAMPTON

Decision Made: (CAB 24/25 45650)

On consideration of the report of the Leader of the Council, having received representations from Councillor Peter Baillie, Cabinet agreed to endorse the proposed approach for the development of a city wide 10 year Southampton City Plan.

8. TRANSFORMATION UPDATE

Decision Made: (CAB 24/25 45579)

On consideration of the report of the Leader and having received representations from Councillor Peter Baillie, Cabinet approved the following:

- (i) To agree the transformation strategy set out in the report and appendices and the establishment of the “adapt | grow | thrive” transformation programme.
- (ii) To agree the overall programme structure and governance arrangements for the “adapt | grow | thrive” transformation programme.
- (iii) To agree the initial definition, scope and expected outcomes of the current 28 programmes of activities within the transformation programme, including the ‘key next steps’ for each of these, set out within the main appendix – “Transformation Update-July 2024”.
- (iv) To delegate authority to the Chief Executive following consultation with the Leader of the Council to take all consequential decisions necessary to deliver the agreed programme scope within the governance and decision-making framework set out in the main appendix.

9. MENTAL HEALTH & WELLBEING STRATEGY

Decision Made: (CAB 24/25 45422)

On consideration of the report of the Cabinet Member for Housing Operations, having received representations from Councillor Peter Baillie, Cabinet approved the following:

- (i) To approve the new Southampton Mental Health and Wellbeing Strategy and supporting documents.
- (ii) To approve delegation to the Director of Public Health to make minor changes to the strategy during its lifetime.
- (iii) To provide formal approval for the establishment of the Southampton Mental Health and Wellbeing Partnership.

10. MTFS REBASE 2024/25 TO 2027/28

Decision Made: (CAB 24/25 45335)

On consideration of the report of the Cabinet Member for Adults and Health, Cabinet approved the following:

- (i) To approve the rebasing amendments to the MTFS and set out in Appendix 1.
- (ii) To agree the revised medium term financial forecast after the quarter 1 review and rebasing exercise for the period 2024/25 to 2028/29 and MTFS update commentary as set put in Appendix 1.
- (iii) To agree in year savings that are transformation related and recurrent in nature, a budget adjustment will be completed to remove the budget once there is evidence of achievement. This will be completed on a quarterly basis and used to offset the Exceptional Financial Support (EFS) requirement.
- (iv) To agree the next steps to developing the MTFS and creating a balanced budget including further developing the business planning framework to deliver savings going forward.

11. CAPITAL OUTTURN 2023/24

Decision Made: (CAB 24/25 45590)

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

- (i) To note the actual capital spending in 2023/24 for the General Fund was £61.73M and for the HRA was £36.77M, as detailed in paragraphs 2 to 5.
- (ii) To note the capital financing in 2023/24 as shown in table 3.
- (iii) To recommend Council to approve the revised capital programme for 2023/24 to 2028/29 and financing as summarised in paragraph 18 and detailed in Appendix 2.
- (iv) To note the latest prudential indicators for the revised capital programme as detailed in Appendix 3.



12. REVENUE OUTTURN 2023/24

Decision Made: (CAB 24/25 45586)

On consideration of the report of the Cabinet Member for Finance and Corporate Services, Cabinet agreed to recommend the report to Full Council.

13. SEND CONSULTATION NOTICE

14. ALLOCATIONS POLICY

Decision Made: (CAB 24/25 45227)

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

- (i) To approve the new Allocations Policy.
- (ii) To delegate approval to the Executive Director for Resident Services to make minor changes to the policy and approve the implementation timescales of the policy once a new computer system is purchased.

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# Agenda Item 8

<b>DECISION-MAKER:</b>	<b>Cabinet</b>
<b>SUBJECT:</b>	<b>MOUNT PLEASANT AND NORTHUMBERLAND ROAD PUBLIC SPACES PROTECTION ORDERS (PSPO)</b>
<b>DATE OF DECISION:</b>	<b>27 AUGUST 2024</b>
<b>REPORT OF:</b>	<b>COUNCILLOR C LAMBERT CABINET MEMBER FOR COMMUNITIES AND SAFER CITY</b>

<b><u>CONTACT DETAILS</u></b>			
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<b>STATEMENT OF CONFIDENTIALITY</b>
NOT APPLICABLE
<b>BRIEF SUMMARY</b>
<p>Serious crime and anti-social behaviour is a long-standing issue for the both the Mount Pleasant footpath and the Northumberland Road footpath and play area. (The location/extent of the area's concerned can be found Appendix 1 &amp; 2). The issues have been confirmed by the Police, local residents, businesses and the Council which has continued to deal with the consequences of that crime. The two local schools have highlighted that these footpaths present a serious safeguarding issue for the two schools and an ongoing risk to the local residents.</p> <p>Following previous consultation and discussion with local stakeholders (including the affected neighbouring schools) in 2020, several legal routes to close the public rights of way were explored (orders under section 116 or section 118 of the Highways Act 1980). After external legal advice and footfall surveys, neither of the options under the Highways Act were deemed appropriate and a Public Space Protection Order (PSPO) was then considered. Rather than having the legal effect of withdrawing a public right of way the proposed PSPO instead would prohibit public access to the prescribed areas (both footpaths and the Northumberland Road play-area were being considered).</p> <p>An online public consultation was undertaken on the proposal to implement the Mount Pleasant and Northumberland Road PSPOs, concluding on the 21<sup>st</sup> January 2024 with feed-back from 300 respondents.</p> <p>65% of the respondents were in favour of the Mount Pleasant PSPO. However, 71% of the respondents were against the Northumberland Road PSPO (71% negative).</p>

The respondents considered that the loss of the green space at the Northumberland Road play area (known as 'the Veny') would have a significant impact and the feedback from the consultation advocated keeping the Veny open and usable by the community.

Following the outcome of the consultation this report recommends the implementation of a PSPO for the Mount Pleasant footpath only.

**RECOMMENDATIONS:**

	(i)	Following consultation and consideration of the representations made, to proceed with the implementation of the proposed Public Spaces Protection order for the Mount Pleasant footpath (between Mount Pleasant Road and Imperial Road - S014 0EB - Unique Street Reference Number: (USRN) 37012003)
	(ii)	Following consultation and consideration of the representations made, to not proceed with the implementation of the proposed Public Space Protection order for Northumberland Road footpath and the Veny play-area (land at Northumberland Road, side of Maytree Infant and Nursery School, Northam - SO14 0EL - Northumberland Road footpath. Unique Street Ref No: 37011868)

**REASONS FOR REPORT RECOMMENDATIONS**

1.	The implementation of a PSPO for the Mount Pleasant footpath will have the effect of closing the area shown in Appendix 1 to the public, making it a criminal offence for anyone not authorised to enter. To prevent access, the footpath will be fenced off following the PSPO approval with locked gated access to allow for ongoing maintenance obligations. The PSPO can be in effect for up to 3 years and will have the effect of denying access to a space to prevent criminal offences and safeguard the public and the adjacent school children, families and staff.
2	An online public consultation on the draft PSPO took place alongside a letter drop to neighbouring businesses and stakeholders in compliance with the legal requirements for such consultation as set out in the 'Legal Implications' section of this report. The result of the consultation concluded that 65% of the respondents positively supported the Mount Pleasant PSPO. This supports the Police Witness Statement (included as Appendix 4) which concluded 'closing the alleyway would be beneficial to the local area'.
3.	The proposed PSPO for the Northumberland Road footpath and play-area received little public support (71% negative). From the consultation feedback there is a strong public interest in keeping this green space open to the community. Options such as a focus on improving the condition of the area and exploring 'friends of' groups to support have been suggested as approaches for this area.

**ALTERNATIVE OPTIONS CONSIDERED AND REJECTED**

4.	<p><b><u>Option 1 – Do Nothing</u></b> – By not implementing the Public Spaces Protection Order for Mount Pleasant footpath and leaving the footpath open for use, this allows the continuation of the ongoing risks to the public (and particularly the neighbouring school) of being victims of serious criminal offences and risks to public health through anti-social behaviours together with the costs associated with dealing with the result of this behaviour.</p>
5	<p><b><u>Option 2 - CCTV</u></b> . The installation of CCTV was considered for both footpaths. However, upon further investigation due to the length of the Mount Pleasant footpath and the tree coverage the CCTV view was very restricted. There was also a concern identified that CCTV had not proved to be a deterrent to crime and that there is also the risk that a stand-alone CCTV system could be the subject of vandalism.</p>
6.	<p><b><u>Option 3 Relocate the Northumberland Road Play Area</u></b> – The previous consultation that focused on the Northumberland Road play-area (the Veny) in 2020 consultation considered the possibility of relocating the play-area to Maytree Infant and Nursery School. Without being able to close the public footpath that separates the school and the Veny this option is not possible as there is insufficient space on the site.</p> <p>The 2020 consultation also explored numerous ways of keeping the Veny play-area open with different organisations maintaining and managing access, but the inherent risks of open/closing the area was considered a significant risk given the criminal activities that had been reported (please see the Alleyway Offences List at Appendix 5 for the nature and seriousness of these crimes).</p>
7.	<p><b><u>Option 4 – Section 116 and 118 of the Highways Act 1980.</u></b> Other legal processes explored included the orders under section 116 or section 118 of the Highways Act 1980. After external legal advice and footfall surveys, neither of the options under the Highways Act were deemed appropriate and a Public Space Protection Order (PSPO) was then considered.</p>
<p><b>DETAIL (Including consultation carried out)</b></p>	
8.	<p>The incidences of criminal and anti-social behaviours in the footpaths bordering Mount Pleasant Junior School and Maytree Infant and Nursery School have been a longstanding issue that has been identified by residents and the Police for years. These problems were raised by the adjacent schools respective Head Teachers following various incidents that directly impacted the schools and raised serious safe-guarding concerns. (The location/extent of the area’s covered by the PSPO’s (proposed in the public consultation) can be found on the Draft PSPO’s in Appendix 1 &amp; 2).</p>
9.	<p>Southampton City Council began looking into these issues and undertook an Options Appraisal in November 2018 which looked to improve safe-guarding measures at Mount Pleasant Junior School. The construction works took place at Mount Pleasant Junior School with the CCTV coverage being upgraded in November 2020 and a new perimeter fence and gated access systems being installed from May 2021 onwards.</p>
10.	<p>Parallel to the construction works public consultation was held in March 2020 on proposals to transfer the Northumberland Road play-area (the Veny) to Maytree Infant and Nursery School. This proposal was met with moderate public support (62% majority in favour of the proposal) following a public drop-in event held at the school. The driver behind this proposal was to</p>

	address the criminal and anti-social behaviour in the area. However, the public footpath running between the school and the Veny play-area is a public right of way and would need to be formally and legally closed.
11.	The same situation with serious criminal and anti-social behaviours was also still occurring at the footpath adjacent to Mount Pleasant Junior School and so the Council explored numerous options to address this. The overarching tree coverage and the length of the footpath meant that CCTV would be severely restricted and of limited use. At the Northumberland Road footpath behind Maytree Infant and Nursery School and play-area it was concluded that the CCTV would be the subject of vandalism. Some criminal activities were noted in full sight of the school and the Police were aware of the situation via their Operation Hem (and as such identification via CCTV would not positively impact on safeguarding).
12.	Gating the two areas was considered (and discussed with the public at length during the March 2020 drop in event) but responsibilities for open/shutting were considered a high risk given the ongoing criminal activities (and noting the alleyway offences lists the Police provided).
13.	After discussion with the Councils Highways Officers the consideration to close the footpaths was then followed with a proposed application to stop-up a footpath under section 116 of the Highways Act 1980. Upon receiving objections to the order (from the Ramblers Society) further legal advice was sought and the guidance was to undertake an application for an Extinguishment Order, under section 118 of the Highways Act 1980. A section 118 order is a stopping-up order based on the use of the footpath. A footfall survey was undertaken by Balfour Beatty but the conclusion of these surveys was that based on the use it would not be possible to justify a section 118 Extinguishment Order.
14.	The last route considered for closing access to the two footpaths was a Public Spaces Protection Order (PSPO). In discussion with the Councils City Services Team, Legal officers and the Police, this was the proposal put forward for consideration. The section 116 and 118 orders were aimed at closing the public right of way via the Mount Pleasant and Northumberland Road footpaths (which are public highways). The PSPO for Northumberland Road proposed to incorporate the Veny play-area as prohibiting access to the footpath would indirectly prevent access to the play-area too. The older 2020 consultation is now considered out of date and was carried out on the basis of different proposals.
15.	These draft PSPOs went through consideration both internally within the Council and with stakeholders before being put out to an online public consultation, held between 11 Dec 23 – 21 Jan 24. The public could review the PSPO materials on the Council's website and were invited to complete an online consultation questionnaire where they were able to have their say on the proposals.
16.	Relevant stakeholders and businesses were also contacted via letter, and residents were also engaged through the Stronger Communities Team networks, through School networks, promoted online via the Council website and social media channels (including targeted NextDoor posts), and promoted via Council e-bulletins.
17.	The results of the consultation were combined into the Consultation Report and the information has been included at Appendix 3. The results indicated favourable public support (65% positive) for the Mount Pleasant footpath PSPO and negative public support (71%) for the Northumberland Road and

	play-area PSPO. This report therefore recommends the implementation of a PSPO for the Mount Pleasant footpath. The Northumberland Road footpath and play-area is expected to be subject to further discussion and alternatives explored rather than a full closure at this time, such as including improving the condition of the area and engaging with local groups such as ‘friends of the adventure playground’.
<b>RESOURCE IMPLICATIONS</b>	
<b><u>Capital/Revenue</u></b>	
18.	<p>The estimated cost of the works associated with fencing off the footpath is up to £25,000. Budget for the scheme has been included in the Children’s &amp; Learning capital programme for 2024/25 funded from the Schools Condition Allocation Grant.</p> <p>It is anticipated the work would be scheduled to be completed within 3 months of a PSPO being made.</p>
<b><u>Property/Other</u></b>	
19.	<p>The Mount Pleasant footpath is owned by the Council and within the Highways portfolio and is a Public Right of Way. The footpath runs between Mount Pleasant Rd and Imperial Rd. A map of the area covered by the prospective PSPO can be found in Draft Mount Pleasant PSPO in Appendix 1.</p> <p>The Northumberland Rd footpath is also owned by the Council and within the Highways portfolio as an adopted Highway and is also a Public Right of Way. The Northumberland Rd footpath runs between the Maytree Infant and Nursery School and the Northumberland Rd Play-area (the Veny).</p> <p>The Northumberland Rd Play Area (known as the Veny) is also owned by the Council and within the Communities &amp; Leisure portfolio, but this is not a Public Right of Way. A map of the footpath and Play-area covered by the prospective PSPO can be found in Draft Northumberland Rd PSPO in Appendix 2.</p>
20.	The areas affected by the prospective PSPO will need to be fenced off to prevent unlawful access if the PSPO is implemented. There will be a requirement for gates to allow for the ongoing maintenance of the land (tree trimming/litter clearance) and the enclosed area including the newly installed fencing/gate would remain a Council maintenance obligation.
21.	There will also be costs associated with the management of the area covered by the PSPO and the enforcement of the PSPO (via City Welfare Wardens/Police attendance to deal with reported breaches of the PSPOs). This would include the officer time and legal costs should any breaches be taken to Court.
<b>LEGAL IMPLICATIONS</b>	
<b><u>Statutory power to undertake proposals in the report:</u></b>	
22.	Section 59 of the Anti-social Behaviour, Crime and Policing Act 2014 gives the Council the power to make a PSPO if it is satisfied on reasonable grounds that various conditions are met. In this case, the conditions that are considered to be relevant are that:

	<p>(a) activities are carried on in a public place within the Council's area that have had a detrimental effect on the quality of life of those in the locality; and</p> <p>(b) the effect of the activities is that they are of a persistent or continuing nature, is such as to make the activities unreasonable and justifies the restrictions imposed by the PSPO.</p>
23.	A PSPO must identify a restricted area (in this case the footpaths themselves) and impose prohibitions or requirements or both. In this case, the effect of the PSPO is to prohibit access to the area.
24.	Prohibitions imposed under a PSPO must be reasonable in order to either prevent the detrimental effect identified in (a) above from continuing, occurring or recurring, or to reduce that detrimental effect or to reduce the risk of its continuance occurrence or recurrence.
25.	A prohibition in a PSPO may be framed so as to apply to all persons at all times and in all circumstances as in this case.
26.	Failure to comply with a PSPO without reasonable excuse is a criminal offence punishable on conviction by a level three fine (currently £1,000). An offence can also be dealt with by way of a fixed penalty notice. Persons who breach a PSPO can be prosecuted by the Police or by the local authority. Fixed penalty notices likewise can be issued by a constable or by a person authorised by the local authority. Payment of fixed penalty notices is made to the local authority.
27.	A PSPO lasts for a maximum of three years but may be renewed after that period following a further consultation exercise.
<b><u>Other Legal Implications:</u></b>	
28.	<p>Both of the footpaths considered in this report are public highway. As the effect of the PSPOs would be to restrict access over those highways, the Council must first consider:</p> <p>(a) the likely effect of making the order on the occupiers of premises adjoining or adjacent to the highway;</p> <p>(b) the likely effect of making the order on other persons in the locality;</p> <p>(c) in a case where the highway constitutes a through route, the availability of a reasonably convenient alternative route.</p>
	<p>The Council must also take what are called in the Act the "prior consultation steps" in relation to the PSPO, which means that it must</p> <p>(a) notify potentially affected persons of the proposed order,</p> <p>(b) inform those persons how they can see a copy of the proposed order,</p> <p>(c) notify those persons of the period within which they may make representations about the proposed order, and</p> <p>(d) consider any representations made.</p>



	“Potentially affected persons” means occupiers of premises adjacent to or adjoining the highway, and any other persons in the locality who are likely to be affected by the proposed order.
29.	The PSPOs will not affect the status of the footpaths as public highway. The Act permits the Council to erect barriers to prevent access to the footpaths. Alternative routes are available as indicated by the ESIA’s (see Appendix 6 & 7) which consider the Councils obligations to s149 Equality Act 2010.
<b>RISK MANAGEMENT IMPLICATIONS</b>	
30.	<p>The making of the recommended PSPO for Mount Pleasant will reduce risk to the public from serious criminal offences in that area. The criminal activities may migrate to other areas rather than cease and discussion with the local Police, Council departments and partner organisations will be required to consider the best measures for mitigating the displacement of these activities and the impacts into potentially new areas of the city. This will be headed by the Stronger Communities Team within the Council . Co-ordination with the Police will be critical to ensure the continuation of the ongoing Operation Hem.</p> <p>The areas covered by the PSPO will also retain the risks associated with any unlawful entry and will require appropriate monitoring and management of these vacant spaces to avoid different offences occurring.</p>
31.	The Northumberland Road footpath and play-area is expected to be subject to further discussion and alternatives explored rather than a full closure at this time, including improving the condition of the area and engaging with local groups such as ‘friends of the adventure playground’.
32.	A long-term strategy for these areas would need to be developed separately in conjunction with further community engagement. The long-term strategy once the PSPOs are in place could include submission of a planning application to change the use of the footpath and enable the stopping-up of the current public highway. One option is to bring the areas into sole use by the adjacent schools, however there would also be other options available.
33.	It is worth noting that in the event that the Mount Pleasant footpath PSPO is implemented there may be displacement of the criminal and anti-social behaviours to other areas. If the Northumberland Rd & Play-area PSPO is not taken forward, it is likely that this is the closest and easiest place for that activity to migrate too, with the potential for increasing the risk in that area.
<b>POLICY FRAMEWORK IMPLICATIONS</b>	
34	Complies with the Southampton Safe City Strategy, the first priority of the strategy being “Keeping people safe from harm”.

<b>KEY DECISION?</b>	<b>No</b>
<b>WARDS/COMMUNITIES AFFECTED:</b>	Bevois Ward
<u>SUPPORTING DOCUMENTATION</u>	

<b>Appendices</b>	
1.	Mount Pleasant footpath draft PSPO
2.	Northumberland Road footpath and play-area draft PSPO
3.	Maytree & Mount Pleasant footpath and park Public Spaces Protection Order Consultation Report
4.	Police Witness Statement – 10/03/2020
5.	Police Supplied – Alleyway Offences List
6.	Mount Pleasant footpath ESIA
7.	Northumberland Road footpath and play-area ESIA

**Documents In Members' Rooms**

1.	
2.	

**Equality Impact Assessment**

<b>Do the implications/subject of the report require an Equality and Safety Impact Assessment (ESIA) to be carried out.</b>	<b>Yes/No</b>
---	---------------

**Data Protection Impact Assessment**

<b>Do the implications/subject of the report require a Data Protection Impact Assessment (DPIA) to be carried out.</b>	<b>Yes/No</b>
--	---------------

**Other Background Documents**

**Other Background documents available for inspection at:**

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

**DATED**

**2023**

## **THE ANTI-SOCIAL BEHAVIOUR, CRIME AND POLICING ACT 2014**

### **SOUTHAMPTON CITY COUNCIL**

#### **THE MOUNT PLEASANT ROAD FOOTPATH PUBLIC SPACES PROTECTION ORDER 2023**

This Order may be cited as the Mount Pleasant Road Footpath Public Spaces Protection Order 2023.

Southampton City Council (in this Order called “the Council”) in exercise of its power under section 59 of the Anti-Social Behaviour, Crime and Policing Act 2014 (“the Act”), being satisfied that the conditions set out in section 59 of the Act have been met hereby makes the following Order:

1. This Order applies to all that public space described in the Schedule to this Order and shown coloured red on the plan annexed to this Order (“the Restricted Area”).
2. The Order is required due to the high level of crime and anti-social behaviour associated with the Restricted Area, including prostitution, fly-tipping, drug-related activities and dog-fouling, taking place prior to the installation of barriers which was having a detrimental effect on the quality of life of those living in the locality, was persistent and continuing in nature and was unreasonable.
3. No person shall use the public right of way over the Restricted Area at any time.
4. Barriers may be installed, operated and maintained at each end of the Restricted Area by the Council.
5. The Council will be responsible for maintenance of the barriers unless and until the responsibility transfers to another body. The Council can be contacted on [tel number] or [email address] or at Civic Centre, Southampton, SO14 7LY during normal opening hours.

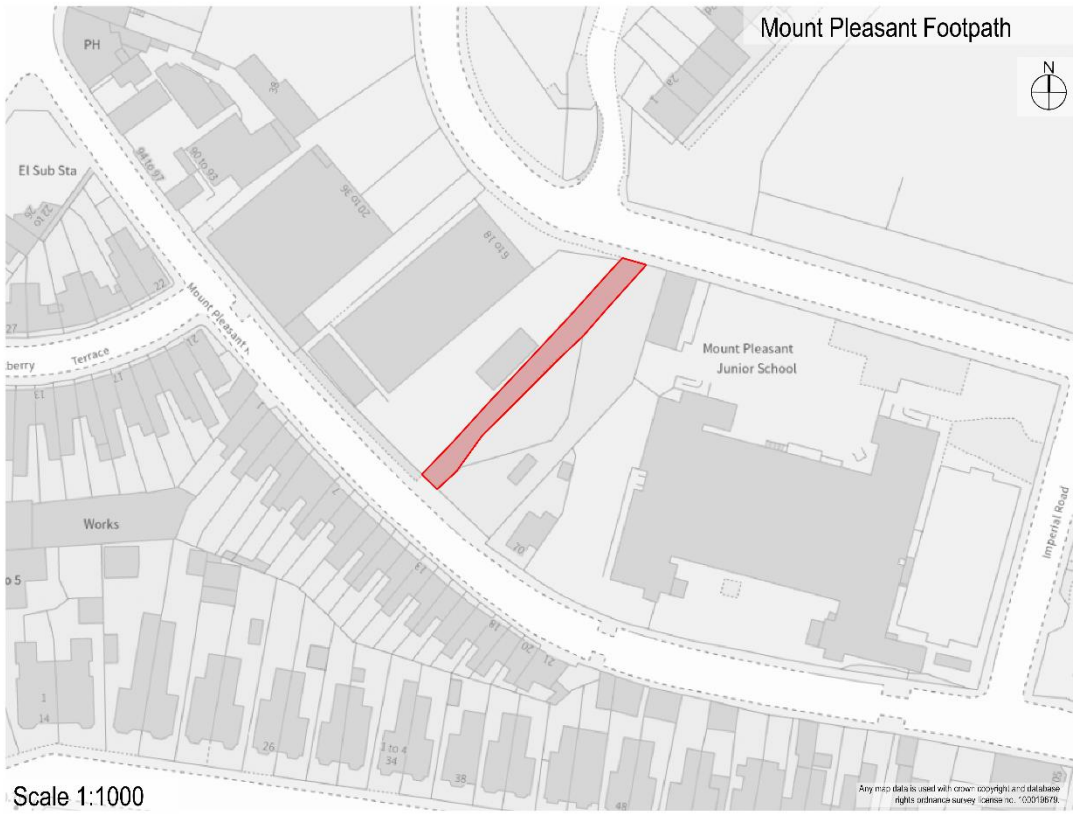
6. Any person who, without reasonable excuse, does anything that the person is prohibited from doing by Article 3 commits an offence contrary to section 67 of the Act and shall be liable on summary conviction to a fine not exceeding level 3 on the standard scale.
7. The Order shall come into force on the \_\_\_\_\_ day of \_\_\_\_\_ 2023 for a period of three years.
8. The Order may be extended subject to further consultation with residents in the locality and whether it is reasonable to do so within the Council's statutory powers.
9. In any interested person desires to question the validity of this Order on the grounds that the Council had no power to make it or that any requirement of the Act has not been complied with in relation to this Order, he or she may apply to the High Court within six weeks from the date on which this Order is made.

### **Schedule**

The footpath between Mount Pleasant Road to the south and Imperial Road to the north shown coloured red on the plan appended to this Order.

The Common Seal of  
**SOUTHAMPTON CITY COUNCIL**  
was affixed in the presence of;

Authorised signatory



DK

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**DATED**

**2023**

## **THE ANTI-SOCIAL BEHAVIOUR, CRIME AND POLICING ACT 2014**

### **SOUTHAMPTON CITY COUNCIL**

#### **THE NORTHUMBERLAND ROAD FOOTPATH AND PLAY AREA PUBLIC SPACES PROTECTION ORDER 2023**

This Order may be cited as the Northumberland Road Footpath and Play Area Public Spaces Protection Order 2023.

Southampton City Council (in this Order called “the Council”) in exercise of its power under section 59 of the Anti-Social Behaviour, Crime and Policing Act 2014 (“the Act”), being satisfied that the conditions set out in section 59 of the Act have been met hereby makes the following Order:

1. This Order applies to all that public space described in the Schedule to this Order and shown coloured red on the plan annexed to this Order (“the Restricted Area”).
2. The Order is required due to the high level of crime and anti-social behaviour associated with the Restricted Area, including prostitution, fly-tipping, drug-related activities and dog-fouling, taking place prior to the installation of barriers which was having a detrimental effect on the quality of life of those living in the locality, was persistent and continuing in nature and was unreasonable.
3. No person shall use the public right of way over the Restricted Area at any time.
4. Barriers may be installed, operated and maintained at each end of the Restricted Area by the Council.
5. The Council will be responsible for maintenance of the barriers unless and until the responsibility transfers to another body. The Council can be contacted on [tel number] or [email address] or at Civic Centre, Southampton, SO14 7LY during normal opening hours.

6. Any person who, without reasonable excuse, does anything that the person is prohibited from doing by Article 3 commits an offence contrary to section 67 of the Act and shall be liable on summary conviction to a fine not exceeding level 3 on the standard scale.
7. The Order shall come into force on the \_\_\_\_\_ day of \_\_\_\_\_ 2023 for a period of three years.
8. The Order may be extended subject to further consultation with residents in the locality and whether it is reasonable to do so within the Council's statutory powers.
9. In any interested person desires to question the validity of this Order on the grounds that the Council had no power to make it or that any requirement of the Act has not been complied with in relation to this Order, he or she may apply to the High Court within six weeks from the date on which this Order is made.

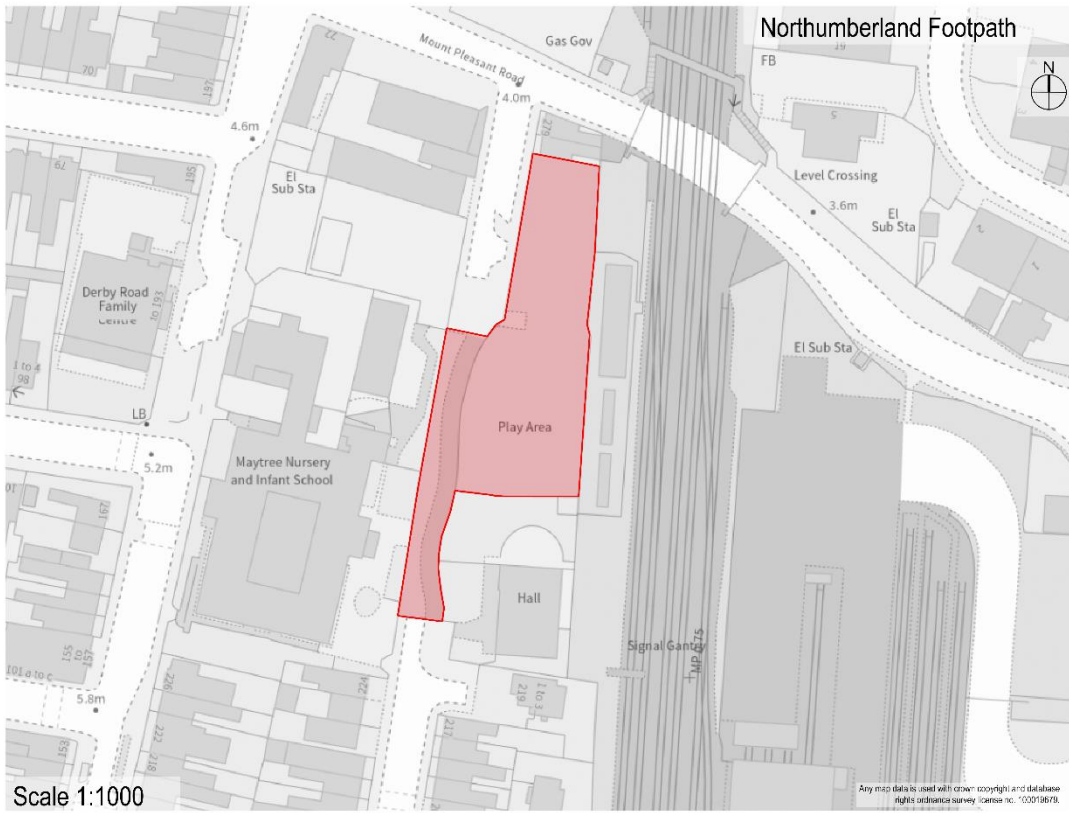
### **Schedule**

The footpath identified as Northumberland Road footpath and the Northumberland Road play area (also known as the Veny) shown coloured red on the plan appended to this Order.

The Common Seal of  
**SOUTHAMPTON CITY COUNCIL**  
was affixed in the presence of;

Authorised signatory





DK

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# Maytree and Mount Pleasant footpaths and park Public Spaces Protection Orders Consultation report



## [Introduction](#)

- [Background](#)
- [Consultation principles](#)
- [Who are the respondents?](#)
- [Summary of responses](#)
- [General free-text comments](#)
- [Methodology & promotion](#)

## [Footpath by Mount Pleasant School, connecting Mount Pleasant and Imperial Road](#)

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- [Agreement with the proposed PSPO](#)
- [Impact of the proposed PSPO](#)
- [Free-text comments](#)

## [Footpath & park by Maytree School, Northumberland Road](#)

- [Agreement with the proposed PSPO](#)
- [Impact of the proposed PSPO](#)
- [Free-text comments](#)





Southampton City Council undertook a public consultation on proposals to implement two Public Space Protection Orders (PSPOs) at two locations in and around Newtown, Northam and Bevois as a means to combat crime and antisocial behaviour in the area. These locations were:

- The footpath between Mount Pleasant and Imperial Road, and;
- The footpath and park by Maytree School on Northumberland Road.

This consultation took place between **11/12/2023** – **21/01/2024** and received **300** responses.

The aim of this consultation was to:

- Communicate clearly to residents and stakeholders the proposals for the two PSPOs;
- Ensure any resident, business or stakeholder in Southampton that wished to comment on the proposals had the opportunity to do so, enabling them to raise any impacts the proposals may have, and;
- Allow participants to propose alternative suggestions for consideration which they feel could achieve the objectives of the strategy in a different way.

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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](mailto:yourcity.yoursay@southampton.gov.uk) with their feedback, as well as respond by post.

This report summarises the aims, principles, methodology and results of the public consultation. It provides a summary of the consultation responses both for the consideration of decision makers and any interested individuals and stakeholders.

It is important to be mindful that a consultation is not a vote, it is an opportunity for stakeholders to express their views, concerns and alternatives to a proposal. This report outlines in detail the representations made during the consultation period so that decision makers can consider what has been said alongside other information.



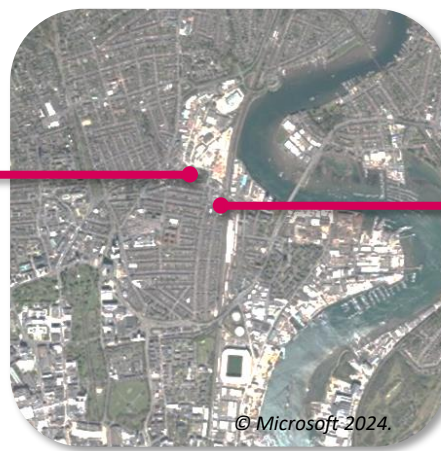
“The Anti-Social Behaviour, Crime and Policing Act 2014 gives the Council the power to make Public Space Protection Orders (PSPOs) to control activities which have a detrimental effect on the quality of life of those living and working in a locality.

The footpath alongside Mount Pleasant School, connecting Mount Pleasant and Imperial Road, and the footpath and park alongside Maytree School on Northumberland Road, have a long-standing history of anti-social and criminal activities, including littering, fly-tipping, drug dealing, theft, and violent assaults.

As a result, Southampton City Council are proposing that two PSPOs are put in place close these footpaths and the park.”

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*Proposed PSPO to close the footpath alongside Mount Pleasant School, connecting Mount Pleasant and Imperial Road*



*Proposed PSPO to close the footpath and park alongside Maytree School on Northumberland Road*





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.



New Conversations 2.0  
LGA guide to engagement



## 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,<sup>1</sup> 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 Coughlan<sup>2</sup>), 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 Haringey<sup>3</sup>), 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.<sup>4</sup>

<sup>1</sup> 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

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

<sup>3</sup> BAILII, United Kingdom Supreme Court, Accessed: 13 December 2016

<sup>4</sup> 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 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 from stakeholders that contained consultation feedback were collated and analysed as a part of the overall consultation.
- The consultation was promoted in the following ways:
  - Council e-bulletins;
  - Primary and secondary school bulletins;
  - Social media (including NextDoor, Instagram and Facebook)
  - Southampton City Council website;
  - Posters on lampposts within the area;
  - Shared with partners and people of interest (including the local policing body, Southampton Ramblers, the Byways and Bridleways Trust, Southampton Commons and Parks Protection Society, Open Space Society and Pedestrian Association);
  - Shared with local businesses and schools within the area.
- 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.

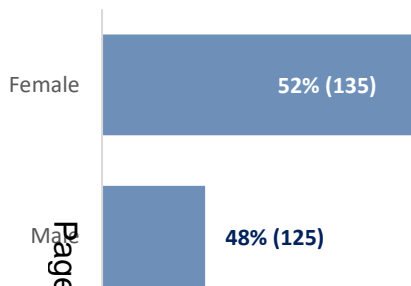




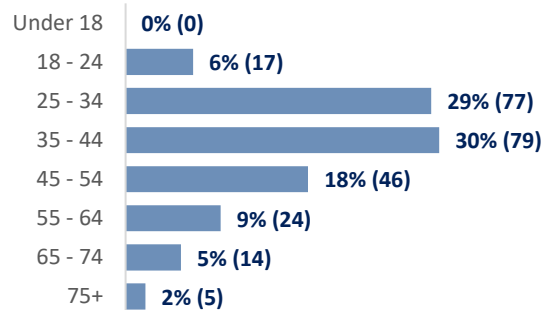
**Total responses** | 293 survey responses  
7 letter/email responses  
300 total

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

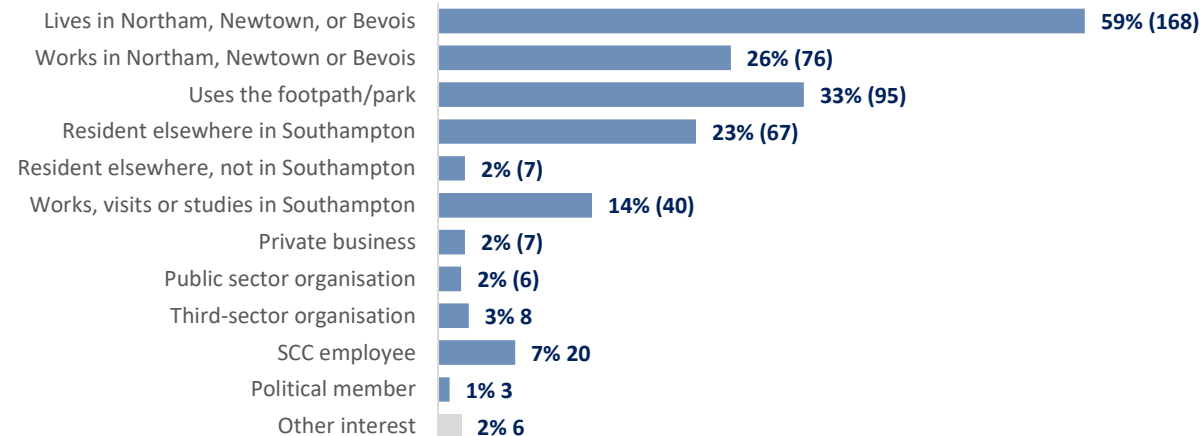
## Sex



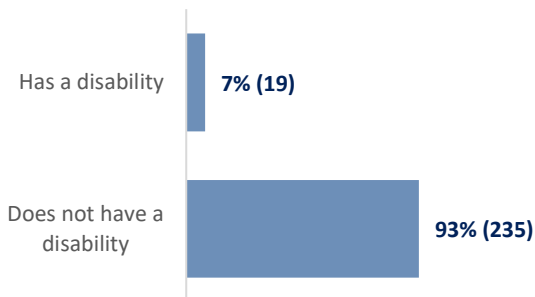
## Age



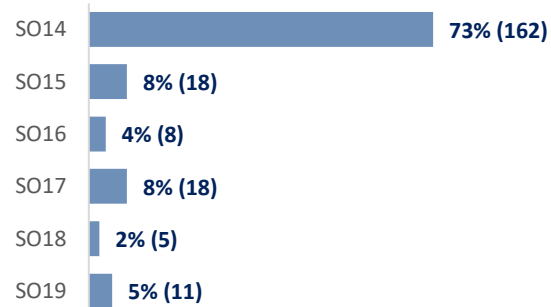
## Interest in the consultation



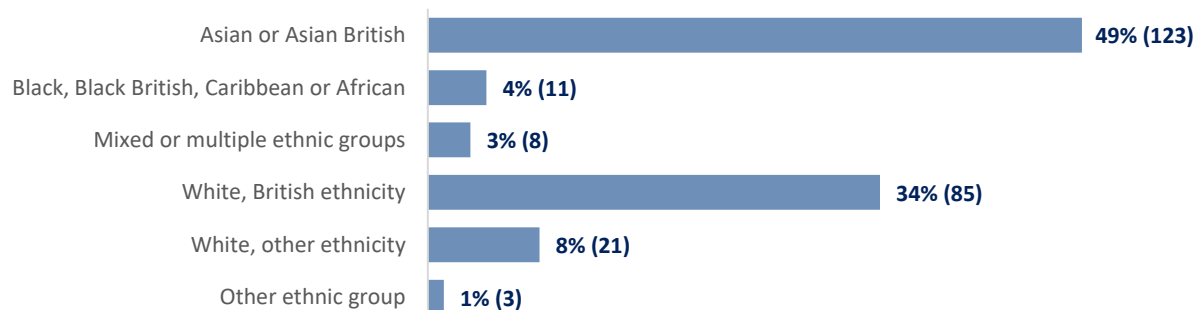
## Disability



## Postcode

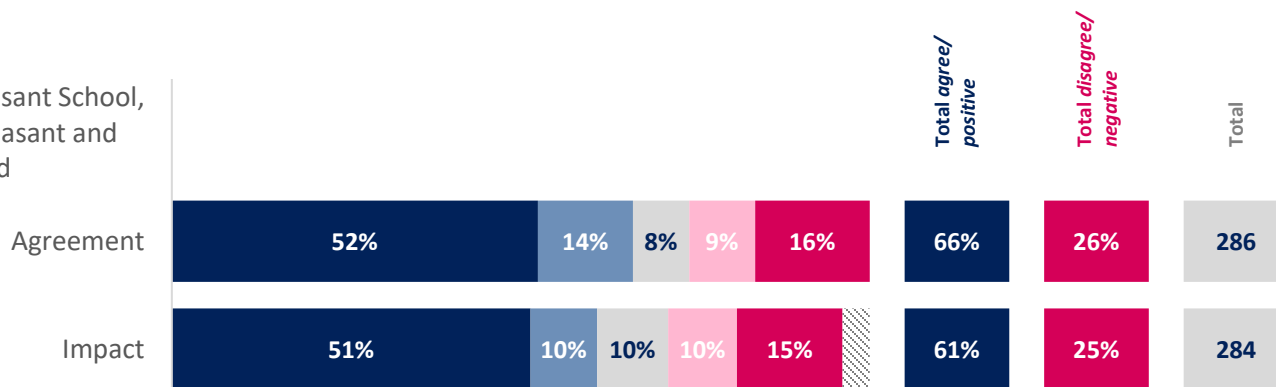


## Ethnicity

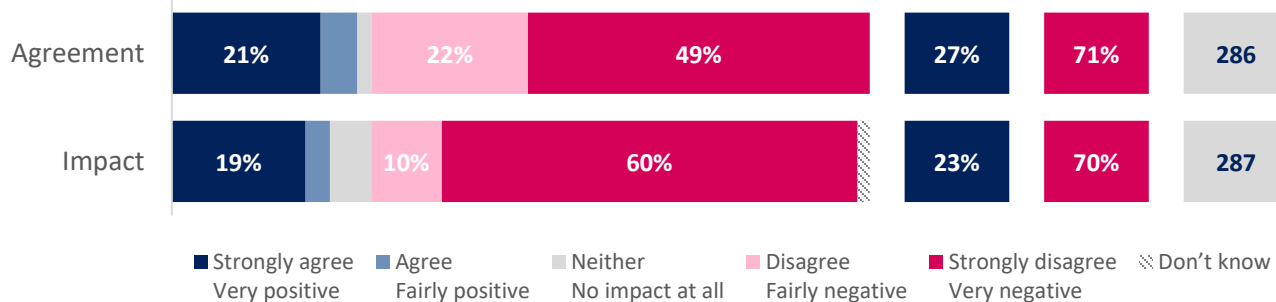




Footpath by Mount Pleasant School, connecting Mount Pleasant and Imperial Road



Footpath and park by Maytree School on Northumberland Road



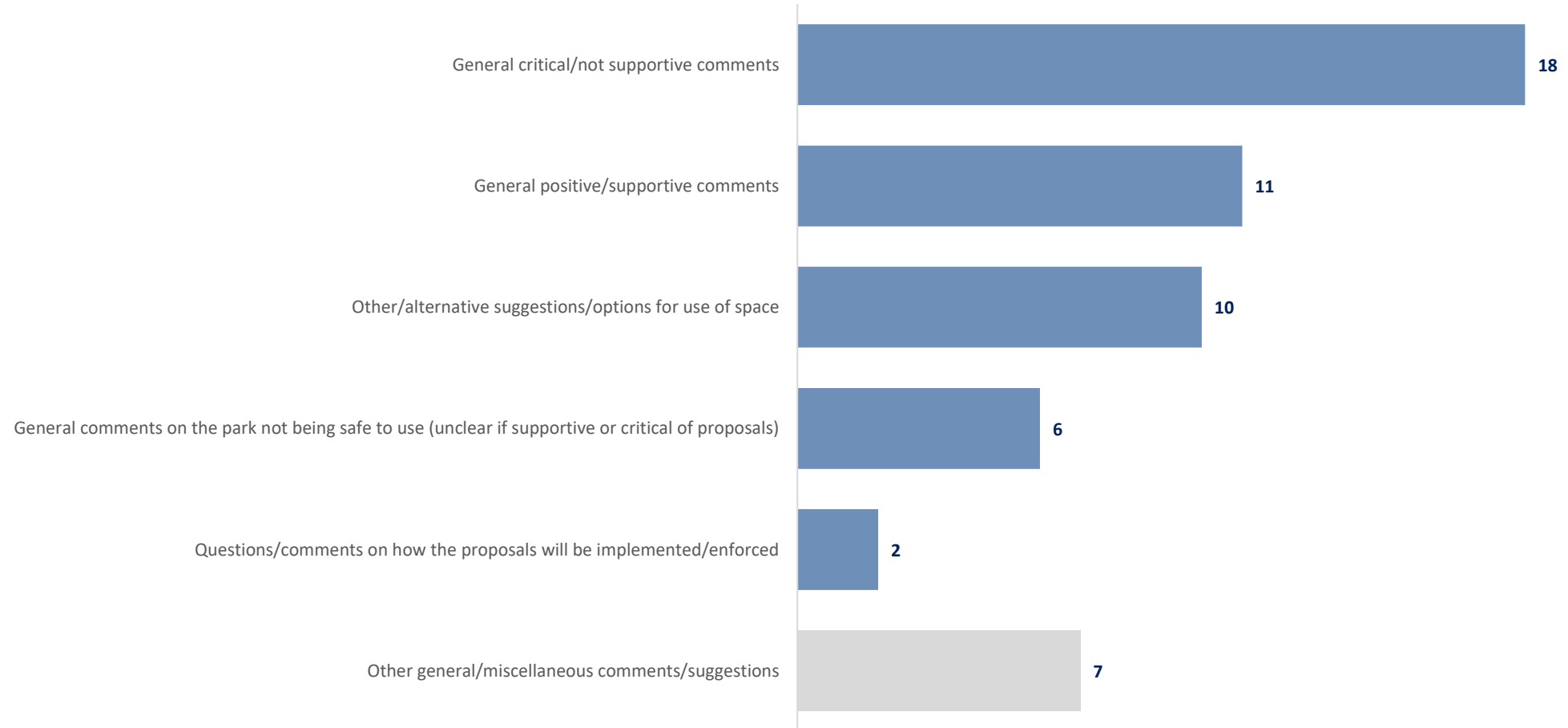
## Key findings

- Respondents were supportive of the proposals regarding the Mount Pleasant/Imperial Road footpath, with 66% saying they agreed with the proposal, and 61% saying that it may have a positive impact, including 51% that said it may have a very positive impact
- Respondents were not support of the proposals regarding the path and park by Maytree School on Northumberland Road – with 71% saying they disagreed with this proposal, and 70% saying it may have a negative impact, including 60% that said the impact may be very negative



\*No. comments per comment theme. Comments from question three, If you disagree, or have any comments, impacts, suggestions or alternatives you feel we should consider, please provide details, where proposal being referred to in response was not clear, or response was referring to both proposals.

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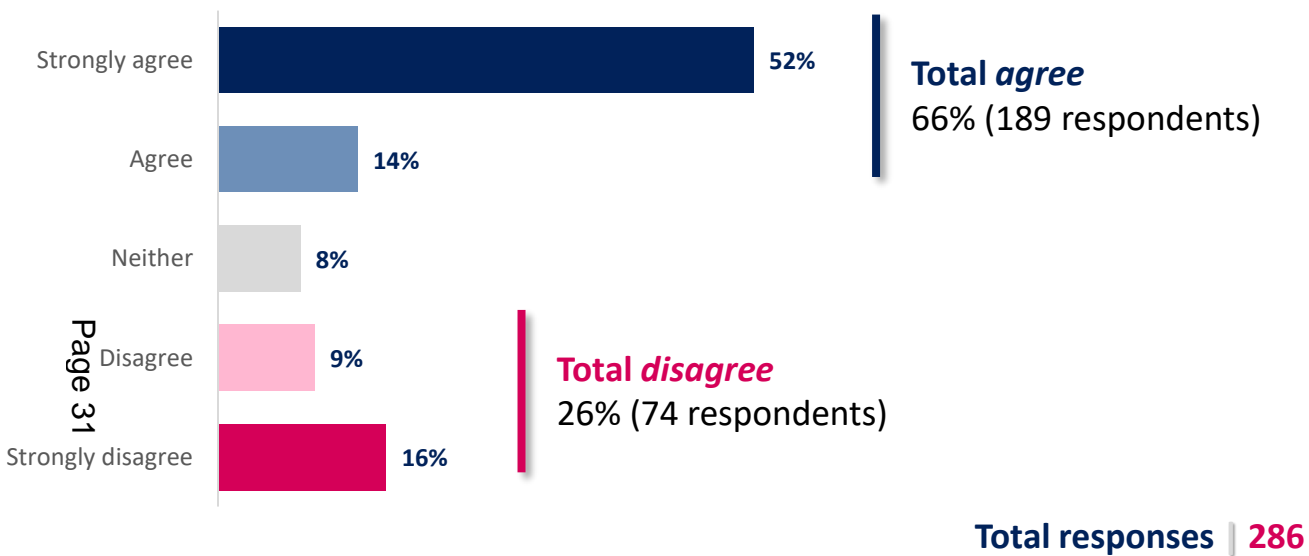


## Footpath by Mount Pleasant School, connecting Mount Pleasant and Imperial Road





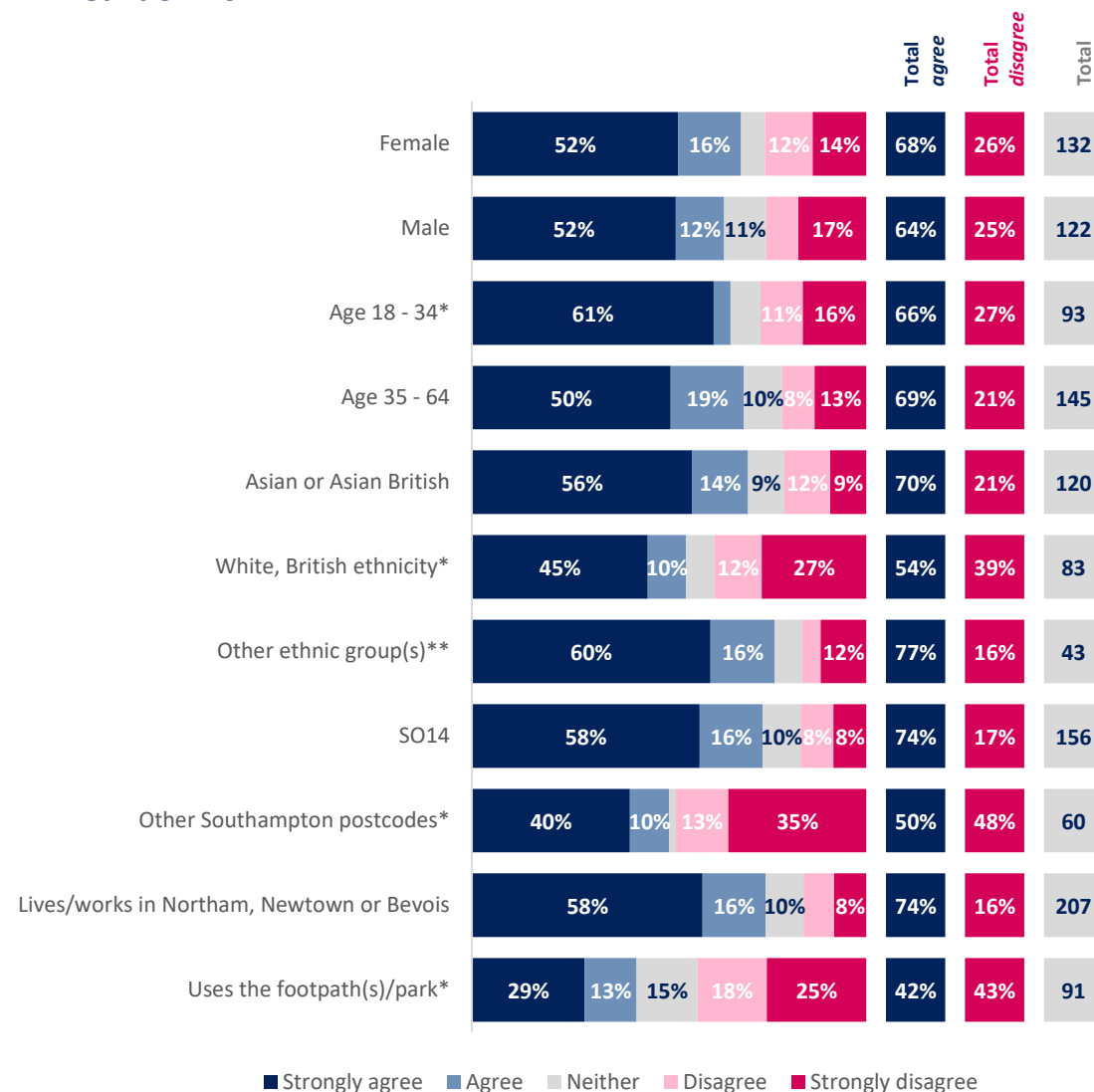
**Question 1a** | To what extent do you agree or disagree with proposals to introduce PSPOs... to close the footpath alongside Mount Pleasant School, connecting Mount Pleasant and Imperial Road



## Key findings

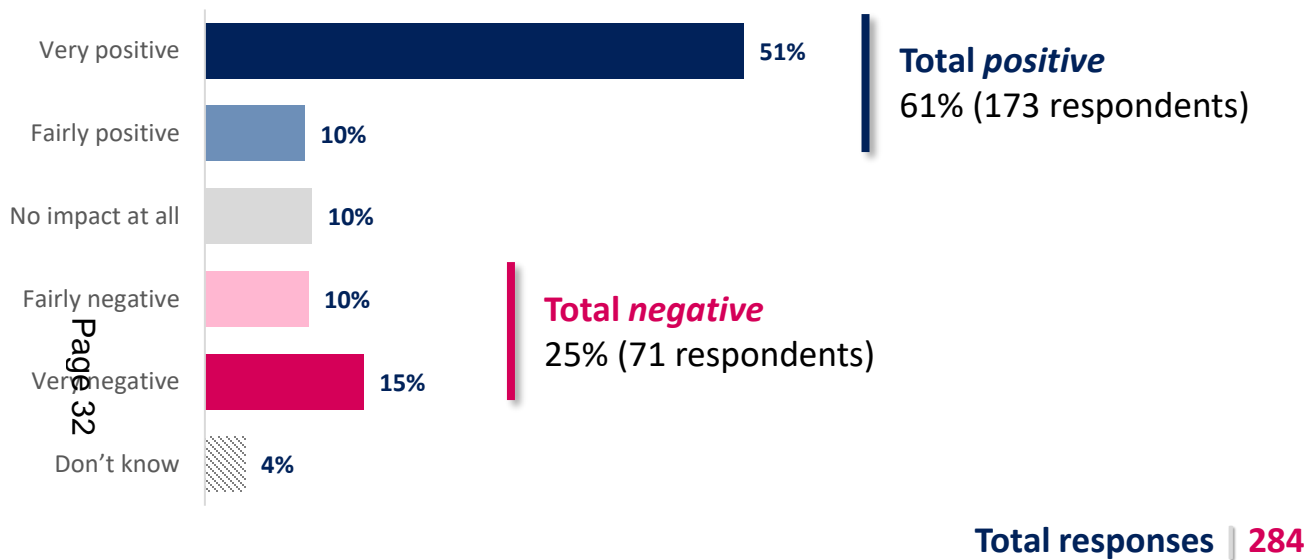
- 66% of respondents overall *agreed* with the proposal to use a PSPO to close the connecting footpath between Mount Pleasant and Imperial Road, including 52% that said they strongly agreed
- Respondents of a White British ethnicity responded *agree* 16% points less than those of an Asian or Asian British ethnicity (70%) or other ethnic group (77%), although all ethnicity breakdowns still responded *agree* by 50% or more
- Residents of the SO14 postcode responded *agree* 24% points more than residents of other Southampton postcodes, 74% to 50%
- Respondents that said they use the path were split between *agree* and *disagree* responses at 42 and 43% respectively, compared to the 74% of those that live or work in the area (Northam, Newtown and Bevois) that said they *agree* with the proposal

## Breakdowns





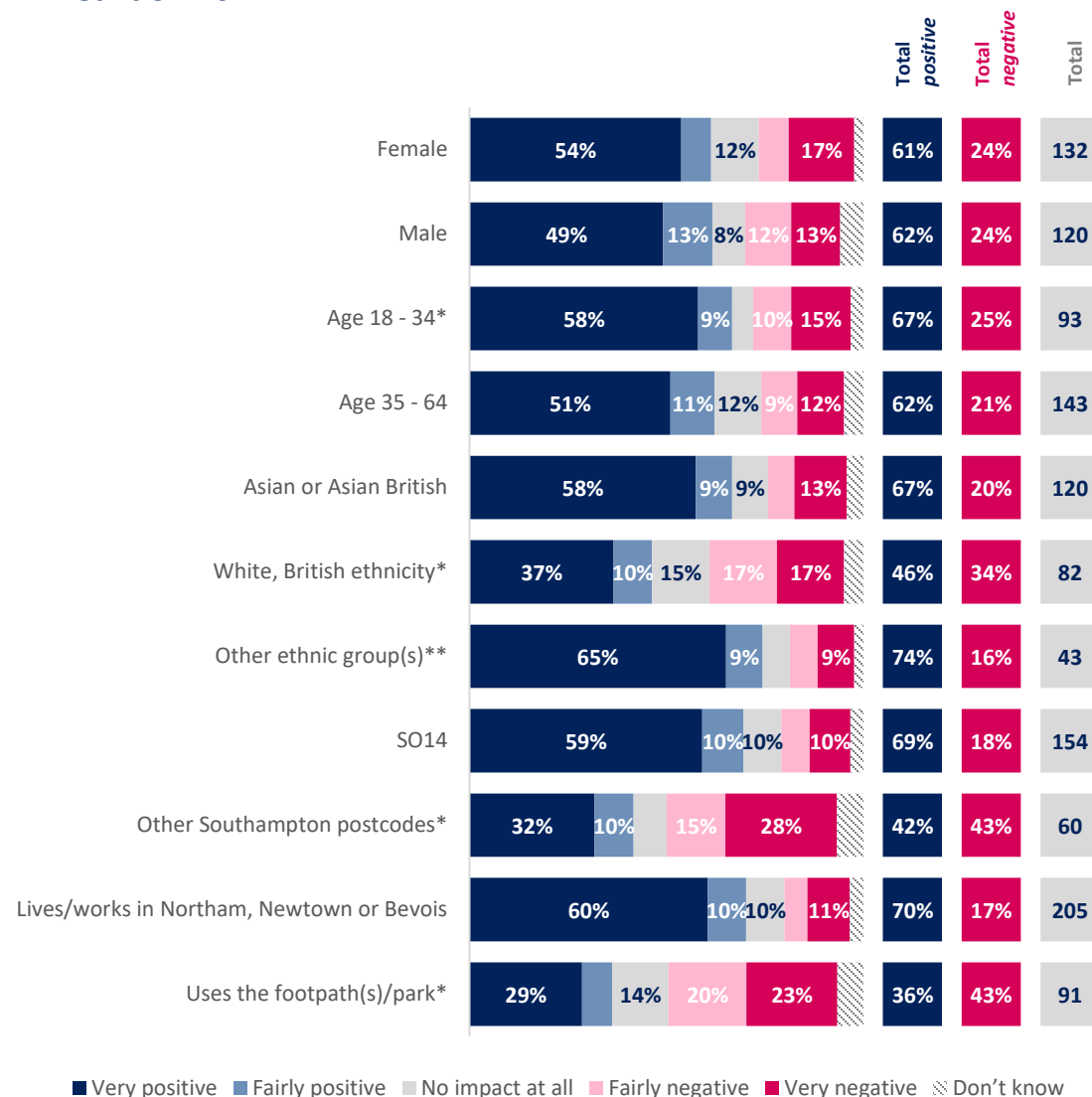
**Question 2a** | What impact do you feel the PSPO proposals may have on you, your business or the wider community... to close the footpath alongside Mount Pleasant School, connecting Mount Pleasant and Imperial Road



## Key findings

- 61% of respondents said that the proposal may have a *positive* impact overall, including 51% that said it would have a very positive impact
- Asian or Asian British respondents said the proposal may have a *positive* impact 20% points more than White British respondents, 67% to 46%, with other ethnic groups responding 74% *positive* – of breakdowns by ethnicity, White British was the only one with less than 50% of responses for both overall *positive* sentiment and very positive responses
- Respondents that said they lived or worked in Northam, Newtown or Bevois responded overall *positive* impact at 70%, compared to respondents that confirmed they use the footpath, who responded 36% *positive* and 43% *negative*

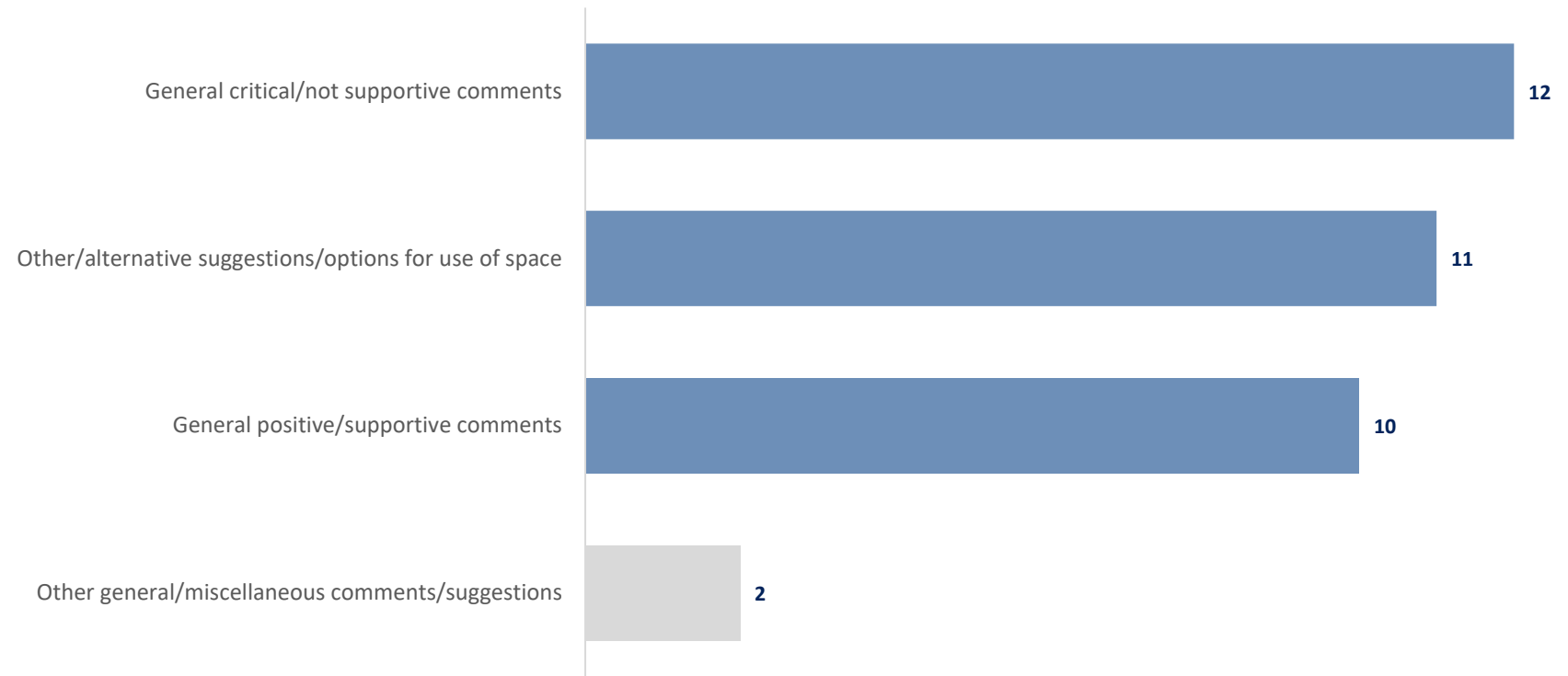
## Breakdowns





\*No. comments per comment theme. Comments from question three, If you disagree, or have any comments, impacts, suggestions or alternatives you feel we should consider, please provide details.

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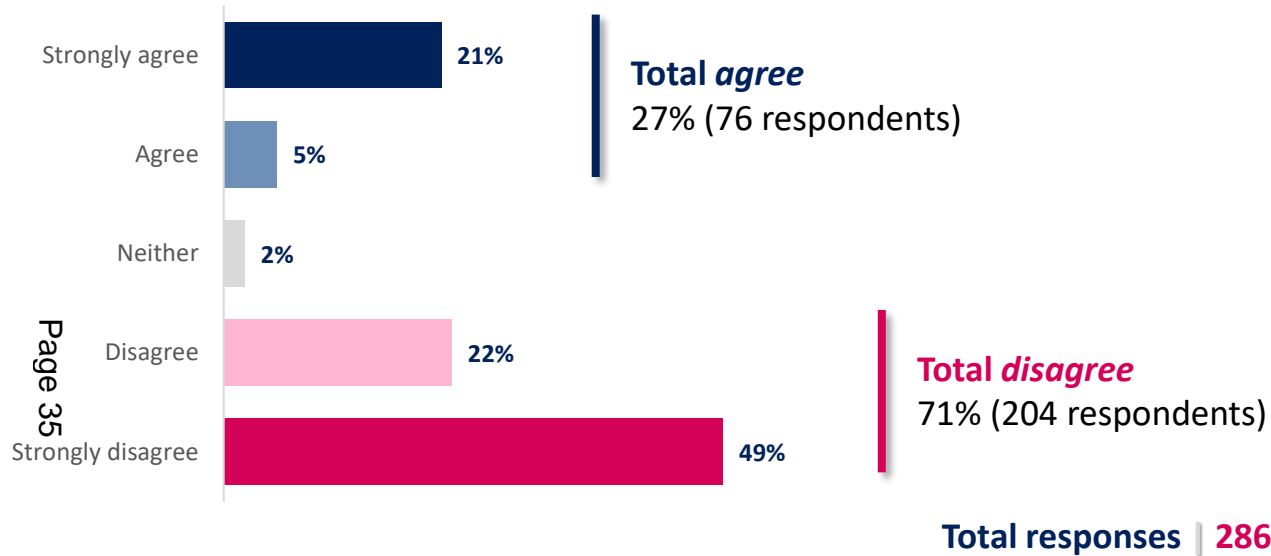
# Footpath & park by Maytree School, Northumberland Road







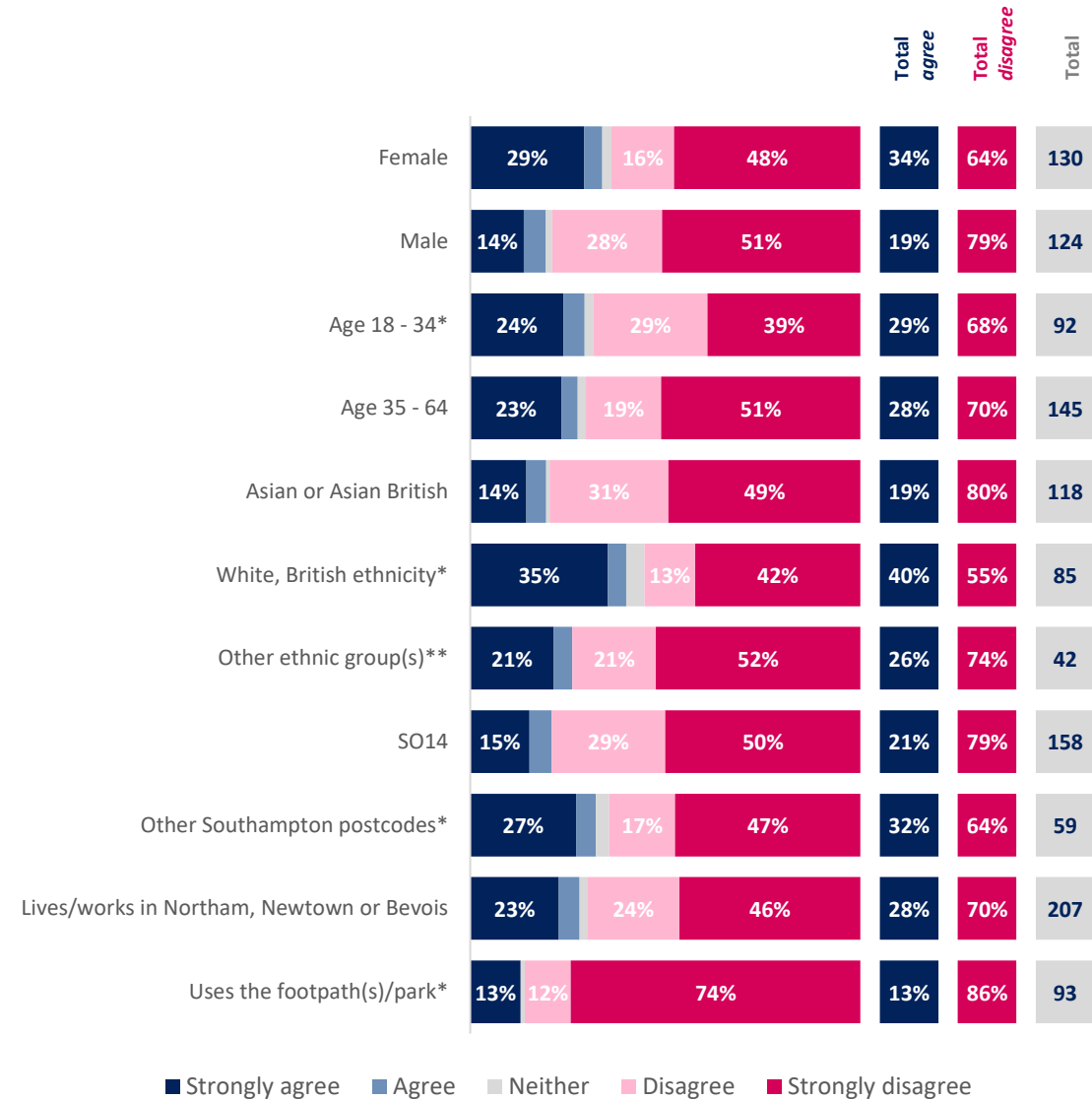
**Question 1b** | To what extent do you agree or disagree with proposals to introduce PSPOs... to close the footpath and park alongside Maytree School on Northumberland Road



## Key findings

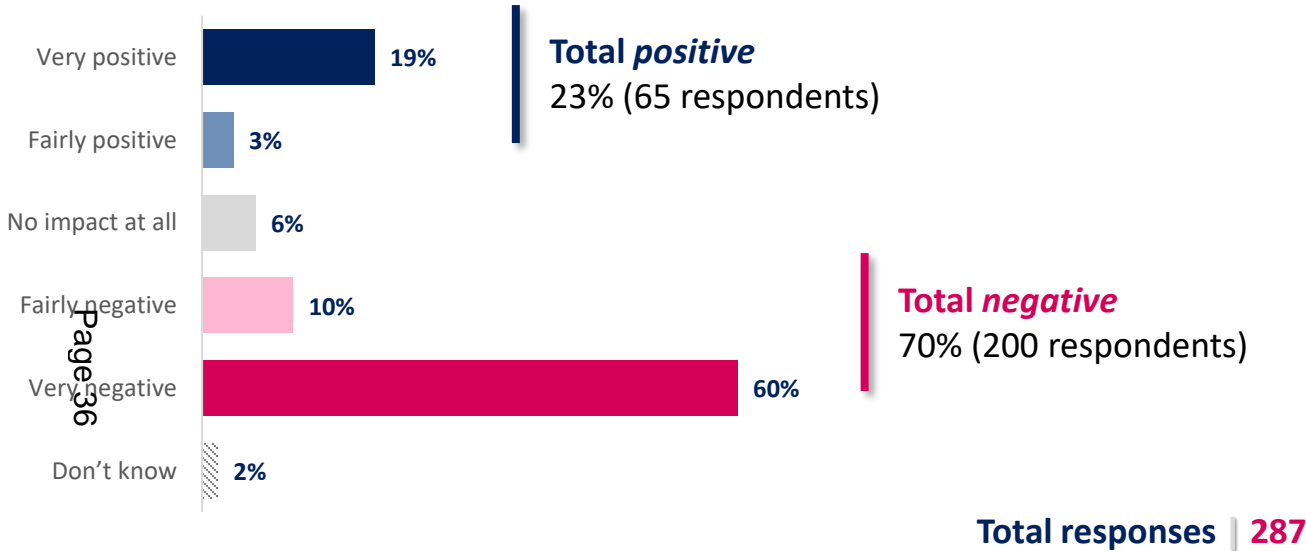
- 71% of respondents said that they *disagreed* with the proposal on using a PSPO in this area, with 49% saying they strongly disagreed
- Men said they *disagreed* with the proposal 15% points more than women, 79% to 64%
- Similarly, Asian or Asian British respondents *disagreed* 24% points more than respondents that said they were White British, with the latter responding 35% strongly agree to the former's 14%
- 74% of respondents that said they use the footpath/park said they strongly disagreed with the proposal

## Breakdowns





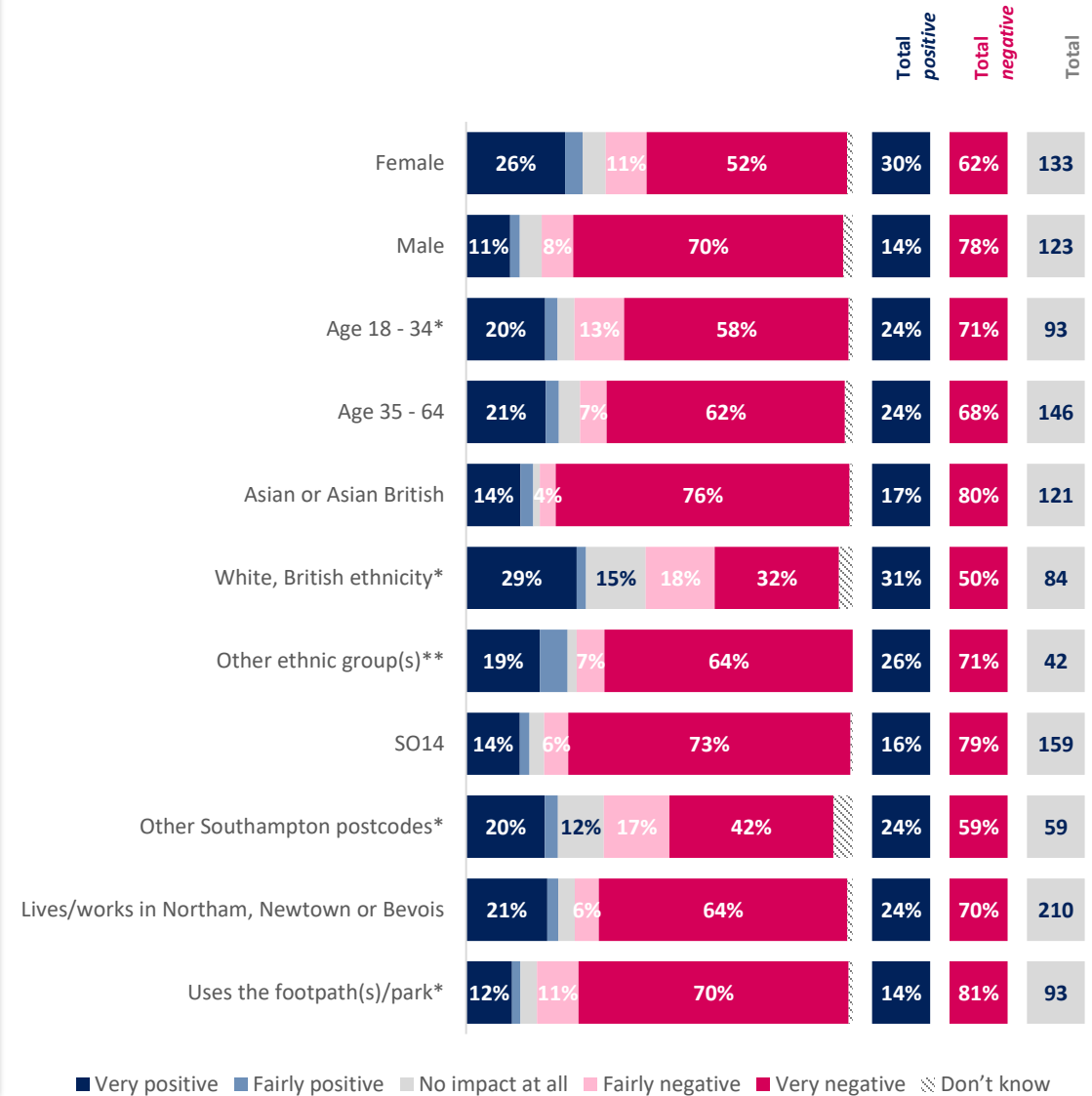
**Question 2b** | What impact do you feel the PSPO proposals may have on you, your business or the wider community... to close the footpath and park alongside Maytree School on Northumberland Road



## Key findings

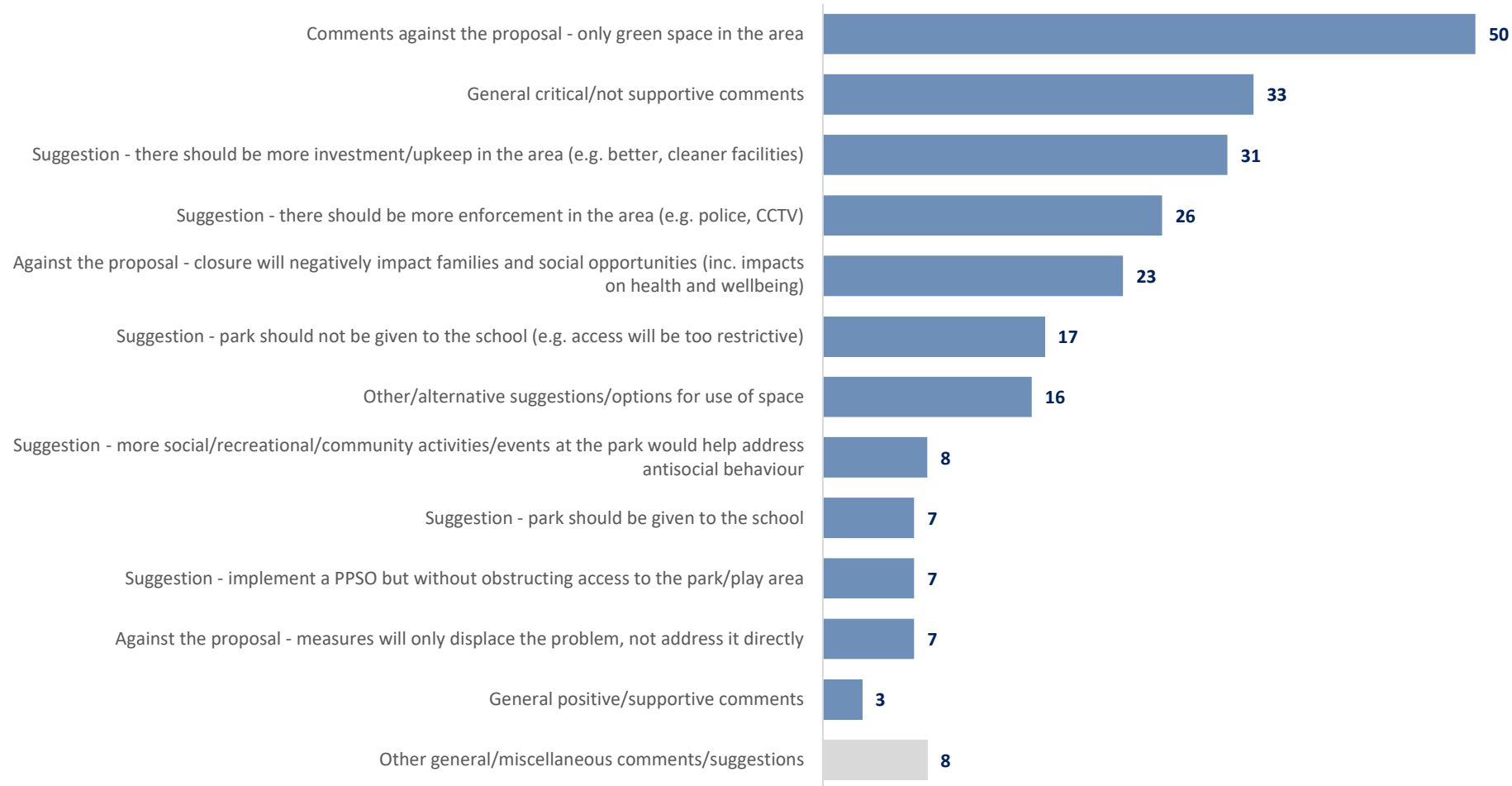
- 70% of respondents said that this proposal may have a *negative* impact, including 60% that said it would have a very negative impact
- Male respondents said the proposal may have a *negative* impact 16% points more than female, 78% to 62%, with men also responding 70% very negative, 18% points more than women (52%)
- 80% of Asian or Asian British respondents said the proposal would have a *negative* impact, including 76% that said the impact would be very negative – White British respondents responded 50% *negative* overall
- Both respondents that live or work in the area and those that use the footpath(s)/park responded overall *disagree* by 70% or more

## Breakdowns





\*No. comments per comment theme. Comments from question three, If you disagree, or have any comments, impacts, suggestions or alternatives you feel we should consider, please provide details.



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## Witness Statement

Appendix 4

Criminal Procedure Rules, r 27.2; Criminal Justice Act 1967, s. 9; Magistrates' Court Act 1980. s.5B

Statement Of: Suzanne Badham

URN:

Age (If Under 18): Over 18

Occupation: Police Officer

1 10/03/2020 20:44:

I am PC 21007 Suzanne Badham of Hampshire Constabulary currently based at Southampton Civic Centre on the Southampton Central Neighbourhood Policing Team. I have worked in Southampton City Centre for 13 years and for the past 2 years I have been the lead officer for Op Hem which is the management of Street Prostitution in Southampton.

Southampton is the only place in Hampshire which has 'on street' sex workers, and this has been the case for many years. Back in the early 1980's, sex working used to take place outside the residential properties of Derby Road. Sex workers used to solicit outside these properties as they lived there and/or advertised their services from them using red lights.

In the 1990's the focus of sex work had changed, the motivation for sex working changed, funding drug and alcohol addictions became the primary reason women were selling sex on the street. Sex workers were encouraged not to work in residential areas, punters were less willing to come to the residential areas to obtain services and by moving to a more industrial area of the City the sex workers were less likely to get stopped by Police.

The on street sex workers moved to the industrial area of Empress Road and this remains the 'Red Light District' to date. The Red Light District of Southampton is extremely well known locally, Nationally and even Internationally, it includes Empress Road, Imperial Road, Horseshoe Bridge and a number of smaller roads stemming off Empress Road.

Running between Empress Road and Mount Pleasant Road (Mount Pleasant Road runs parallel in part to Empress Road) is an alleyway. This alleyway is approximately 30 metres long. On one side of the alleyway the land is occupied by a company called Wessex Cleaning Equipment, the other is occupied by Mount Pleasant Junior School and a small area of grassland. The alleyway has wire mesh fencing along either side and can be accessed from Mount Pleasant Road or Empress Road. Mount Pleasant School occupies an area of land which is bordered by Empress Road, Imperial Road, Mount Pleasant Road and the alleyway. The alleyway affords a user a minimal saving of time if cutting through from Mount Pleasant Road to Empress Road or vice versa, without the alleyway a person would have to walk round the boundary of the school which would add around 5 minutes or so to a journey depending on the speed they walk.

35 The alleyway is favoured by the street sex workers working on Empress Road. It has

## Witness Statement

Statement Of: Suzanne Badham

URN:

minimal lighting, and vegetation along either side of the alleyway reduces the likelihood of their activities being seen by passers-by. The alleyway is used by the street sex workers to carry out their business but also as a place where they and other drug users use their drugs as they are less likely to be seen by passing Police vehicles.

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There are approximately 45 - 50 active sex workers working in the Red Light District currently and the alleyway is regularly used by a number of the working girls during the hours of darkness. It has also been known for the working girls to carry out their soliciting in and around the alleyway during daytime hours as well, even when school children are making their way to school.

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Due to the working girls using the alleyway to conduct their sexual activities, there is often evidence of these activities left behind. It is common to find used condoms littering the alleyway, or sometimes these are thrown over the fence and in to the school grounds. It is also common to find used uncapped needles littering the floor of the alleyway, and again, often needles and other drug paraphernalia are thrown over the fences with little regard for the children attending school.

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The alleyway is regularly used by the sex workers late at night and in the early hours of the morning when there are fewer people passing by. Due to the low levels of lighting and the fact that it is relatively hidden away from view, this increases the risk of attack to the sex workers. Recently there have been a number of attacks on sex workers in the alleyway, these attacks have resulted in nasty assault injuries and one woman being raped. The alleyway is notorious for drug usage, prostitution, unsavoury characters lurking, an area rife for crime and disorder and for being unsafe. From carrying out a survey with local residents and businesses, many people stated that they actively avoid walking through the alleyway both during the day and the evening.

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Closing off the alleyway to the public would greatly reduce the risk to the sex workers, it would also reduce the risk to public health as there would no longer be condoms and needles being discarded in a public walkway. It would reduce the amount of drug paraphernalia and 'sex litter' in the area and stop it being thrown in to the school grounds and surrounding business premises. I believe that closing the alleyway would be beneficial to the local area and am supportive of any action in order to make this happen.

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This statement is true to the best of my knowledge and belief and I make it knowing that, if it is tendered in evidence, I shall be liable to prosecution if I have wilfully stated in it anything which I know to be false, or do not believe to be true

Signature Witness: Digitally signed Date: 10/03/2020 23:09

Witness To Signature: N/A Date: N/A

Statement Started 10/03/2020 20:44 Statement Completed 10/03/2020 23:09

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# Agenda Item 8

## Appendix 5

### Mount Pleasant Alleyway

Date	RMS	Offence	Summary
01/11/2016	44160412298	Robbery	Male states a male held a knife to his throat and took £50 cash and his iPhone from him
13/11/2016	44160428730	Indecent Assault	Female touched on the breasts and bottom by male asking for sex in exchange for money
20/12/2016	44160478224	Indecent Assault	Sexual assault in alleyway by stranger male against female.
17/06/2017	44170243894	Rape	Agg reporting being raped by 4 polish males
06/07/2017	44170257887	Rape	Stranger rape of sex worker in alleyway
30/07/2017	44170292517	Robbery	Informant reporting that he was approached by two males (1 carrying a metal pole) and a female who then threatened him with violence and proceeded to taking his mobile phone, watch and money.
22/11/2017	44170455611	Rape	Stranger rape of sex worker in alleyway
23/04/2018	44180148848	GBH	Infnt hit round the face with a metal pole.
21/10/2018	44180396585	Robbery	Sex worker attacked in alleyway by 3 x males who punched her and stole her handbag
25/11/2018	44180441602	Robbery	Male attacked by 2x males in alleyway demanding money, has been assaulted and taken cash, phones and ID documents.
04/06/2019	44190192066	Robbery	Persons known to him took his wallet and assaulted him causing a cut lip and small various cuts to his face.
24/09/2019	44190341851	Rape	Stranger rape of sex worker adjacent to alleyway
22/05/2020	44200181406	GBH	Sex worker attacked in alleyway by male stamping on her head causing injuries - possible fractured jaw.
19/08/2020	44200318766	Robbery	Male robbed by pregnant female.
10/08/2021	44210319641	Theft	Theft of scaffolding hoist overnight from within school grounds
27/12/2021	44210516617	Sus Other	2 males have jumped the school fence are inside
11/01/2022	44220012680	Theft	Intruder has come into school grounds and stolen a cycle
24/04/2022	44220160272	ASB	5-6 youths seen jumping the fence into the school
24/01/2023	44230032619	Sus Person	Area surrounding Mount Pleasant School used for sex litter
28/01/2023	44230037626	Sus Person	Youths climbed the fence into the school smashing things
04/02/2023	44230047927	Sus Person	Male and child seen climbing the fence into Mount Pleasant School
04/03/2023	44230088151	Arson	Series of fires on Empress Road and surrounding roads - investigation proven that alleyway used during commission of offence.
16/03/2023	44230106065	ASB	2x males seen forcing open school gates and climbing through
18/05/2023	44230195336	Sus - Person	Suspicious male with his face hidden in Mount Pleasant alleyway
28/07/2023	44230304525	Assault	Female located with facial injuries having been attacked.

### Northumberland Rd & Play Area

Date	RMS	Offence	Summary
22/02/2016	44160088106	Theft	Female reporting theft of handbag whilst in the park.
14/06/2016	44160347580	ASB	Group of youths causing damage to the park.
29/07/2016	44160283769	ASB	Group of lads in the park setting fires, racing around on motorbikes.
20/09/2016	44160355833	Sus - Person	Male staring at children in the park. Left on bicycle.
02/10/2016	44160372624	Assault	Young girl attacked by another girl in the park.
14/10/2016	44160388678	ASB	Youths smoking in the children's park whilst smoking. Younger children present.
18/01/2017	44170021498	Drug Offences	Reports of persons taking drugs under the climbing frame in the park.
28/01/2017	44170036048	ASB	Group threatened by unknown others - fear of violence.
21/02/2017	44170067719	Robbery	Aggd threatened to hand over his bicycle.
31/03/2017	44170120403	Dispute other	Two children in dispute over ownership of a dog whilst in the play area.
26/04/2017	44170155419	Drug Offences	Male found in playpark smoking cannabis.
21/05/2017	44170191131	ASB	3 adult males drinking and urinating in the park area in front of children.
26/05/2017	44170199258	Drug Offences	Class A drugs found in play area.
06/06/2017	44170214567	ASB	Reports of drug users hanging about in the park area.
07/06/2017	44170215823	Drug Offences	8 teenagers smoking cannabis in the park.
07/06/2017	44170215738	ASB	Group of youths sat on mopeds revving their engines in the park.
07/06/2017	44170215692	ASB	Group of teenagers causing a disturbance drinking and smoking near the park.
08/06/2017	44170216188	Sus - Other	Vehicle parked up in known drugs hotspot location.
12/06/2017	44170223292	Driving Complaint	Vehicle driving excess speed outside children's play area.
10/07/2017	44170264914	Robbery	Female had her phone stolen whilst being assaulted.
14/07/2017	44170270423	Drug Offences	Group of youths smoking cannabis near to school.
16/07/2017	44170273118	Assault	Unknown male grabbed and attempted to punch female.
06/12/2017	44170474249	Road Traffic Collision	Car vs pedal cycle resulting in minor injuries to cyclist. Car turning around in Northumberland Road.
15/12/2017	44170486243	Criminal Damage	Vehicle made off from Police officers towards a dead-end hitting a bollard and litter bin thereby causing damage.
15/02/2018	44180061181	ASB	GROUP OF POLISH MALES ABOUT 10 IN TOTAL - AGED 19/20 YRS OLD RIDING AROUND IN THE KIDS PLAY PARK AREA - THERE ARE KIDS IN THERE
11/09/2018	44180262343	Sus - Other	Two unknown individuals have poured motor oil on the footpath directly outside the rear entrance to Maytree School.
18/11/2018	44180432587	ASB	4-5 persons in the park causing noise and disturbance. Fire located at the location.
02/06/2019	44190188834	Rape	Female raped in play area.
13/07/2019	44190245082	Robbery	Aggd attacked by unknown male taking his trainers, phone and passport.
26/10/2019	44190384586	Assault	Fight between two groups resulting in one party being left unconscious.
26/10/2019	44200379648	Assault	Male assaulted by unknown persons.
05/07/2020	44200246683	Drug Offences	Subject searched and found in possession of a cannabis joint.
03/08/2020	44200292657	Drug Offences	Male found in possession of cannabis joint.
18/08/2020	44200316595	Public Order	Group of children playing cricket on the green 2 men have started picking up their stuff and throwing it at them, Threatening to hit them and taking videos and pictures of them
23/08/2020	44200323901	Public Order	Male used racially abusive language towards police officer.
12/09/2020	44200353161	Drug Offences	Class A drugs found in play area.
19/11/2020	44200448573	Robbery	Knife-point robbery.
11/12/2020	44200478729	Drug Offences	Male found in possession of cannabis.
11/12/2020	44200478678	Drug Offences	Male found in possession of cannabis.
01/01/2021	44210000955	Offensive Weapon	Male found hiding in children's play park, searched and found in possession of an offensive weapon and drugs.
11/01/2021	44210011964	Rape	Rape disclosed by sex worker whilst dealing with another incident.
24/02/2021	44210069102	Sexual Assault	Allegation that unknown male has digitally penetrated agg'ds vagina.
13/06/2021	44210232114	Assault	Male stabbed by known persons in the street.
11/08/2022	44220325491	Public Order	Two suspects racially abusing two women.
24/08/2022	44220344076	Drug Offences	Male found in possession of cannabis and white powder.
24/09/2022	44220389838	Assault	Aggd grabbed by the hair and hit in the face repeatedly.
18/10/2022	44220423075	Assault	Female had teeth knocked out in the park.
19/10/2022	44220425572	Drug Offences	Strong smell of cannabis coming from the play area blowing into the open school windows.
01/11/2022	44220446636	Drug Offences	Group of males injecting themselves with drugs in the park.
04/11/2022	44220448554	Drug Offences	Drug dealing in the park next to a pre school.
22/11/2022	44220473936	Drug Offences	Males seen exchanging NOS in exchange for payment.
01/05/2023	44230170597	Drug Offences	Male found in possession of drugs.
29/07/2023	44230304615	Assault	Female assaulted after having sex with a client, knocking her teeth out.

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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.

<b>Name or Brief Description of Proposal</b>	Public Space Protection Order (PSPO) for Mount Pleasant Footpath
<b>Brief Service Profile (including number of customers)</b>	
The footpath between Mount Pleasant Rd and Empress Rd is subject to criminal and anti-social behaviour. The PSPO would seek to further prohibit these behaviours; seeking to close the footpath if these activities persist to ensure public safety.	
<b>Summary of Impact and Issues</b>	
Should the activities identified in the PSPO continue, the Council would seek to close the footpath. This would have a minor impact as pedestrians would be required to take a 3-minute detour.	
<b>Potential Positive Impacts</b>	
Either the success of the PSPO or the resulting closure of the footpath (if the PSPO is not adhered to) would seek to prevent both criminal and antisocial activities from impacting the local community, including the neighbouring Mount Pleasant Junior School.	

<b>Responsible Service Manager</b>	
<b>Date</b>	
<b>Approved by Senior Manager</b>	
<b>Date</b>	

### Potential Impact

<b>Impact Assessment</b>	<b>Details of Impact</b>	<b>Possible Solutions &amp; Mitigating Actions</b>
<b>Age</b>	Increased route/duration of pedestrian travel	Given the un-even/unsafe nature of the footpath it would require extensive re-surfacing, removal of trees & foliage to allow unrestricted CCTV coverage and extensive police patrols and SCC needle collection activities.
<b>Disability</b>	Increased route/duration of pedestrian travel	Given the un-even/unsafe nature of the footpath it would require extensive re-surfacing, removal of trees & foliage to allow unrestricted CCTV coverage and extensive police patrols and SCC needle collection activities.
<b>Gender Reassignment</b>	NA	NA
<b>Marriage and Civil Partnership</b>	NA	NA
<b>Pregnancy and Maternity</b>	Increased route/duration of pedestrian travel	The increase is circa 3-4 minute and does not pose a significant impact.
<b>Race</b>	NA	NA
<b>Religion or Belief</b>	NA	NA
<b>Sex</b>	NA	NA
<b>Sexual Orientation</b>	NA	NA
<b>Community Safety</b>	Improved Community safety by the removal of	NA

Impact Assessment	Details of Impact	Possible Solutions & Mitigating Actions
	opportunities/location for criminal & anti-social behaviour.	
<b>Poverty</b>	NA	NA
<b>Health &amp; Wellbeing</b>	Improved Community safety by reduced/removed criminal activity (ie, Drug paraphernalia).	NA
<b>Other Significant Impacts</b>	NA	NA

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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.

<b>Name or Brief Description of Proposal</b>	Public Space Protection Order (PSPO) for Northumberland Rd Footpath and Play Area (Veny)
<b>Brief Service Profile (including number of customers)</b>	
The Northumberland Rd footpath and the play area (also known as the Veny) facilitates criminal and anti-social behaviour in the area. The PSPO would seek to further prohibit these behaviours; seeking to close the footpath and the play area (the Veny) to ensure public safety.	
<b>Summary of Impact and Issues</b>	
The Council would seek to close the footpath and the Play area (the Veny) to the public to prevent the activities identified in the PSPO. This would have a minor impact on pedestrians who would be required to take a 5-minute detour vs taking the current footpath. However, the loss of the Northumberland Rd Play Area would be a more significant impact to families of young Children within the immediate area (although current criminal/anti-social use has impacted the use of the area).	
<b>Potential Positive Impacts</b>	
A successful PSPO would result in the closure of the footpath & play area. This would prevent both criminal and antisocial activities from impacting the local community, including the neighbouring Maytree Nursery & Infant School and reduce safety concerns/risk from the public.	

<b>Responsible Service Manager</b>	
<b>Date</b>	
<b>Approved by Senior Manager</b>	
<b>Date</b>	

### Potential Impact

<b>Impact Assessment</b>	<b>Details of Impact</b>	<b>Possible Solutions &amp; Mitigating Actions</b>
<b>Age</b>	<p>The footpath being closed will increase route/duration of pedestrian travel for all age groups.</p> <p>Loss of the play-area will impact families with younger children - Due to vandalism and the impact of illegal/anti-social behaviour the site is not suitable over safety concerns.</p>	<p>If the footpath is closed this will lead to an increased route/duration for pedestrians taking an alternative route. The alternative route is well paved, well-lit and is suitably accessible.</p>
<b>Disability</b>	<p>Increased route/duration of pedestrian travel</p>	<p>If the footpath is closed this will lead to an increased route/duration for pedestrians of circa 5 minutes. The alternative route is well paved, well-lit and is suitably accessible</p>
<b>Gender Reassignment</b>	NA	NA
<b>Marriage and Civil Partnership</b>	NA	NA
<b>Pregnancy and Maternity</b>	<p>Increased route/duration of pedestrian travel</p>	<p>If the footpath is closed this will lead to an increased route/duration for pedestrians of circa 5 minutes.</p>
<b>Race</b>	NA	NA
<b>Religion or Belief</b>	NA	NA
<b>Sex</b>	NA	NA
<b>Sexual Orientation</b>	NA	NA
<b>Community</b>	Improved Community safety by	NA



Impact Assessment	Details of Impact	Possible Solutions & Mitigating Actions
<b>Safety</b>	reduced criminal activity and removal of harmful and/or hazardous material (ie, Drug paraphernalia).	
<b>Poverty</b>	NA	NA
<b>Health &amp; Wellbeing</b>	Improved Community safety by reduced criminal activity and removal of harmful and/or hazardous material (ie, Drug paraphernalia).	NA
<b>Other Significant Impacts</b>	NA	NA

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# Agenda Item 9

<b>DECISION-MAKER:</b>	CABINET COUNCIL		
<b>SUBJECT:</b>	FINANCIAL POSITION UPDATE		
<b>DATE OF DECISION:</b>	27 AUGUST 2024 (CABINET) 18 SEPTEMBER 2024 (COUNCIL)		
<b>REPORT OF:</b>	COUNCILLOR LETTS DEPUTY LEADER AND CABINET MEMBER FOR FINANCE AND CORPORATE SERVICES		
<b><u>CONTACT DETAILS</u></b>			
<b>Executive Director</b>	<b>Title:</b>	Executive Director Enabling Services and S151 Officer	
	<b>Name:</b>	Mel Creighton	<b>Tel:</b> 023 8083 3528
	<b>E-mail:</b>	<a href="mailto:Mel.Creighton@southampton.gov.uk">Mel.Creighton@southampton.gov.uk</a>	
<b>Author:</b>	<b>Title:</b>	Director of Finance	
	<b>Name:</b>	Richard Williams	<b>Tel:</b> 023 8083 2936
	<b>E-mail:</b>	<a href="mailto:Richard.Williams@southampton.gov.uk">Richard.Williams@southampton.gov.uk</a>	

<b>STATEMENT OF CONFIDENTIALITY</b>
Not Applicable
<b>BRIEF SUMMARY</b>
<p>This report provides a summary of the financial position of the council for 2024/25 as at the end of July 2024 (month 4). The month 3 (June 2024) position has also been included for completeness.</p> <p>The position as at the end of July 2024 is a £7.43M favourable variance, with the detail set out in Appendix 1. This is a further positive movement of £2.01M compared to the position at Month 3 (£5.42M underspend forecast).</p>

## RECOMMENDATIONS:

	Cabinet is recommended to:	
i)	Agree the £6.13M adjustments to be made to directorate budgets to reflect sustained favourable variances reported in the first four months 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)	Within the £6.13M, recommend Council approve the budget adjustment for the sustained favourable variance of £3.75M for Community Wellbeing to be transferred to centrally held contingency, as this element requires Council approval.	
iii)	Agree the progress being made to deliver on the Deficit Recovery Plans that	

	have been developed to mitigate forecast overspends in a number of specified budget areas, as set out in paragraph 7.
iv)	Recommend Council approve the virement of £20M income and expenditure within the Schools Budget to recognise increased funding, as set out in paragraph 22.
	Council is recommended to
i)	Approve the budget adjustment for the sustained favourable variance of £3.75M for Community Wellbeing to be transferred to centrally held contingency.
ii)	Delegate authority to the Cabinet to consider and approve the transfer to centrally held contingency of any further sustained favourable directorate variances regardless of value, identified in subsequent financial position updates.
iii)	Approve the virement of £20M income and expenditure within the Schools Budget to recognise increased funding, as set out in paragraph 22.
<b>REASONS FOR REPORT RECOMMENDATIONS</b>	
1.	To ensure that Cabinet fulfils its responsibilities for the overall financial management of the council's resources.
<b>ALTERNATIVE OPTIONS CONSIDERED AND REJECTED</b>	
2.	Not applicable.
<b>DETAIL (including consultation carried out)</b>	
	<b><u>Latest Financial Position</u></b>
3.	The forecast financial position of the council as at the end of July 2024 (month 4) is set out at Appendix 1. Table 1 summarises the General Revenue Fund Forecast.

4.

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

	<b>Working Budget Month 4 £M</b>	<b>Forecast Outturn Month 4 £M</b>	<b>Forecast Variance Month 4 £M</b>	<b>Movement Month 3 to Month 4 £M</b>
Children & Learning	62.15	60.64	(1.51) F	(0.48) F
Community Wellbeing	99.08	95.01	(4.07) F	(0.04) F
Enabling Services	26.13	25.84	(0.29) F	(0.21) F
Growth & Prosperity	38.75	37.68	(1.07) F	(0.28) F
Resident Services	27.01	27.63	0.63 A	(0.06) F
Strategy & Performance	4.94	4.82	(0.12) F	0.00
<b>Total Directorates</b>	<b>258.06</b>	<b>251.62</b>	<b>(6.43) F</b>	<b>(1.07) F</b>
Centrally Held Budgets	20.54	19.60	(0.94) F	(0.94) F
<b>Net Council Expenditure before EFS</b>	<b>278.60</b>	<b>271.22</b>	<b>(7.37) F</b>	<b>(2.01) F</b>
Centrally Held Funding	(239.32)	(239.37)	(0.05) F	0.00
<b>Net Over/(Underspend) before EFS</b>	<b>39.28</b>	<b>31.85</b>	<b>(7.43) F</b>	<b>(2.01) F</b>
Exceptional Financial Support (EFS)	(39.28)	(31.85)		
<b>Net Over/(Underspend)</b>	<b>0.00</b>	<b>0.00</b>		

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**

	<b>Budget Adjustment £M</b>
<u>Children &amp; Learning</u>	
Residential and Independent Foster Carer placements	(1.06)
<u>Community Wellbeing</u>	
Care packages and costs	(3.75)
<u>Growth &amp; Prosperity</u>	
School Travel Service	(0.75)
Concessionary Fares	(0.30)
<u>Resident Services</u>	
Service Centre	(0.27)
<b>Total Directorates</b>	<b>(6.13)</b>
Centrally Held Contingency	6.13
<b>Net Adjustment</b>	<b>0.00</b>

Numbers are rounded

7.

Where overspends are forecast, service areas are required to develop Deficit Recovery Plans to bring budgets back into projected balance.

Earlier in the year Culture & Tourism were reporting a £0.29M adverse variance. The service developed and implemented a Deficit Recovery Plan to mitigate pressures through reductions in spend, increase income, finding alternative funding solutions and utilising vacancies in the wider directorate. As at month 4, the Deficit Recovery Plan has been successful in mitigating this overspend.

For Bereavement Services, pressures in the service have been partially mitigated by increased forecast income from burials in Cemeteries and the adverse variance has reduced from £0.52M to £0.45M. Further mitigations are under consideration, including reductions in spend and options to increase income in year.

Deficit recovery plans are also in place or being developed in the following areas:

- City Services – District Operating Teams (£0.40M) – mitigations under consideration include holding vacancies, potential service reductions and reviewing how services are funded. Deficit Recovery Plans are in development.
- Landscaping Services (0.21M) - mitigations under consideration include reviewing the operations of the service for potential reductions in expenditure and increases in income. Deficit Recovery Plans are in development.
- City Services – Waste Operations (£0.25M) and Commercial Services (£0.04M) – these are new areas of overspending as at month 4 for which Deficit Recovery Plans are now required.
- Children’s Social Care (£0.61M at risk savings) – Deficit Recovery Plans have been developed for the areas these relate to and will be implemented by Month 5, including virement of funds from elsewhere in the Directorate and realisation of savings and spend reductions.

	<b><u>Financial Monitoring as at the end of June 2024</u></b>
8.	<p>The forecast position on the General Revenue Fund as at the end of June 2024 was a net underspend (before exceptional financial support) of £5.42M. Appendix 2 provides a summary of the financial position as at month 3 and further details are provided in the paragraphs below, appendices 3 and 4 and the following Members' Room documents:</p> <ul style="list-style-type: none"> <li>• General Revenue Fund Forecast</li> <li>• Details of savings delivery</li> <li>• Key Financial Risks Register</li> <li>• Performance Indicators</li> <li>• Collection Fund Forecast</li> </ul>
	<b><u>Treasury Management</u></b>
9.	Treasury Management borrowing and investment balances as at the end of June 2024 and forecasts for the year-end are set out in Appendix 3. After taking into account maturing and new debt requirements in year and a forecast reduction in investment balances, net borrowing is expected to increase by £121.34M to £451.52M 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 June 2024 the forecast cost of financing the council's loan debt was £22.61M of which £5.95M 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.	Interest rates have risen substantially since 2021 although they have largely plateaued over the last year. Over the last quarter gilt yields have risen slightly overall, having had several peaks and troughs. The Bank Rate remained at 5.25% through the quarter with short term interest rates largely being around this level.
12.	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 June 2024 were £55.23M and are expected to reduce to £48M by year end.
13.	Appendix 3 includes an overview of current performance along with an update on the financial outlook.
	<b><u>Prudential Indicators</u></b>
14.	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 June 2024 are detailed in Appendix 4. The council has operated within the limits set by the prudential indicators for the first three months of 2024/25.
15.	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 set at 15%, which has been increased for the General Fund in the short term to account for a potential increase to fund the Exceptional Financial Support. The 2024/25 forecast for the General Fund is 12.48%.

	<u>Schools</u>
16.	As at the end of June 2024 there were 13 schools forecasting a deficit balance totalling £4.3M which compares to deficits totalling £4.9M at the end of the last financial year (2023/24). There are 29 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.
17.	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 to 5 years if necessary, for schools that have experienced significant COVID-19 pressures.
18.	When a school is required to become an academy by the Department for Education, normally following an inadequate Ofsted inspection grade, then the deficit on conversion becomes a charge to the council's General Fund. There are currently two schools with an Ofsted grade "Requires Improvement", with a combined deficit totalling £0.7M.
	<u>Dedicated Schools Grant (DSG) 2024/25</u>
19.	The forecast outturn for the Dedicated Schools Grant (DSG) as at the end of June 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: <ol style="list-style-type: none"> <li>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.</li> <li>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.</li> <li>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.</li> </ol> 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.
20.	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.
21.	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.
22.	The Schools Budget does not currently reflect the revised funding and associated expenditure plans for 2024/25, especially in relation to Early Years changes. To update the position, budget adjustments increasing expenditure and income (funding) by £20M are required. The increased funding is largely in the Early Years Block to expand subsidised provision for 2-year-old children and for children under 2 years old. Given the quantum of the budget changes Council are requested to approve the budget changes.
<b>RESOURCE IMPLICATIONS</b>	
<b><u>Capital/Revenue</u></b>	
23.	The revenue implications are contained in the report.
<b><u>Property/Other</u></b>	
24.	None.
<b>LEGAL IMPLICATIONS</b>	
<b><u>Statutory power to undertake proposals in the report:</u></b>	
25.	Financial reporting is consistent with the Section 151 Officer's duty to ensure good financial administration within the council.
<b><u>Other Legal Implications:</u></b>	
26.	None.
<b>RISK MANAGEMENT IMPLICATIONS</b>	
27.	Risk management implications are contained in the report.
<b>POLICY FRAMEWORK IMPLICATIONS</b>	
28.	None.

**KEY DECISION?** No

<b>WARDS/COMMUNITIES AFFECTED:</b>	All
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### **SUPPORTING DOCUMENTATION**

#### **Appendices**

1.	Financial position update report month 4 2024/25
2.	Financial position update report month 3 2024/25
3.	Treasury Management as at end of June 2024
4.	Prudential Indicators as at end of June 2024

#### **Documents In Members' Rooms**

1.	General Revenue Fund Forecast as at end of June 2024
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2.	Details of savings delivery as at end of June 2024	
3.	Key Financial Risks Register as at end of June 2024	
4.	Performance Indicators as at end of June 2024	
5.	Collection Fund Forecast as at end of June 2024	
<b>Equality Impact Assessment</b>		
Do the implications/subject of the report require an Equality Impact Assessment (EIA) to be carried out?		No
<b>Privacy Impact Assessment</b>		
Do the implications/subject of the report require a Privacy Impact Assessment (PIA) to be carried out?		No
<b>Other Background Documents</b>		
<b>Equality Impact Assessment and Other Background documents available for inspection at:</b>		
Title of Background Paper(s)		Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)

1.	The 2024/25 Budget and Medium Term Financial Strategy (Council 6 March 2024)	
2.		



#### Revenue Monitoring

The forecast outturn at Month 4 is a favourable variance of £7.43M underspent. This is made up of a favourable Directorate forecast of £6.43M, £0.94M for centrally held budgets and £0.05M in centrally held funding. This is a £2.01M improvement on the Month 3 position which forecasted a £5.42M favourable variance.

The main favourable variances are in the following areas:

- Children & Learning – (£1.51M favourable) with the main positive variance being in children looked after (CLA) of £1.23M.
- Community Wellbeing – (£4.07M favourable) with the main positive variance in package costs (£3.75M)
- Enabling Services (£0.29M favourable) mainly due to staffing vacancies (£0.23M).
- Growth and Prosperity – (£1.07M favourable) mainly due to positive variances in the school travel service (£0.75M) (now classified as a transformation saving) and concessionary fares (£0.30M) being maintained. Adverse variances in other areas reduced in Month 4, leading to an overall improvement.
- Resident Services – (£0.63M adverse). The main positive variances are for car parking income (£0.27M) and Customer Services, however adverse variances in other areas cancel these out.
- Centrally held budgets (£0.94M favourable) with a positive variance for Capital Asset Management due to no long term borrowing being taken or externalisation of debt to date (£0.68M) and higher than expected investment balances (£0.26M).

The main adverse variances are in Resident Services:

- Bereavement Services (£0.45M), City Services (£0.70M), and Landscaping Services (£0.21M)

The improvement in the forecast position since Month 3 is largely due to:

- Children & Learning – a reduction in placement and unaccompanied asylum seeking children costs (£0.30M) and a review of legal caseloads (£0.10M).
- Enabling Services – an increase in staffing vacancies (£0.21M).
- Growth & Prosperity – a £0.28M favourable movement for mitigations from the Culture & Tourism deficit recovery plan.
- Centrally held budgets – £0.94M underspend for Capital Asset Management.

#### 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 £3.6M. If the favourable forecast variance of £7.43M is sustained, the borrowing costs will be £0.7M per annum lower at £2.9M.

#### Budget Adjustments

As set out in the Business Planning and Budgeting Framework sustained favourable budget variances will be transferred from service budgets to contingency. It is proposed to transfer £6.13M budget from Directorates to contingency in Month 5 where underspends have been sustained into Month 4.

#### Savings Delivery

The savings targets built into 2024/25 budgets is £24.64M. As savings have been removed from budgets, most are reported as “delivered” (£21.26M). A further £2.38M are “expected to be delivered” mainly in Community Wellbeing pending the outcome of provider uplift negotiations. At Risk (red savings) are forecast in Children and Learning (various services) and in City Services. Deficit Recovery Plans are being developed to mitigate the savings not expected to be achieved. Low Risk (amber) are being closely monitored.

#### Deficit Recovery Plans

The implementation of the deficit recovery plan for Culture & Tourism has been successful in mitigating the previously reported £0.29M adverse variance and the plan for Bereavement Services is beginning to have a positive effect with the adverse variance reducing from £0.52M to £0.45M.

Deficit Recovery Plans are also in place or being developed in the following areas: City Services (£0.70M), Landscaping Services (0.21M) and in Children's social care (£0.61M at risk savings).

#### Dedicated Schools Grant (DSG)

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 £35.06M.

#### Housing Revenue Account (HRA)

The HRA is forecasting a balanced position at Month 4, with a reduction in depreciation being balanced by an increase in direct revenue financing of the capital programme. The Landlord Controlled Heating Account carried a £2.35M deficit into 2024/25, and this is now expected to reduce to £1.32M by year end.

#### Capital Programme

The next capital programme update will be reported at Quarter 2



## General Fund Position Month 4



	Working Budget 2024/25 £M	Forecast Outturn Month 4 £M	Forecast Variance Month 4 £M		Movement Month 3 to Month 4 £M	
<b>Directorates:</b>						
Children & Learning	62.15	60.64	(1.51)	F	(0.48)	F ↑
Community Wellbeing	99.08	95.01	(4.07)	F	(0.04)	F ↑↑
Enabling Services	26.13	25.84	(0.29)	F	(0.21)	F ↑↑
Growth & Prosperity	38.75	37.68	(1.07)	F	(0.28)	F ↑↑
Resident Services	27.01	27.63	0.63	A	(0.06)	F ↑
Strategy & Performance	4.94	4.82	(0.12)	F	0.00	
<b>Total Directorates</b>	<b>258.06</b>	<b>251.62</b>	<b>(6.43)</b>	<b>F</b>	<b>(1.07)</b>	<b>F ↑</b>
Levies & Contributions	0.10	0.10	0.00		0.00	
Contribution to General Fund Balance	1.93	1.93	0.00		0.00	
Capital Asset Management	12.86	11.92	(0.94)	F	(0.94)	F ↑
Other Expenditure & Income	5.65	5.65	0.00		0.00	
<b>Net Council Expenditure before EFS</b>	<b>278.60</b>	<b>271.22</b>	<b>(7.37)</b>	<b>F</b>	<b>(2.01)</b>	<b>F ↑</b>
<b>Financed by:</b>						
Council Tax	(120.44)	(120.44)	0.00		0.00	
Business Rates	(54.45)	(54.45)	0.00		0.00	
Non-Specific Government Grants & Other Funding	(64.43)	(64.48)	(0.05)	F	0.00	
<b>Total Funding</b>	<b>(239.32)</b>	<b>(239.37)</b>	<b>(0.05)</b>	<b>F</b>	<b>0.00</b>	
<b>Net Over/(Underspend) before EFS</b>	<b>39.28</b>	<b>31.85</b>	<b>(7.43)</b>	<b>F</b>	<b>(2.01)</b>	<b>F ↑</b>
Exceptional Financial Support (EFS)	(39.28)	(31.85)				
<b>Net Over/(Underspend)</b>	<b>0.00</b>	<b>0.00</b>				

### General Fund Month 4 Commentary

**Overall forecast position is £7.43M underspent**, a favourable movement of £2.01M from Month 3

#### Children & Learning: a forecast underspend of £1.51M.

There is a favourable movement of £0.48M compared to the position reported at Month 3. This is mainly due to reductions in placement and unaccompanied asylum seeking children costs (£0.30M), legal costs (£0.10M) and Education staffing vacancies (£0.08M). The main elements of the overall £1.51M favourable variance are Residential Placements (£0.48M) and Independent Foster Carer Placements (£0.62M), with £0.72M of other favourable variances. There are some pressures and adverse variances within the Directorate that reduce the favourable variance, including on no recourse to public fund expenditure (£0.31M).

#### Community Wellbeing: a forecast underspend of £4.07M.

There is a favourable movement of £0.04M from Month 3, with several favourable movements totalling £0.17M being reduced by a £0.13M adverse movement on ASC - Whole Life Pathways - Directly Delivered Services. The overall £4.07M favourable variance is largely due to forecast costs of care packages being £3.81M less than planned, after allowing for provider uplifts and winter pressures.

#### Enabling Services: a forecast underspend of £0.29M.

There is a favourable movement of £0.21M from Month 3 mainly due to staffing vacancies.

#### Growth & Prosperity: a forecast underspend of £1.07M.

There is a favourable movement of £0.28M from Month 3 as a result of mitigations from the Culture & Tourism deficit recovery plan. The Directorate continues to forecast favourable variances for the school travel service (£0.75M) and concessionary fares (£0.30M).

#### Resident Services: a forecast overspend of £0.63M.

There is a favourable movement of £0.06M compared to Month 3, with a £0.34M favourable movement for Customer Services being reduced by other adverse movements across the directorate. There are adverse variances for Bereavement Services (£0.45M), City Services (£0.70M) and Landscaping (£0.21M), which are the subject of deficit recovery plans. Favourable variances of £0.27M for off-street parking and £0.42M for Customer Services help reduce the overall adverse variance.

#### Strategy & Performance: a forecast underspend of £0.12M.

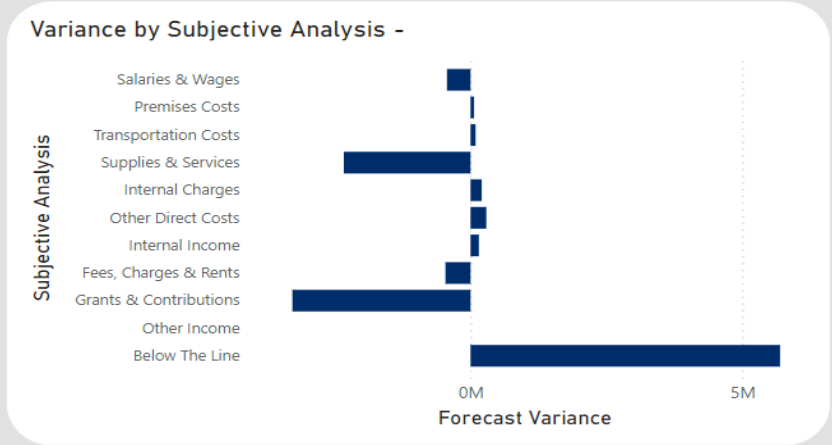
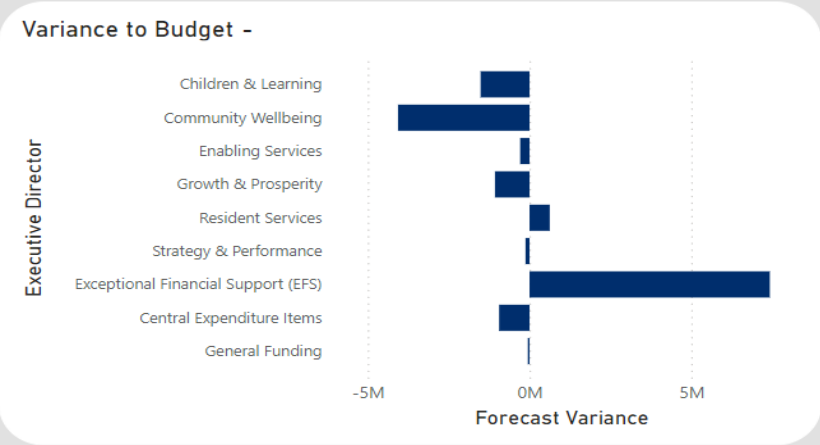
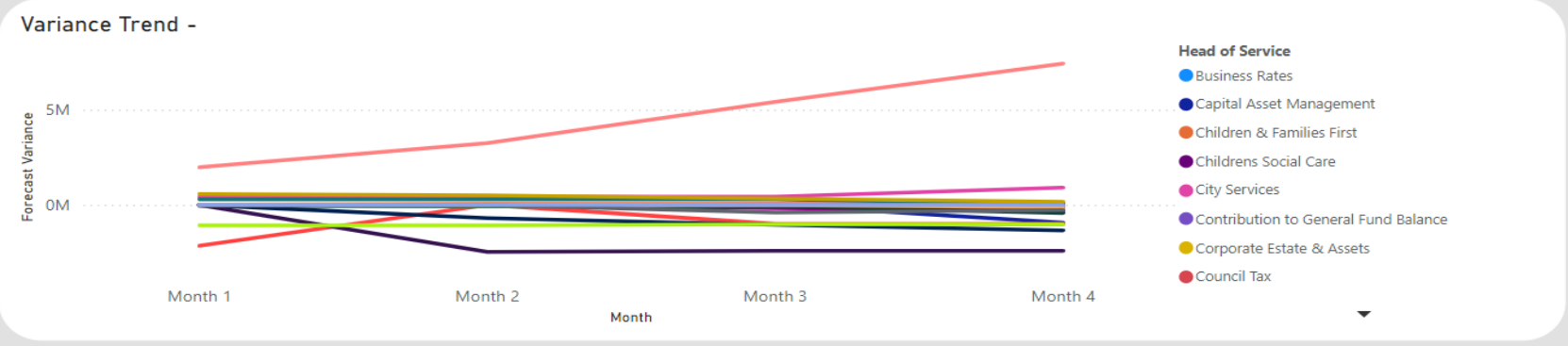
There is no change to the forecast since Month 3, with the favourable variance being mainly due to staffing vacancies.



Executive Director	Description of saving	Savings £M
Community Wellbeing	Care package costs, including lower demand	3.75
Children & Learning	Residential and Independent Foster Carer placements	1.06
Growth & Prosperity	School Travel Service	0.75
Growth & Prosperity	Concessionary Fares	0.30
Resident Services	Transformation savings (Apr-Jun) - Service Centre	0.27
<b>Total</b>		<b>6.13</b>

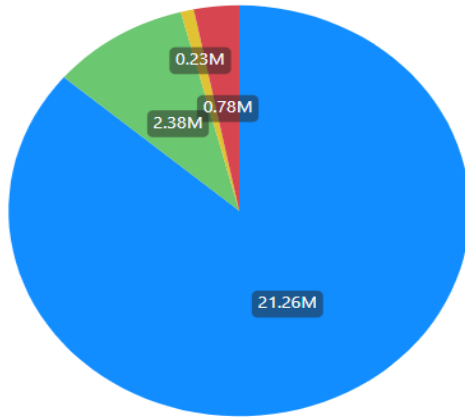
It is proposed to transfer the above £6.13M budget from Directorates to contingency in Month 5 as these underspends have been sustained into Month 4.

- Children & Learning
- Community Wellbeing
- Enabling Services
- Growth & Prosperity
- Resident Services
- Strategy & Performance



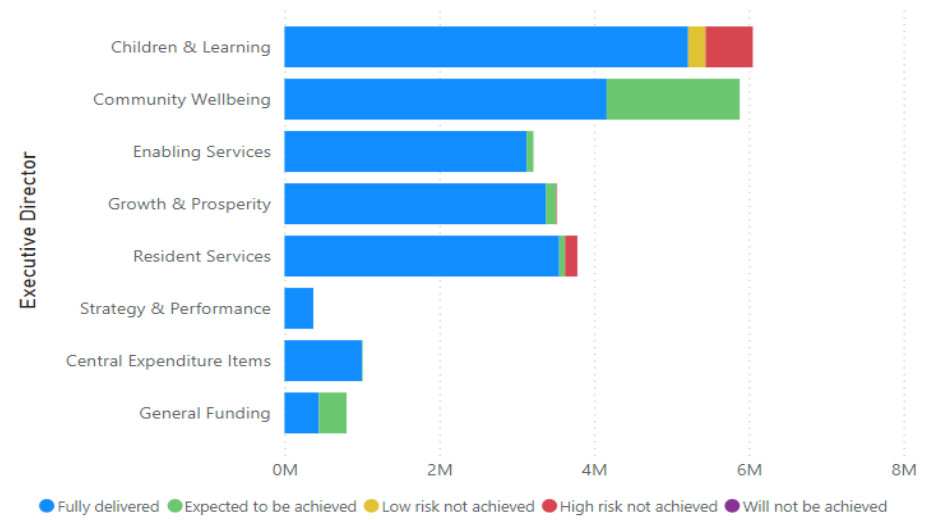


### Savings Targets 2024/25 RAG Rated



● 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 3% or £0.78M forecast not to be achieved (Red & Purple). Deficit Recovery Plans are being developed or are in place in respect of the high risk of non-achievement of savings in Children & Learning and Resident Services.



**Summary of variations to Budget (£M)**

Executive Director	Client Packages and Placement costs	Concessionary Fares	Coroner costs	Employee and Agency Costs	Energy	Income	Legal costs	Non Achievement of savings	Other	Property Investment	Service Review of ICU	Transformation Savings	Total
Children & Learning	(1.64)	0.00	0.00	(0.06)	0.00	0.00	(0.10)	0.61	(0.32)	0.00	0.00	0.00	<b>(1.51)</b>
Community Wellbeing	(3.75)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(0.08)	0.00	(0.23)	0.00	<b>(4.07)</b>
Enabling Services	0.00	0.00	0.00	(0.23)	0.00	(0.02)	0.00	0.00	(0.04)	0.00	0.00	0.00	<b>(0.29)</b>
Growth & Prosperity	0.00	(0.30)	0.00	(0.15)	(0.20)	0.06	0.00	0.01	(0.04)	0.30	0.00	(0.75)	<b>(1.07)</b>
Resident Services	0.00	0.00	0.28	0.32	0.00	(0.25)	0.00	0.16	0.39	0.00	0.00	(0.27)	<b>0.63</b>
Strategy & Performance	0.00	0.00	0.00	(0.03)	0.00	(0.03)	0.00	0.00	(0.06)	0.00	0.00	0.00	<b>(0.12)</b>
<b>Total</b>	<b>(5.39)</b>	<b>(0.30)</b>	<b>0.28</b>	<b>(0.15)</b>	<b>(0.20)</b>	<b>(0.24)</b>	<b>(0.10)</b>	<b>0.78</b>	<b>(0.15)</b>	<b>0.30</b>	<b>(0.23)</b>	<b>(1.02)</b>	<b>(6.43)</b>

Within directorates there are favourable variances for client packages and placements £5.39M, early delivery of transformation savings £1.02M (including £0.75M for the school travel service), concessionary fares £0.30M and £1.07M for other factors. The main adverse variances are on non-achievement of savings £0.78M, income shortfalls £0.30M and Coroner costs £0.28M.





	Working Budget 2024/25 £M	Forecast Outturn Month 4 £M	Forecast Variance Month 4 £M		Movement Month 3 to Month 4 £M
<b>Children &amp; Families First</b>	<b>1.80</b>	<b>1.85</b>	<b>0.05</b>	<b>A</b>	<b>0.00</b>
Children & Families First	1.80	1.85	0.05	A	0.00
<b>Childrens Social Care</b>	<b>3.14</b>	<b>3.04</b>	<b>(0.10)</b>	<b>F</b>	<b>(0.10)</b>
Divisional Management	2.22	2.22	0.00		0.00
ICU - Children's Services	0.38	0.38	0.00		0.00
Legal (Children's)	0.54	0.44	(0.10)	F	(0.10)
<b>Education</b>	<b>4.24</b>	<b>4.23</b>	<b>(0.01)</b>	<b>F</b>	<b>(0.03)</b>
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	2.50	2.50	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	0.96	0.96	(0.01)	F	(0.03)
<b>Quality Assurance</b>	<b>2.47</b>	<b>2.47</b>	<b>0.00</b>		<b>0.00</b>
Quality Assurance Business Unit	2.47	2.47	0.00		0.00
<b>SEND</b>	<b>(1.45)</b>	<b>(1.50)</b>	<b>(0.05)</b>	<b>F</b>	<b>(0.05)</b>
DSG High Needs Block SEND	(2.50)	(2.50)	0.00		0.00
Education - High Needs	1.04	0.99	(0.05)	F	(0.05)
<b>Pathways Through Care</b>	<b>34.35</b>	<b>33.00</b>	<b>(1.34)</b>	<b>F</b>	<b>(0.30)</b>
Care Leavers	1.07	0.96	(0.11)	F	(0.12)
Children Looked After	33.27	32.04	(1.23)	F	(0.18)
<b>Resources</b>	<b>14.42</b>	<b>14.36</b>	<b>(0.06)</b>	<b>F</b>	<b>0.00</b>
Jigsaw	5.37	5.37	0.00		0.00
Safeguarding	9.05	8.99	(0.06)	F	0.00
<b>Young Peoples Service</b>	<b>3.19</b>	<b>3.19</b>	<b>0.00</b>		<b>0.00</b>
Young Peoples Service	2.39	2.39	0.00		0.00
Youth Offending	0.80	0.80	0.00		0.00
<b>Total Children &amp; Learning</b>	<b>62.15</b>	<b>60.64</b>	<b>(1.51)</b>	<b>F</b>	<b>(0.48)</b>

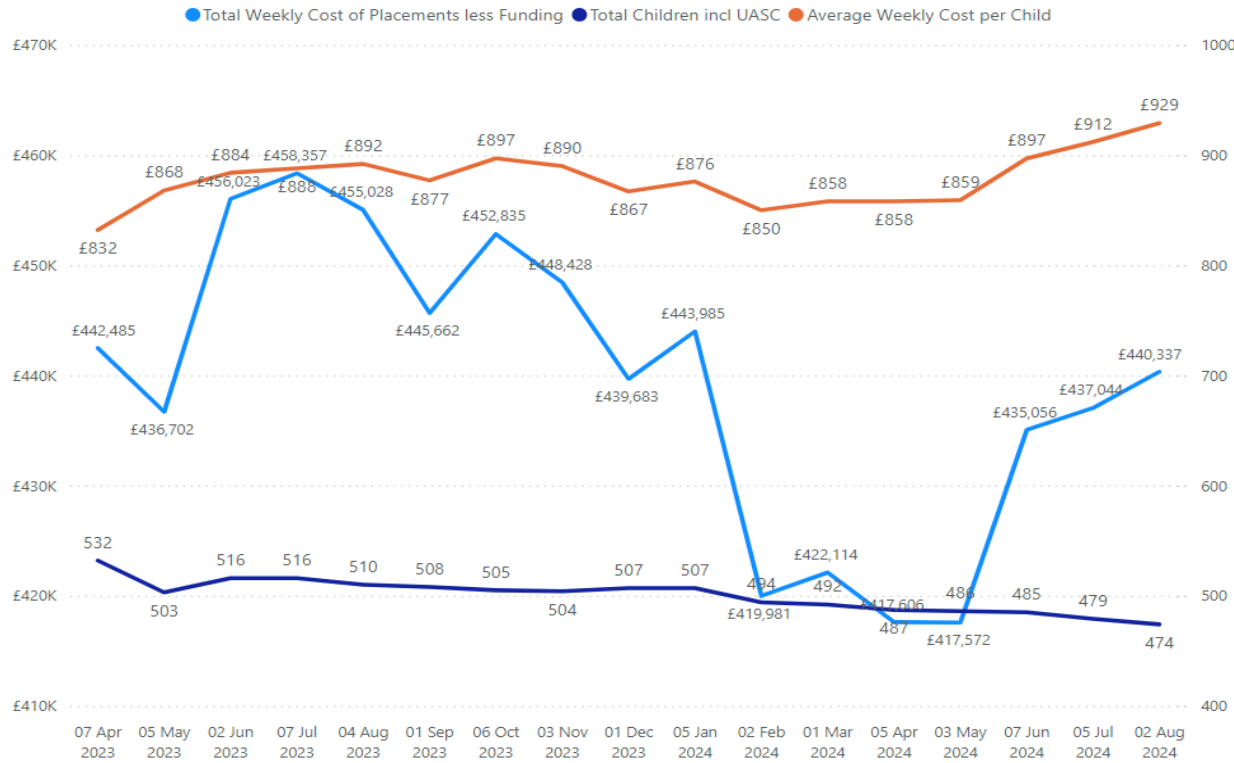
## Children & Learning: a forecast underspend of £1.51M.

There is a current favourable variance of £1.51M at Month 4 due to £0.48M on Residential placements, £0.62M for Independent Foster Carers and £0.12M for Unaccompanied Asylum Seeking Children (including over 18s) within Children Looked After and £0.12M on Care Leavers as client numbers are less than budgeted. There is a £0.06M favourable variance in Safeguarding due to a forecast reduction in supplies and services spend. There is a £0.1M favourable variance for Legal costs being less than budgeted. However, there is also a £0.05M adverse variance in Children & Families First due to a £0.31M adverse forecast on No Recourse to Public Funds accommodation expenditure, and a favourable variance relating to an additional £0.26M of Supporting Families grant funding above budget, due in part to increased expected payment by results totals for the year. There is also a £0.06M favourable variance in Education & Learning and Education High Needs due to the net impact of staffing vacancies and partial offset of pay award pressures.

There is a favourable movement of £0.48M from Month 3. This is due to a £0.18M favourable variance in Children Looked After and £0.12M in Care Leavers, both due to client costs reducing. There is also a £0.1M favourable movement for Legal costs being less than budgeted. There is also a £0.08M favourable movement since Month 3 in Education due to staff vacancy movements.



# 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 then has started to increase subsequently. Some of this relates to cost uplifts, however some of this relates to a recent increase in high needs/cost clients.

### 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.



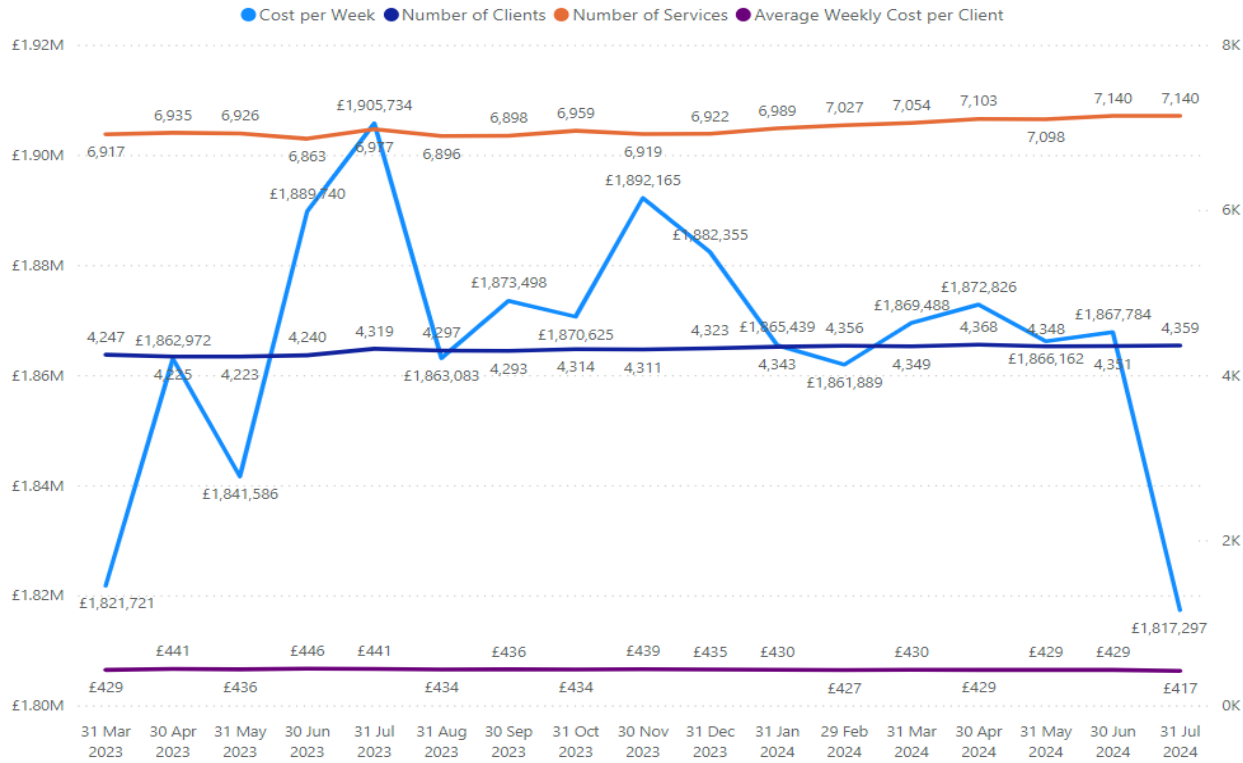
	Working Budget 2024/25 £M	Forecast Outturn Month 4 £M	Forecast Variance Month 4 £M		Movement Month 3 to Month 4 £M	
<b>Integration</b>	<b>18.45</b>	<b>18.15</b>	<b>(0.30)</b>	F	<b>(0.13)</b>	F ↑
ICU - Provider Relationships	16.19	15.96	(0.23)	F	(0.06)	F ↑
ICU - System Redesign	2.25	2.19	(0.07)	F	(0.07)	F ↑
<b>Living &amp; Ageing Well</b>	<b>32.89</b>	<b>31.89</b>	<b>(1.00)</b>	F	<b>0.00</b>	
ASC - Living & Ageing Well - Cost of care	22.39	21.39	(1.00)	F	0.00	
ASC - Living & Ageing Well - Resourcing	10.50	10.50	0.00		0.00	
<b>Public Health</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>		<b>0.00</b>	
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	
<b>Quality, Governance &amp; Professional Development</b>	<b>(6.09)</b>	<b>(8.50)</b>	<b>(2.41)</b>	F	<b>0.00</b>	
ASC - Quality, Assurance & Professional Development	(6.09)	(8.50)	(2.41)	F	0.00	
<b>Stronger Communities</b>	<b>1.85</b>	<b>1.77</b>	<b>(0.08)</b>	F	<b>(0.04)</b>	F ↑
Community Safety, Alcohol Related Crime, CCTV	0.31	0.31	0.00		0.00	
Domestic Violence	0.59	0.59	0.00		0.00	
Grants to Voluntary Organisations	0.53	0.45	(0.08)	F	(0.04)	F ↑
Stronger Communities	0.43	0.43	0.00		0.00	
<b>Whole Life Pathways</b>	<b>51.98</b>	<b>51.71</b>	<b>(0.27)</b>	F	<b>0.13</b>	A ↓
ASC - Whole Life Pathways - Directly Delivered Services	2.40	2.52	0.13	A	0.13	A ↓
ASC - Whole Life Pathways - LD Cost of care	26.39	26.29	(0.10)	F	0.00	
ASC - Whole Life Pathways - MH Cost of care	11.53	11.53	0.00		0.00	
ASC - Whole Life Pathways - Other Cost of care	7.66	7.36	(0.30)	F	0.00	
ASC - Whole Life Pathways - Resourcing	4.01	4.01	0.00		0.00	
<b>Total Community Wellbeing</b>	<b>99.08</b>	<b>95.01</b>	<b>(4.07)</b>	F	<b>(0.04)</b>	F ↑

**Community Wellbeing: a forecast underspend of £4.07M.**

There is a favourable movement of £0.04M on Community Wellbeing compared to Month 3. There is a favourable movement of £0.06M on ICU - Provider Relationships as we have been able to meet some contract costs with grant funding. There is also a favourable variance of £0.04M on Grants to Voluntary Bodies, relating to an in-year reduction of culture related grants. A further favourable movement of £0.07M arose on ICU - System Redesign, due to slippage in costs from the respite service redesign which will not now be incurred until later in the year. These favourable movements have been reduced to some degree by a £0.13M adverse movement on ASC - Whole Life Pathways - Directly Delivered Services arising from additional overtime costs and agency usage to support 1:1 care and cover sickness absence. The overall £4.07M favourable variance is largely due to a favourable variance of £3.81M as forecast total costs of care packages are currently less than planned. Other favourable variances include £0.08M on Grants to Voluntary Organisations due to an in-year reduction of grant awards, £0.23M on ICU - Provider Relationships due to improved income assumptions and offsetting of costs with grant funding and £0.07M on ICU - System Redesign due to slippage in planned service changes. There is a £0.13M adverse variance on ASC - Whole Life Pathways - Directly Delivered Services due to use of overtime and agency to support 1 to 1 care and cover sickness absence.



# 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.

June and July figures are subject to change once the position has been finalised



	Working Budget 2024/25 £M	Forecast Outturn Month 4 £M	Forecast Variance Month 4 £M		Movement Month 3 to Month 4 £M
<b>Digital</b>	11.30	11.21	(0.08)	F ●	0.00
Digital Services	11.30	11.21	(0.08)	F ●	0.00
<b>Enabling Services</b>	1.35	1.35	0.00	●	0.00
Corporate Management	1.11	1.11	0.00	●	0.00
Internal Audit	0.24	0.24	0.00	●	0.00
<b>Finance</b>	(3.05)	(3.05)	0.00	●	0.00
Centrally Apportionable Overheads	(7.67)	(7.67)	0.00	●	0.00
Corporate Finance	2.28	2.28	0.00	●	0.00
Net Housing Benefit Payments	0.00	0.00	0.00	●	0.00
Pension & Redundancy Costs	2.34	2.34	0.00	●	0.00
<b>Human Resources &amp; Organisational Development</b>	3.39	3.39	0.00	●	0.00
HR Services	3.39	3.39	0.00	●	0.00
<b>Income &amp; Expenditure</b>	5.94	5.94	0.00	●	0.00
Accounts Payable	0.60	0.60	0.00	●	0.00
Accounts Receivable	2.27	2.27	0.00	●	0.00
Local Taxation & Benefits Services	3.06	3.06	0.00	●	0.00
<b>Legal &amp; Governance</b>	4.31	4.22	(0.09)	F ●	(0.09) F ↑
Democratic Representation & Managemen	2.30	2.30	0.00	●	0.00
Registration of Electors and Elections Costs	0.53	0.53	0.00	●	0.00
Risk Management	1.48	1.39	(0.09)	F ●	(0.09) F ↑
<b>Legal Partnership</b>	1.45	1.45	0.00	●	0.00
Land Charges	(0.14)	(0.14)	0.00	●	0.00
Legal Services & Customer Relations	1.59	1.59	0.00	●	0.00
<b>Supplier Management</b>	1.44	1.33	(0.11)	F ●	(0.11) F ↑
Supplier Management Services	1.44	1.33	(0.11)	F ●	(0.11) F ↑
<b>Total Enabling Services</b>	26.13	25.84	(0.29)	F ●	(0.21) F ↑

**Enabling Services: a forecast underspend of £0.29M.**

There is a favourable movement of £0.21M from Month 3. The overall variance comprises a favourable variance of £0.23M due to vacancies in Digital Services, Risk and Supplier Management; £0.03M of additional income for Supplier Management work on permit schemes for Highways and a £0.03M favourable variance due to Care Director maintenance underspends. The favourable movement relates to underspends of £0.18M due to vacancies and the £0.03M of additional income.



	Working Budget 2024/25 £M	Forecast Outturn Month 4 £M	Forecast Variance Month 4 £M		Movement Month 3 to Month 4 £M	
<b>Corporate Estate &amp; Assets</b>	5.15	5.10	(0.05)	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)	(6.67)	0.30	A	0.00	
Property Services	8.11	7.76	(0.35)	F	0.00	
Facilities	0.87	0.87	0.00		0.00	
<b>Culture &amp; Tourism</b>	3.66	3.71	0.05	A	(0.24)	F ↑
Cultural Services	1.72	1.77	0.05	A	(0.15)	F ↑↑
Libraries	1.93	1.93	0.00		(0.09)	F ↑↑
<b>Economic Development &amp; Regeneration</b>	1.35	1.30	(0.05)	F	(0.05)	F ↑
City Development	0.76	0.71	(0.05)	F	(0.05)	F ↑
Economic Development	0.20	0.20	0.00		0.00	
Skills & Employment Support	0.39	0.39	0.00		0.00	
<b>Growth &amp; Prosperity</b>	0.22	0.22	0.00		0.00	
Directorate Management	0.22	0.22	0.00		0.00	
<b>Transport &amp; Planning</b>	28.36	27.34	(1.02)	F	0.00	
Flood Risk Management	0.15	0.15	0.00		0.00	
Highways Contracts	10.05	10.05	0.00		0.00	
Home To School Transport	11.49	10.74	(0.75)	F	0.00	
Planning	0.77	0.87	0.10	A	0.00	
Transportation	5.89	5.53	(0.36)	F	0.00	
<b>Total Growth &amp; Prosperity</b>	38.75	37.68	(1.07)	F	(0.28)	F ↑

**Growth & Prosperity: a forecast underspend of £1.07M.**

There is favourable movement of £0.28M from Month 3 as a result of mitigations from the Culture & Tourism deficit recovery plan. There is a favourable variance of £0.75M on the school travel service due to retendering and route optimisation leading to reduced costs. There is also a favourable variance on concessionary fares of £0.30M based on the new reimbursement rates for operators and expected patronage levels during the year. There are other net favourable variances of £0.03M, mainly on staffing.



# Resident Services Month 4



	Working Budget 2024/25 £M	Forecast Outturn Month 4 £M	Forecast Variance Month 4 £M		Movement Month 3 to Month 4 £M	
<b>City Services</b>	21.65	22.56	0.90	A	0.47	A ↓
City Services - Commercial Services	0.89	0.94	0.04	A	0.04	A ↓
City Services - District Operating Areas	4.90	5.31	0.40	A	0.17	A ↓
City Services - Management & Compliance	0.54	0.54	0.00		0.00	
City Services - Waste Operations	16.23	16.49	0.25	A	0.25	A ↓
Fleet Trading Area	(0.93)	(0.93)	0.00		0.00	
Landscape Trading Area	0.02	0.22	0.21	A	0.01	A ↓
<b>Customer Experience</b>	0.49	0.47	(0.02)	F	(0.02)	F ↑
Customer Experience	0.49	0.47	(0.02)	F	(0.02)	F ↑
<b>Emergency Preparedness, Planning &amp; Response</b>	0.13	0.13	0.00		0.00	
Emergency Planning	0.13	0.13	0.00		0.00	
<b>Environment</b>	(7.06)	(6.90)	0.16	A	(0.17)	F ↑
CPRES - Bereavement Services	0.13	0.59	0.45	A	(0.07)	F ↑
CPRES - Environmental Health & Scientific Services	1.66	1.64	(0.01)	F	0.00	
CPRES - Licensing	(0.06)	(0.05)	0.01	A	0.01	A ↓
CPRES - Parking & Itchen Bridge	(9.36)	(9.63)	(0.27)	F	(0.10)	F ↑
CPRES - Port Health	(0.53)	(0.53)	0.00		0.00	
CPRES - Private Sector Housing	0.41	0.39	(0.02)	F	(0.01)	F ↑
CPRES - Registration Services	(0.19)	(0.18)	0.01	A	0.01	A ↓
Green Cities	0.59	0.56	(0.03)	F	(0.03)	F ↑
Health & Safety	0.29	0.31	0.02	A	0.02	A ↓
<b>Housing</b>	5.30	5.30	0.00		0.00	
DFG Support	(0.01)	(0.01)	0.00		0.00	
Housing Needs	5.17	5.17	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	
<b>Resident Services</b>	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	
<b>Service Centre</b>	3.70	3.28	(0.42)	F	(0.34)	F ↑
Customer Services	3.70	3.28	(0.42)	F	(0.34)	F ↑
<b>Total Resident Services</b>	27.01	27.63	0.63	A	(0.06)	F ↑

## Resident Services: a forecast overspend of £0.63M.

There is a favourable movement of £0.06M compared to Month 3. There is an adverse variance of £0.45M on Bereavement Services due to rising Coroner costs of £0.28M and a pressure on income at the Crematorium of £0.23M, partially reduced by increased burial income. There are at risk/unachievable savings of £0.30M in the District Operating Teams in City Services, along with pressures on staffing of £0.10M. Along with a £0.20M adverse variance in the Landscape service due to income shortfalls on recharges to capital (due to accounting rules on overhead recovery). There are new pressures in Waste Operations of £0.25M from solutions to reduce service disruption. There is a favourable variance of £0.27M on Off-street car parking based on receipts to date, along with a favourable position in Customer services of £0.42M from £0.27M of transformation savings along with addition income and reduced spend on staffing.



	Working Budget 2024/25 £M	Forecast Outturn Month 4 £M	Forecast Variance Month 4 £M		Movement Month 3 to Month 4 £M
<b>Data, Intelligence &amp; Insight</b>	1.18	1.15	(0.03)	F	0.00
Data & Intelligence	1.18	1.15	(0.03)	F	0.00
<b>Marketing &amp; Communications</b>	0.99	0.94	(0.06)	F	0.00
Corporate Communications	0.99	0.94	(0.06)	F	0.00
<b>Projects &amp; Change</b>	1.42	1.42	0.00		0.00
Projects, Policy & Performance	1.42	1.42	0.00		0.00
<b>Strategy &amp; Performance</b>	1.34	1.31	(0.03)	F	0.00
Strategic Management of the Council	1.34	1.31	(0.03)	F	0.00
<b>Total Strategy &amp; Performance</b>	4.94	4.82	(0.12)	F	0.00

**Strategy & Performance: a forecast underspend of £0.12M.**

There is a favourable variance of £0.09M linked to salary underspends due to vacancies in Data team, Chief Executive's team and Communications. Plus £0.03M of additional recharge income in Communications. There is no change in variance from Month 3.





## 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	8.47	(1.25)	A ↓	10.47	2.00	F ↑
Organisational Redesign Reserve	2.50	2.95	0.45	F ↑	2.95	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	1.50	(0.70)	A ↓	1.50	0.00	
On Street Parking	2.48	0.80	(1.68)	A ↓	0.43	(0.37)	A ↓
DSG Reserve	3.99	5.19	1.20	F ↑	6.44	1.25	F ↑
Other Reserves	2.69	1.67	(1.02)	A ↓	1.43	(0.23)	A ↓
<b>Total Earmarked Reserves</b>	<b>40.58</b>	<b>35.06</b>	<b>(5.52)</b>	<b>A ↓</b>	<b>37.57</b>	<b>2.51</b>	<b>F ↑</b>
General Fund Balance	10.07	12.00	1.93	F ↑	12.00	0.00	
<b>Total GF Reserves (excl. Schools)</b>	<b>50.65</b>	<b>47.06</b>	<b>(3.59)</b>	<b>A ↓</b>	<b>49.57</b>	<b>2.51</b>	<b>F ↑</b>

There is a forecast balance of £8.47M 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.



	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	0.56	(2.56)	(1.99)
<b>(Surplus)/Deficit for the year</b>	<b>(0.61)</b>	<b>4.05</b>	<b>3.44</b>
(Surplus)/Deficit brought forward from 2023/24	1.24	(8.42)	(7.19)
<b>Overall (Surplus)/Deficit Carried Forward</b>	<b>0.62</b>	<b>(4.37)</b>	<b>(3.75)</b>
<b>SCC Share of (Surplus)/Deficit</b>	<b>0.52</b>	<b>(2.14)</b>	<b>(1.62)</b>

For the Collection Fund as a whole there is a forecast cumulative surplus of £3.75M to be carried forward into 2025/26, from an improvement of £1.76M in the 2023/24 outturn position and a £1.99M forecast net surplus for 2024/25.

The £1.99M forecast net surplus for 2024/25 comprises a £2.56M surplus for business rates offset by a £0.56M 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 and an increase in discounts/exemptions, offset by a reduction in local council tax support costs.

SCC's share of the forecast cumulative surplus is £1.62M. In addition to this there is a £0.07M adverse variance on estimated government grant income for business rates reliefs, due to a reduction in funded reliefs, which sits outside of the Collection Fund.



## Housing Revenue Account Month 4



	Working Budget 2024/25 £M	Forecast Outturn Month 4 £M	Forecast Variance Month 4 £M		Movement Month 3 to Month 4 £M
<b>Expenditure</b>					
Responsive Repairs	18.10	18.10	0.00	●	0.00
Cyclical Maintenance	6.99	6.99	0.00	●	0.00
Rents Payable	0.45	0.45	0.00	●	0.00
Debt Management	0.09	0.09	0.00	●	0.00
Supervision & Management	29.80	29.94	0.14	A ●	0.14 A ↓
Interest & Principal Repayments	6.46	6.46	0.00	●	0.00
Depreciation	22.35	18.12	(4.23)	F ●	(4.23) F ↑
Direct Revenue Financing of Capital	0.54	4.67	4.13	A ●	4.13 A ↓
<b>Gross Expenditure</b>	<b>84.78</b>	<b>84.82</b>	<b>0.04</b>	<b>A ●</b>	<b>0.04</b> A ↓
<b>Income</b>					
Dwelling Rents	(80.29)	(80.29)	0.00	●	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)	(1.14)	0.00	●	0.00
Interest Received	(0.11)	(0.15)	(0.04)	F ●	(0.04) F ↑
<b>Total Income</b>	<b>(85.27)</b>	<b>(85.31)</b>	<b>(0.04)</b>	<b>F ●</b>	<b>(0.04)</b> F ↑
<b>Balances</b>					
Working Balance B/Fwd	(2.59)	(2.59)			
<b>(Surplus)/deficit for year</b>	<b>(0.50)</b>	<b>(0.50)</b>	<b>0.00</b>	<b>●</b>	<b>0.00</b>
Working Balance C/Fwd	(3.09)	(3.09)			

### Landlord Controlled Heating Account

	2023/24 Outturn £M	Month 4 Forecast £M
<b>Balance B/fwd</b>	<b>3.58</b>	<b>2.35</b>
Costs incurred Jan-Mar 23	2.02	0.00
Less accruals 22/23	(2.81)	0.00
Rent collected ytd	(7.57)	(8.02)
Leaseholder contribution	(0.47)	(0.51)
Contribution to bad debt provision	0.20	0.40
Costs incurred YTD	7.39	7.10
<b>Balance C/fwd</b>	<b>2.35</b>	<b>1.32</b>

### 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.

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 £1.32M. Modelling will take place to assess the impact on planned future price setting.



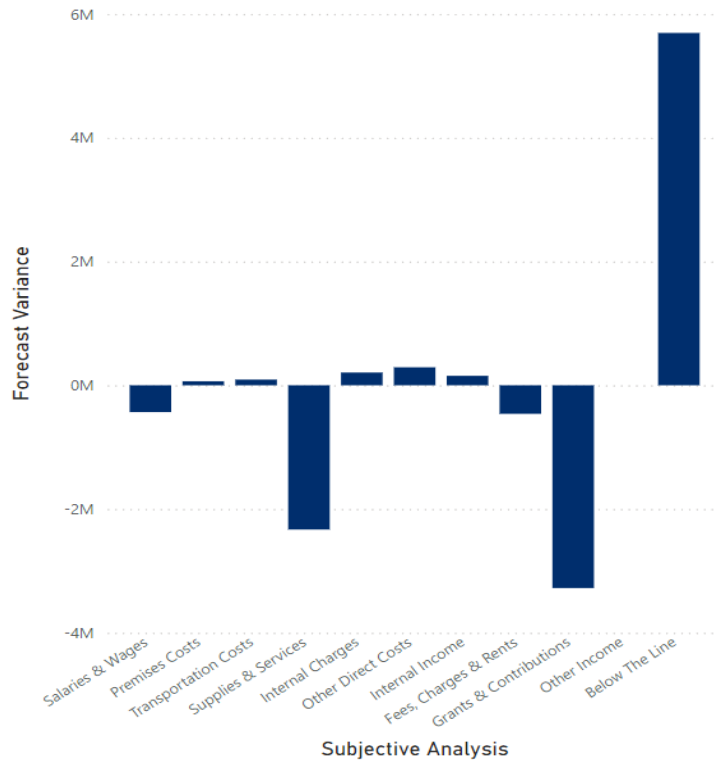
CURRENT POSITION	Current Budget 2024/25	Forecast 2024/25	Forecast Variance Month 4	Forecast Variance Month 3	Variance Movement Month 3 to Month 4	Significant Forecast Variance Indicator	Improving ↑ / Deteriorating ↓ Movement
	£M	£M	£M	£M	£M		
Schools	0.00		0.00	0.00	0.00	Green	-
High Needs	0.00	(1.20)	1.20 F	1.20 F	0.00	Green	-
Early Years	0.00		0.00	0.00	0.00	Green	-
Central Services	0.00		0.00	0.00	0.00	Green	-
<b>In Year Balance</b>	<b>0.00</b>	<b>(1.20)</b>	<b>1.20 F</b>	<b>1.20 F</b>	<b>0.00</b>	<b>Green</b>	<b>-</b>
Balance B/Fwd held in DSG adjustment reserve	0.00	11.09	11.09 A				
Balance B/Fwd held in DSG usable reserve		(3.99)	3.99 F				
Net DSG deficit B/Fwd		7.11	7.11 A				
<b>Total non General Fund Services</b>	<b>0.00</b>	<b>5.91</b>	<b>5.91 A</b>			<b>Red</b>	

School Balances Table	Budget 2024/25		
	Deficit	Surplus	Balance
<b>Primary</b>	2.91	(2.06)	0.85
Nos.	11	20	31
%	35%	65%	100%
<b>Secondary</b>	0.00	(4.86)	(4.86)
Nos.	0	6	6
%	0%	100%	100%
<b>Special</b>	1.43	(0.27)	1.16
Nos.	2	3	5
%	40%	60%	100%
<b>Total</b>	4.34	(7.20)	(2.85)
Nos.	13	29	42
%	31%	69%	100%

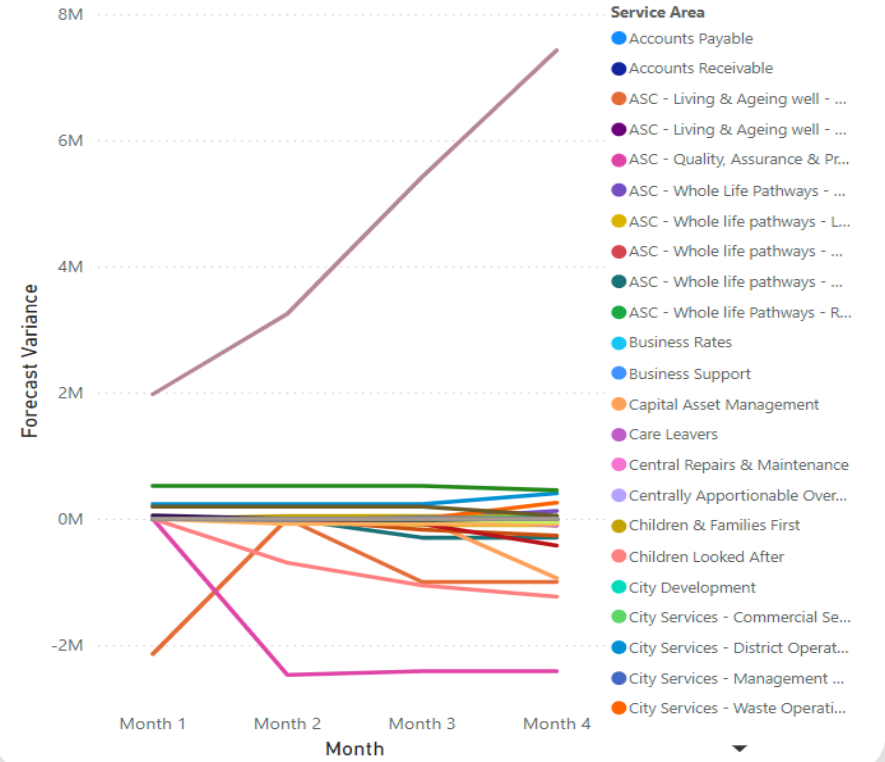
The DSG deficit reduced by £3.99M to £7.11M in 2023/24 and a further reduction of £1.20M is currently forecast for 2024/25. Schools budget data for 2024/25 indicates there are 13 schools with a deficit balance and where necessary deficit recovery plans are being prepared.

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

### Variance by Subjective Analysis



### Variance Trends



Adults &...

Children & Learning

Compliance & Leisure

Communities & Safer City

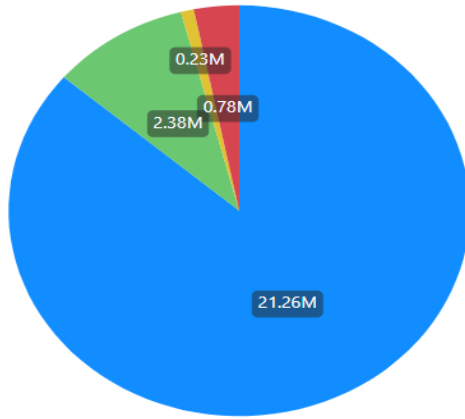
Economic Development

Environment & Transport

Portfolio	Working Budget 2024/25 £'000	Forecast Outturn Month 4 £'000	Forecast Variance Month 4 £'000	Movement Month 3 to Month 4 £'000
▲				
▣ Adults & Health	97,225	93,242	(3,983)	0
▣ Children & Learning	72,844	70,579	(2,266)	(481)
▣ Compliance & Leisure	4,235	4,709	474	(37)
▣ Communities & Safer City	2,830	2,748	(82)	(40)
▣ Economic Development	7,498	7,497	(1)	(49)
▣ Environment & Transport	23,486	23,356	(130)	209
▣ Finance & Corporate Services	32,921	32,159	(762)	(567)
▣ Green City & Net Zero	5,490	5,867	377	142
▣ Housing Operations	5,531	5,514	(16)	(7)
▣ Leader	5,997	5,952	(44)	(238)
▣ Central Expenditure Items	20,538	19,598	(940)	(940)
▣ General Funding	(239,319)	(239,370)	(52)	0
▣ Exceptional Financial Support (EFS)	(39,276)	(31,849)	7,427	2,010
<b>Total</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>0</b>

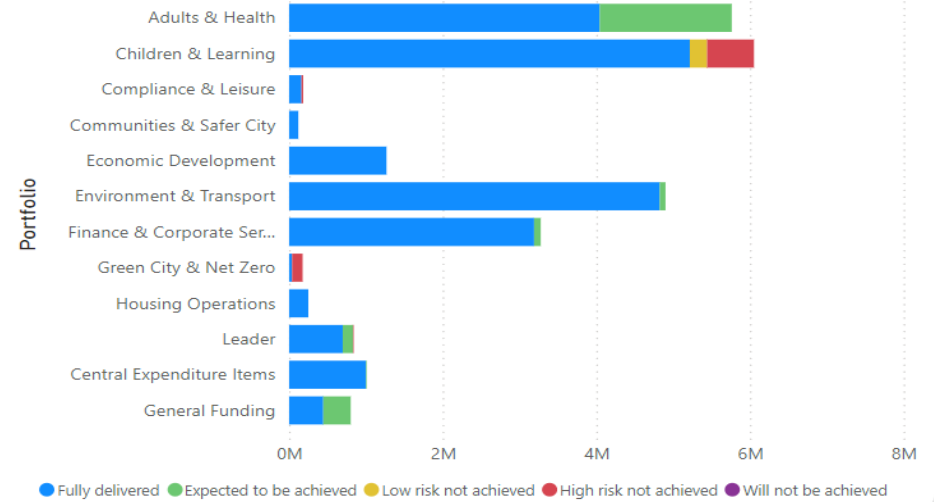


### Savings Targets 2024/25 RAG Rated



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

### Savings Targets per Portfolio



Please select a Portfolio to drillthrough

#### Key Issues

The current rate of non-achievement of savings is 3% or £0.78M forecast not to be achieved (Red & Purple). Deficit Recovery Plans are being developed or are in place in respect of the high risk of non-achievement of savings in Children & Learning and Resident Services.

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### Revenue Monitoring

The forecast outturn at Month 3 is a favourable variance of £5.42M underspent. This is made up of a favourable Directorate forecast of £5.37M and £0.05M in centrally held funding. This is a £2.17M improvement on the Month 2 position which forecasted a £3.25M favourable variance.

The main favourable variances are in the following areas:

- Community Wellbeing – (£4.03M favourable) with the main positive variance in package costs including provider uplifts (£3.81M)
- Growth and Prosperity – (£0.79M favourable) mainly due to positive variances in the school travel service (£0.75M) and concessionary fares (£0.30M), maintaining the position reported at Month 2. There are however some adverse variances that reduce these positive variances.
- Children & Learning – (£1.03M favourable) with the main positive variance being in children looked after (CLA) of £1.06M.
- Resident Services – (£0.68M adverse). There are some positive variances now being reported including additional car parking income (£0.17M) contributing to a positive movement compared to Month 2.

There are several adverse variances being projected, including:

- Resident Services - Bereavement Services (£0.52M), City Services (£0.23M), and Landscaping Services (£0.20M)
- Growth and Prosperity – Culture and tourism (£0.29M)

The improvement in the forecast position since Month 2 is largely due to:

- Community Wellbeing – a £1.40M reduction in forecast care management costs across adult social care and additional income from the BUPA care homes (£0.11M).
- Children & Learning – a £0.36M reduction in the forecast spend in children's residential placements and independent foster carers. In the case of residential placements, an element of this is due to the reduction in numbers of clients in the final quarter of 2023/24 which has remained at this reduced level in the first quarter of 2024/25.
- Resident Services – an increase in off-street parking income (0.17M) and additional grant income (£0.08M).

### 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 £3.56M. If the favourable forecast variance of £5.42M is sustained, the borrowing costs will be £0.49M per annum lower. (£3.1M pa)

### Budget Adjustments

As set out in the Business Planning and Budgeting Framework and confirmed in the MTFs Quarter 1 Update (July 2024), sustained favourable budget variances will be transferred from service budgets to contingency. Based on the M3 position this could be c£6M. Proposals for budget adjustments will be confirmed in Month 4 Monitoring subject to the forecast position being sustained.

### Savings Delivery

The savings targets built into 2024/25 budgets is £24.64M. As savings have been removed from budgets, most are reported as "delivered" (£21.34M). A further £2.33M are "expected to be delivered" mainly in Community Wellbeing pending the outcome of provider uplift negotiations. At Risk (red savings) are forecast in Children and Learning (various services) and in City Services. Deficit Recovery Plans are being developed to mitigate the savings not expected to be achieved. Low Risk (amber) are being closely monitored.

### Deficit Recovery Plans

Deficit Recovery Plans are in place or being developed in the following areas Bereavement Services, covering Crematoriums and Coroner's services (£0.52M), City Services (£0.23M), Landscaping Services 0.20M) and in Children's social care (£0.61M at risk savings)

### Dedicated Schools Grant (DSG)

The DSG deficit reduced by £3.99M to £7.11M in 2023/24. A further reduction of £1.20M is currently forecast for 2024/25. Schools are working on their budgets for 2024/25 and, where necessary, deficit recovery plans and plans for use of excess surpluses. In 2023/24 two schools returned to surplus from a deficit position, whereas four schools entered into deficit. In total there are 14 schools in deficit.

### Reserves

The General Fund reserve is forecast to be £12.00M at year end 2024/25, and Earmarked Reserves at £35.06M.

### Housing Revenue Account (HRA)

The HRA is forecasting a balanced position at Month 3. The Landlord Controlled Heating Account carried a £2.35M deficit into 2024/25, and this is now expected to reduce to £1.32M by year end.

### Capital Programme

The General Fund capital programme is reporting a favourable forecast of £7.24M. The major project variances are:

- Slippage is reported in Mount Pleasant school Roof (£0.50M), St Mary's Leisure Centre (£1.85M), Art Gallery Roof (£1.68M) and CADS Street Lighting (£1.42M)
- Underspends are reported in Care Director (£0.68M) and Belgrave Industrial Estate Roof (£0.27M)

The HRA capital programme is reporting a nil variance.



## General Fund Position Month 3



	Working Budget 2024/25 £M	Forecast Outturn Month 3 £M	Forecast Variance Month 3 £M		Movement Month 2 to Month 3 £M	
<b>Directorates:</b>						
Children & Learning	61.66	60.63	(1.03)	F	(0.30)	F ↑
Community Wellbeing	97.66	93.64	(4.03)	F	(1.52)	F ↑
Enabling Services	26.13	26.04	(0.08)	F	0.02	A ↓
Growth & Prosperity	38.46	37.68	(0.79)	F	0.00	
Resident Services	25.33	26.02	0.68	A	(0.26)	F ↑
Strategy & Performance	4.55	4.42	(0.12)	F	(0.12)	F ↑
<b>Total Directorates</b>	<b>253.79</b>	<b>248.42</b>	<b>(5.37)</b>	<b>F</b>	<b>(2.17)</b>	<b>F ↑</b>
Levies & Contributions	0.10	0.10	0.00		0.00	
Contribution to General Fund Balance	1.93	1.93	0.00		0.00	
Capital Asset Management	12.86	12.86	0.00		0.00	
Other Expenditure & Income	9.92	9.92	0.00		0.00	
<b>Net Council Expenditure before EFS</b>	<b>278.60</b>	<b>273.23</b>	<b>(5.37)</b>	<b>F</b>	<b>(2.17)</b>	<b>F ↑</b>
<b>Financed by:</b>						
Council Tax	(120.44)	(120.44)	0.00		0.00	
Business Rates	(54.45)	(54.45)	0.00		0.00	
Non-Specific Government Grants & Other Funding	(64.43)	(64.48)	(0.05)	F	0.00	
<b>Total Funding</b>	<b>(239.32)</b>	<b>(239.37)</b>	<b>(0.05)</b>	<b>F</b>	<b>0.00</b>	
<b>Net Over/(Underspend) before EFS</b>	<b>39.28</b>	<b>33.86</b>	<b>(5.42)</b>	<b>F</b>	<b>(2.17)</b>	<b>F ↑</b>
Exceptional Financial Support (EFS)	(39.28)	(33.86)				
<b>Net Over/(Underspend)</b>	<b>0.00</b>	<b>0.00</b>				

### General Fund Month 3 Commentary

**Overall forecast position is £5.42M underspend**, a favourable movement of £2.17M from Month 2.

#### Children & Learning: a forecast underspend of £1.03M.

There is a favourable movement of £0.30M compared to the position reported at M2. This is mainly due to a favourable variance in Children Looked after in both Independent Foster Agencies and Residential placements. This is in addition to the positive variance of £0.7M reported at M2. There are some pressures and adverse variances within the Directorate that reduce the favourable variance, including on no recourse to public fund expenditure.

#### Community Wellbeing: a forecast underspend of £4.03M.

There is a favourable movement of £1.51M from M2, mainly due to a reduction in forecast care management costs across Physical Support (£1.00M), Memory & Cognition (£0.30M) and Learning Disability (£0.10M) primary support client groups. The overall forecast underspend is £4.03M, of which the main component (£3.81M) relates to the projected cost and demand for care packages, after allowing for provider uplifts and winter pressures. The projection and trends will be closely monitored over the course of the financial year to continually test the veracity of the underspend projection, and further modelling work will be undertaken.

#### Enabling Services: a forecast underspend of £0.08M.

A minor adverse movement from M2 to M3 but still an overall favourable forecast of £0.1M

#### Growth & Prosperity: a forecast underspend of £0.79M.

There is net nil movement from Month 2. The Directorate is still forecasting favourable variances in school travel service (£0.75M) and concessionary fares (£0.3M). The main adverse variance are the continuing pressures in Culture & Tourism (£0.3M).

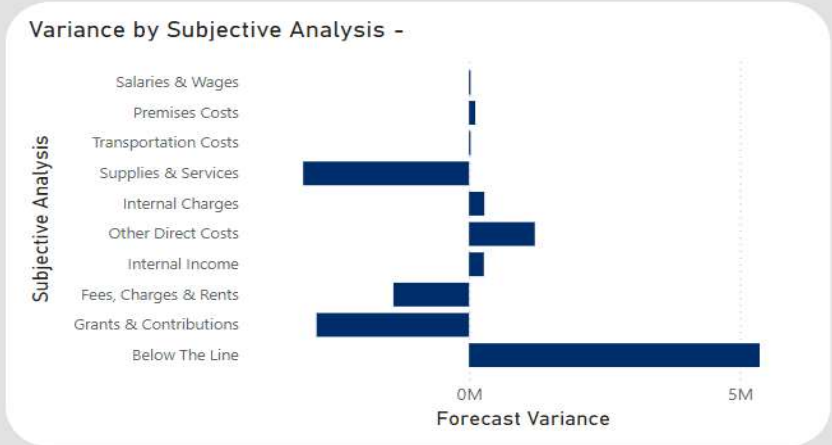
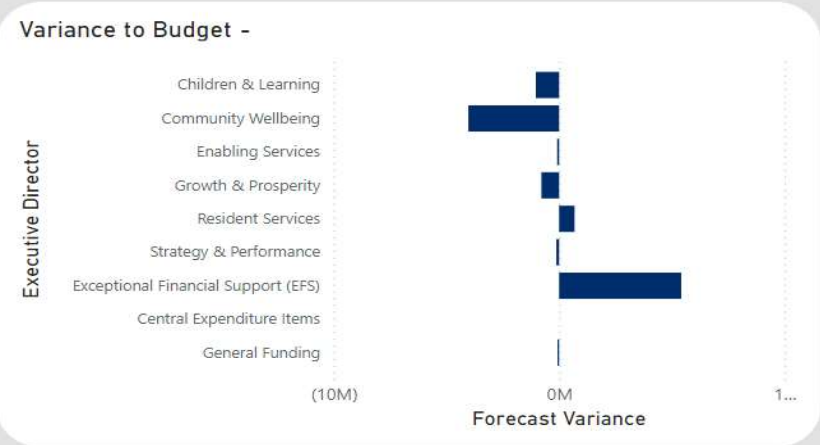
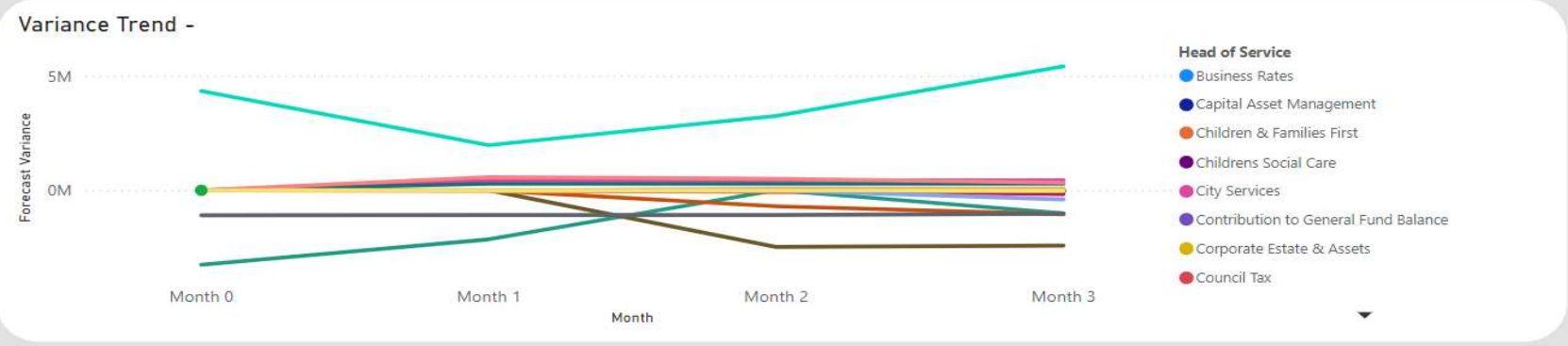
#### Resident Services: a forecast overspend of £0.68M.

There is a favourable movement of £0.25M compared to Month 2, mainly due to additional grant income and car parking income. The adverse variances previously reported and subject to deficit recovery plans remain. These are Bereavement Services (£0.52M) due to rising Coroner costs of £0.28M and a pressure on income at the Crematorium of £0.23M, City Services (£0.23M) and Landscaping (£0.20M)

#### Strategy & Performance: a forecast underspend of £0.12M.

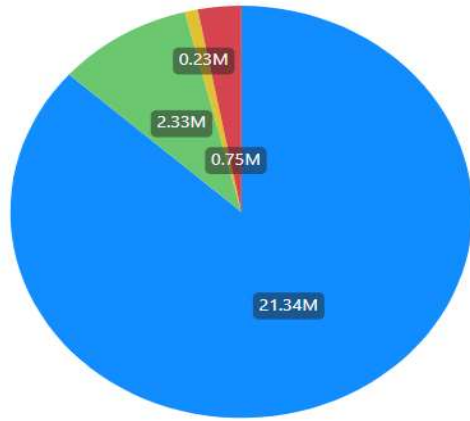
Several favourable variances are now being reported leading to positive movement since M2.

- Children & Learning
- Community Wellbeing
- Enabling Services
- Growth & Prosperity
- Resident Services
- Strategy & Performance



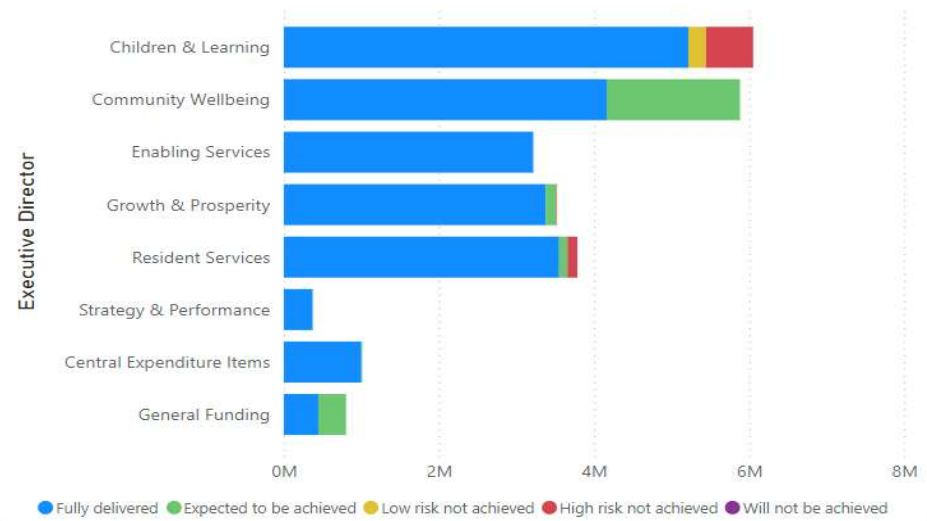


### Savings Targets 2024/25 RAG Rated



● 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 3% or £0.75M forecast not to be achieved (Red & Purple). Deficit Recovery Plans are being developed by Children & Learning and by Resident Services in respect of the high risk of non-achievement of savings.



**Summary of variations to Budget (£M)**

Executive Director	Client Packages and Placement costs	Concessionary Fares	Coroner costs	Employee and Agency Costs	Energy	Fuel	Income	Non Achievement of savings	Other	Property Investment	School Travel Service	Service Review of ICU	Total
Children & Learning	(1.36)	0.00	0.00	0.03	0.00	0.00	0.00	0.61	(0.31)	0.00	0.00	0.00	<b>(1.03)</b>
Community Wellbeing	(3.81)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(0.04)	0.00	0.00	(0.17)	<b>(4.02)</b>
Enabling Services	0.00	0.00	0.00	(0.05)	0.00	0.00	0.00	0.00	(0.03)	0.00	0.00	0.00	<b>(0.08)</b>
Growth & Prosperity	0.00	(0.30)	0.00	(0.10)	(0.20)	0.00	0.14	0.01	0.11	0.30	(0.75)	0.00	<b>(0.79)</b>
Resident Services	0.00	0.00	0.28	0.00	0.00	0.00	(0.04)	0.13	0.31	0.00	0.00	0.00	<b>0.68</b>
Strategy & Performance	0.00	0.00	0.00	(0.03)	0.00	0.00	(0.03)	0.00	(0.06)	0.00	0.00	0.00	<b>(0.12)</b>
<b>Total</b>	<b>(5.17)</b>	<b>(0.30)</b>	<b>0.28</b>	<b>(0.15)</b>	<b>(0.20)</b>	<b>0.00</b>	<b>0.07</b>	<b>0.75</b>	<b>(0.02)</b>	<b>0.30</b>	<b>(0.75)</b>	<b>(0.17)</b>	<b>(5.37)</b>

Within directorates there are favourable variances for client packages and placements £5.17M, school travel service £0.75M, concessionary fares £0.30M and £0.55M for other factors. The main adverse variances are on non-achievement of savings £0.75M, income shortfalls £0.37M and Coroner costs £0.28M.



	Working Budget 2024/25 £M	Forecast Outturn Month 3 £M	Forecast Variance Month 3 £M		Movement Month 2 to Month 3 £M	
<b>Children &amp; Families First</b>	1.79	1.84	0.05	A	0.00	
Children & Families First	1.79	1.84	0.05	A	0.00	
<b>Childrens Social Care</b>	3.14	3.14	0.00		0.00	
Divisional Management	2.22	2.22	0.00		0.00	
ICU - Children's Services	0.38	0.38	0.00		0.00	
Legal (Children's)	0.54	0.54	0.00		0.00	
<b>Education</b>	4.20	4.22	0.03	A	0.05	A ↓
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	2.50	2.50	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	0.92	0.94	0.03	A	0.05	A ↓
<b>Quality Assurance</b>	2.24	2.24	0.00		0.00	
Quality Assurance Business Unit	2.24	2.24	0.00		0.00	
<b>SEND</b>	(1.58)	(1.58)	0.00		0.00	
DSG High Needs Block SEND	(2.50)	(2.50)	0.00		0.00	
Education - High Needs	0.91	0.91	0.00		0.00	
<b>Pathways Through Care</b>	34.26	33.22	(1.04)	F	(0.34)	F ↑
Care Leavers	1.06	1.07	0.01	A	0.01	A ↓
Children Looked After	33.20	32.15	(1.06)	F	(0.36)	F ↑
<b>Resources</b>	14.42	14.36	(0.06)	F	0.00	
Jigsaw	5.37	5.37	0.00		0.00	
Safeguarding	9.05	8.99	(0.06)	F	0.00	
<b>Young Peoples Service</b>	3.19	3.19	0.00		0.00	
Young Peoples Service	2.39	2.39	0.00		0.00	
Youth Offending	0.80	0.80	0.00		0.00	
<b>Total Children &amp; Learning</b>	61.66	60.63	(1.03)	F	(0.30)	F ↑

**Children & Learning: a forecast underspend of £1.03M.**

The current variance is due to £0.5M on Residential placements and £0.56M for Independent Foster Carers within Children Looked After as client numbers are less than budgeted, and £0.06M favourable in Safeguarding due to a forecast reduction in supplies and services spend. There is also a £0.05M adverse variance in Children & Families First due to a £0.31M adverse forecast on No Recourse to Public Funds accommodation expenditure, and a favourable variance relating to an additional £0.26M of Supporting Families grant funding above budget, due in part to increased expected payment by results totals for the year. There is also a £0.05M adverse variance in Education & Learning, due to £0.03M additional staffing and pay award pressures and an increase in the termly amount paid for hospital education of £0.02M.

There is a favourable movement of £0.30M from month 2. This is mainly due to a £0.36M favourable variance in Children Looked after in both Independent Foster Agencies and Residential placements. There is also a £0.07M adverse movement since month 2 due to the additional staffing pressures, pay award pressures and increase in the termly amount paid for hospital education offsetting a vacant position in the Participation team which was reported in month 2, with smaller variances elsewhere.



	Working Budget 2024/25 £M	Forecast Outturn Month 3 £M	Forecast Variance Month 3 £M		Movement Month 2 to Month 3 £M	
<b>Integration</b>	17.33	17.16	(0.17)	F	(0.17)	F ↑
ICU - Provider Relationships	14.94	14.77	(0.17)	F	(0.17)	F ↑
ICU - System Redesign	2.39	2.39	0.00			
<b>Living &amp; Ageing Well</b>	32.89	31.89	(1.00)	F	(1.00)	F ↑
ASC - Living & Ageing Well - Cost of care	22.39	21.39	(1.00)	F	(1.00)	F ↑
ASC - Living & Ageing Well - Resourcing	10.50	10.50	0.00			
<b>Public Health</b>	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	
<b>Quality, Governance &amp; Professional Development</b>	(6.35)	(8.76)	(2.41)	F	0.06	A ↓
ASC - Quality, Assurance & Professional Development	(6.35)	(8.76)	(2.41)	F	0.06	A ↓
<b>Stronger Communities</b>	1.81	1.77	(0.04)	F	0.00	
Community Safety, Alcohol Related Crime, CCTV	0.31	0.31	0.00		0.00	
Domestic Violence	0.59	0.59	0.00		0.00	
Grants to Voluntary Organisations	0.49	0.45	(0.04)	F	0.00	
Stronger Communities	0.43	0.43	0.00		0.00	
<b>Whole Life Pathways</b>	51.98	51.58	(0.40)	F	(0.40)	F ↑
ASC - Whole Life Pathways - Directly Delivered Services	2.40	2.40	0.00		0.00	
ASC - Whole Life Pathways - LD Cost of care	26.39	26.29	(0.10)	F	(0.10)	F ↑
ASC - Whole Life Pathways - MH Cost of care	11.53	11.53	0.00		0.00	
ASC - Whole Life Pathways - Other Cost of care	7.66	7.36	(0.30)	F	(0.30)	F ↑
ASC - Whole Life Pathways - Resourcing	4.01	4.01	0.00		0.00	
<b>Total Community Wellbeing</b>	97.66	93.64	(4.03)	F	(1.52)	F ↑

**Community Wellbeing: a forecast underspend of £4.03M.**

There is a favourable movement of £1.51M from Month 2, mainly due to a reduction in forecast care management costs across Physical Support (£1.00M), Memory & Cognition (£0.30M) and Learning Disability (£0.10M) primary support client groups. Also, there is additional Free Nursing Care (FNC) income with beds at the 2 BUPA homes (Northlands and Oak Lodge) linked to occupancy which amounts to £0.17M in total, which was partially offset by an adverse movement of £0.06M due to a reclassification of BUPA beds and a shortfall in the Mental Capacity Deputyship contract. The overall forecast underspend is £4.03M, of which the main component (£3.81M) relates to the projected cost and demand for care packages, allowing for provider uplifts and winter pressures, with £2.41M set aside as a contingency and a further £1.40M forecast in-year underspend. The assumption behind the forecast underspend is that the positive variances seen in 2023/24 will continue through into 2024/25, after considering known uplifts and pressures. The projection and trends will be closely monitored over the course of the financial year to continually test the veracity of the underspend projection, and further modelling work will be undertaken. The remainder of the favourable variance relates to the BUPA homes FNC income (£0.17M) and a reduction in community grants of £0.04M.



	Working Budget 2024/25 £M	Forecast Outturn Month 3 £M	Forecast Variance Month 3 £M		Movement Month 2 to Month 3 £M
<b>Digital</b>	11.29	11.21	(0.08)	F ●	0.00
Digital Services	11.29	11.21	(0.08)	F ●	0.00
<b>Enabling Services</b>	1.35	1.35	0.00	●	0.00
Corporate Management	1.11	1.11	0.00	●	0.00
Internal Audit	0.24	0.24	0.00	●	0.00
<b>Finance</b>	(3.05)	(3.05)	0.00	●	0.00
Centrally Apportionable Overheads	(7.67)	(7.67)	0.00	●	0.00
Corporate Finance	2.28	2.28	0.00	●	0.00
Net Housing Benefit Payments	0.00	0.00	0.00	●	0.00
Pension & Redundancy Costs	2.34	2.34	0.00	●	0.00
<b>Human Resources &amp; Organisational Development</b>	3.39	3.39	0.00	●	0.01 A ↓
HR Services	3.39	3.39	0.00	●	0.01 A ↓
<b>Income &amp; Expenditure</b>	5.94	5.94	0.00	●	0.00
Accounts Payable	0.60	0.60	0.00	●	0.00
Accounts Receivable	2.27	2.27	0.00	●	0.00
Local Taxation & Benefits Services	3.06	3.06	0.00	●	0.00
<b>Legal &amp; Governance</b>	4.31	4.31	0.00	●	0.00
Democratic Representation & Managemen	2.30	2.30	0.00	●	0.00
Registration of Electors and Elections Costs	0.53	0.53	0.00	●	0.00
Risk Management	1.48	1.48	0.00	●	0.00
<b>Legal Partnership</b>	1.45	1.45	0.00	●	0.00
Land Charges	(0.14)	(0.14)	0.00	●	0.00
Legal Services & Customer Relations	1.59	1.59	0.00	●	0.00
<b>Supplier Management</b>	1.44	1.44	0.00	●	0.00
Supplier Management Services	1.44	1.44	0.00	●	0.00
<b>Total Enabling Services</b>	26.13	26.04	(0.08)	F ●	0.02 A ↓

### Enabling Services: a forecast underspend of £0.08M.

This comprises a favourable variance of £0.05M due to vacancies in Digital Services, and a £0.03M favourable variance due to Care Director maintenance underspends.





	Working Budget 2024/25 £M	Forecast Outturn Month 3 £M	Forecast Variance Month 3 £M		Movement Month 2 to Month 3 £M	
<b>Corporate Estate &amp; Assets</b>	5.15	5.10	(0.05)	F	(0.05)	F ↑
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)	(6.67)	0.30	A	0.10	A ↓
Property Services	8.11	7.76	(0.35)	F	(0.15)	F ↑
Facilities	0.87	0.87	0.00		0.00	
<b>Culture &amp; Tourism</b>	3.66	3.94	0.29	A	0.00	
Cultural Services	1.72	1.92	0.19	A	0.00	
Libraries	1.93	2.03	0.09	A	0.00	
<b>Economic Development &amp; Regeneration</b>	1.35	1.35	0.00		0.00	
City Development	0.76	0.76	0.00		0.00	
Economic Development	0.20	0.20	0.00		0.00	
Skills & Employment Support	0.39	0.39	0.00		0.00	
<b>Growth &amp; Prosperity</b>	0.22	0.22	0.00		0.00	
Directorate Management	0.22	0.22	0.00		0.00	
<b>Transport &amp; Planning</b>	28.08	27.05	(1.02)	F	0.06	A ↓
Flood Risk Management	0.15	0.15	0.00		0.00	
Highways Contracts	10.05	10.05	0.00		0.00	
Home To School Transport	11.49	10.74	(0.75)	F	0.00	
Planning	0.39	0.49	0.10	A	0.10	A ↓
Transportation	5.99	5.62	(0.37)	F	(0.05)	F ↑
<b>Total Growth &amp; Prosperity</b>	38.46	37.68	(0.79)	F	0.00	

**Growth & Prosperity: a forecast underspend of £0.79M.**

There is net nil movement from Month 2. There is a favourable variance of £0.75M on the school travel service due to retendering and route optimisation leading to reduced costs. There is also a favourable variance on concessionary fares of £0.30M based on the new reimbursement rates for operators and expected patronage levels during the year. There are pressures in Culture & Tourism of £0.29M for which a Deficit Recovery Plan is in development. There other net favourable variances of £0.03M, mainly on staffing.



	Working Budget 2024/25 £M	Forecast Outturn Month 3 £M	Forecast Variance Month 3 £M		Movement Month 2 to Month 3 £M	
<b>City Services</b>	<b>21.63</b>	<b>22.07</b>	<b>0.44</b>	<b>A</b>	<b>0.01</b>	<b>A ↓</b>
City Services - Commercial Services	0.87	0.87	0.00		0.00	
City Services - District Operating Areas	4.90	5.14	0.23	A	0.00	
City Services - Management & Compliance	0.54	0.54	0.00		0.00	
City Services - Waste Operations	16.23	16.23	0.00		0.00	
Fleet Trading Area	(0.93)	(0.93)	0.00		0.00	
Landscape Trading Area	0.02	0.22	0.20	A	0.00	
<b>Customer Experience</b>	<b>0.49</b>	<b>0.49</b>	<b>0.00</b>		<b>0.00</b>	
Customer Experience	0.49	0.49	0.00		0.00	
<b>Emergency Preparedness, Planning &amp; Response</b>	<b>0.13</b>	<b>0.13</b>	<b>0.00</b>		<b>0.00</b>	
Emergency Planning	0.13	0.13	0.00		0.00	
<b>Environment</b>	<b>(7.21)</b>	<b>(6.88)</b>	<b>0.33</b>	<b>A</b>	<b>(0.17)</b>	<b>F ↑</b>
CPRES - Bereavement Services	0.13	0.66	0.52	A	0.00	
CPRES - Environmental Health & Scientific Services	1.64	1.63	(0.01)	F	0.00	
CPRES - Licensing	(0.06)	(0.06)	0.00		0.00	
CPRES - Parking & Itchen Bridge	(9.36)	(9.53)	(0.17)	F	(0.17)	F ↑
CPRES - Port Health	(0.53)	(0.53)	0.00		0.00	
CPRES - Private Sector Housing	0.36	0.36	(0.01)	F	0.00	
CPRES - Registration Services	(0.19)	(0.19)	0.00		0.00	
Green Cities	0.49	0.49	0.00		0.00	
Health & Safety	0.29	0.29	0.00		0.00	
<b>Housing</b>	<b>3.79</b>	<b>3.79</b>	<b>0.00</b>		<b>0.00</b>	
DFG Support	(0.01)	(0.01)	0.00		0.00	
Housing Needs	3.67	3.67	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	
<b>Resident Services</b>	<b>2.80</b>	<b>2.80</b>	<b>0.00</b>		<b>0.00</b>	
Leisure Contracts	2.69	2.69	0.00		0.00	
Leisure Strategy	0.11	0.11	0.00		0.00	
<b>Service Centre</b>	<b>3.70</b>	<b>3.62</b>	<b>(0.08)</b>	<b>F</b>	<b>(0.08)</b>	<b>F ↑</b>
Customer Services	3.70	3.62	(0.08)	F	(0.08)	F ↑
<b>Total Resident Services</b>	<b>25.33</b>	<b>26.02</b>	<b>0.68</b>	<b>A</b>	<b>(0.26)</b>	<b>F ↑</b>

### Resident Services: a forecast overspend of £0.68M.

There is a favourable movement of £0.25M compared to Month 2. There is an adverse variance of £0.52M on Bereavement Services due to rising Coroner costs of £0.28M and a pressure on income at the Crematorium of £0.23M. There are at risk/unachievable savings of £0.23M in the District Operating Teams in City Services. Along with a £0.20M adverse variance in the Landscape service due to income shortfalls on recharges to capital (due to accounting rules on overhead recovery). There is a favourable variance of £0.17M on Off-street car parking based on receipts in Quarter 1 along with additional grant income in Customer services of £0.08M.



	Working Budget 2024/25 £M	Forecast Outturn Month 3 £M	Forecast Variance Month 3 £M		Movement Month 2 to Month 3 £M	
Data, Intelligence & Insight	1.18	1.15	(0.03)	F	(0.03)	↑ F
Data & Intelligence	1.18	1.15	(0.03)	F	(0.03)	↑ F
Marketing & Communications	0.93	0.88	(0.06)	F	(0.06)	↑ F
Corporate Communications	0.93	0.88	(0.06)	F	(0.06)	↑ F
Projects & Change	1.17	1.17	0.00		0.00	
Projects, Policy & Performance	1.17	1.17	0.00		0.00	
Strategy & Performance	1.26	1.23	(0.03)	F	(0.03)	↑ F
Strategic Management of the Council	1.26	1.23	(0.03)	F	(0.03)	↑ F
<b>Total Strategy &amp; Performance</b>	<b>4.55</b>	<b>4.42</b>	<b>(0.12)</b>	<b>F</b>	<b>(0.12)</b>	<b>↑ F</b>

**Strategy & Performance: a forecast underspend of £0.12M.**

There is a favourable variance of £0.09M linked to salary underspends due to vacancies in Data team, Chief Exec team and Communications. Plus £0.03M of additional recharge income in Communications.



<u>Directorate</u>	Budget	Forecast	Variance
	£M	£M	£M
Children & Learning	20.36	19.34	1.01 F
Community Wellbeing	4.10	4.10	0.00
Corporate Services	4.65	3.97	0.68 F
Growth & Prosperity	56.24	52.55	3.69 F
Resident Services	20.76	18.91	1.85 F
Strategy & Performance	8.13	8.13	0.00
<b>Total General Fund</b>	<b>114.23</b>	<b>106.99</b>	<b>7.24 F</b>
HRA	61.23	61.23	0.00
<b>Net Council Expenditure</b>	<b>175.46</b>	<b>168.22</b>	<b>7.24 F</b>
<b>Financed By:</b>			
Council Resources - Borrowing (GF)	20.52	16.29	4.23 F
Council Resources - Borrowing (HRA)	30.05	30.05	0.00
Council Resources - Capital Receipts	12.41	12.41	0.00
Contributions	10.06	9.75	0.31 F
Grants	75.31	72.61	2.70 F
Council Resources – DRF	2.25	2.25	0.00
MRA	24.86	24.86	0.00
<b>Total Financing</b>	<b>175.46</b>	<b>168.22</b>	<b>7.24 F</b>

<u>Forecast Variance Analysis</u>	GF	HRA	Total
	£M	£M	£M
Deficit Budget	0.13	0.00	0.13
Surplus Budget	(1.13)	0.00	(1.13)
Slippage of Works	(6.23)	0.00	(6.23)
Slippage for Retention Payments	(0.01)	0.00	(0.01)
Rephasing of Works	0.00	0.00	0.00
Funding No Longer Available	0.00	0.00	0.00
	<b>(7.24)</b>	<b>(0.00)</b>	<b>(7.24)</b>

The General Fund capital programme is reporting a favourable forecast of £7.24M. The major project variances are:

Slippage:

- Mount Pleasant school Roof £0.50M
- St Mary's Leisure Centre £1.85M
- Art Gallery Roof £1.68M
- CADS - Street Lighting £1.42M

Underspends:

- CareDirector £0.68M
- Belgrave Industrial Estate Roof £0.27M

The HRA capital programme is reporting a nil variance.



## 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	8.47	(1.25)	A ↓	10.47	2.00	F ↑
Organisational Redesign Reserve	2.50	2.95	0.45	F ↑	2.95	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	1.50	(0.70)	A ↓	1.50	0.00	
On Street Parking	2.48	0.80	(1.68)	A ↓	0.43	(0.37)	A ↓
DSG Reserve	3.99	5.19	1.20	F ↑	6.44	1.25	F ↑
Other Reserves	2.69	1.67	(1.02)	A ↓	1.43	(0.23)	A ↓
<b>Total Earmarked Reserves</b>	<b>40.58</b>	<b>35.06</b>	<b>(5.52)</b>	<b>A ↓</b>	<b>37.57</b>	<b>2.51</b>	<b>F ↑</b>
General Fund Balance	10.07	12.00	1.93	F ↑	12.00	0.00	
<b>Total GF Reserves (excl. Schools)</b>	<b>50.65</b>	<b>47.06</b>	<b>(3.59)</b>	<b>A ↓</b>	<b>49.57</b>	<b>2.51</b>	<b>F ↑</b>

There is a forecast balance of £8.47M 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.



	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	0.61	(1.26)	(0.65)
<b>(Surplus)/Deficit for the year</b>	<b>(0.57)</b>	<b>5.35</b>	<b>4.78</b>
(Surplus)/Deficit brought forward from 2023/24	1.24	(8.42)	(7.19)
<b>Overall (Surplus)/Deficit Carried Forward</b>	<b>0.67</b>	<b>(3.07)</b>	<b>(2.40)</b>
<b>SCC Share of (Surplus)/Deficit</b>	<b>0.56</b>	<b>(1.51)</b>	<b>(0.94)</b>

For the Collection Fund as a whole there is a forecast cumulative surplus of £2.40M to be carried forward into 2025/26, from an improvement of £1.76M in the 2023/24 outturn position and a £0.65M forecast net surplus for 2024/25.

The £0.65M forecast net surplus for 2024/25 comprises a £1.26M surplus for business rates offset by a £0.61M deficit for council tax. The business rates surplus is mainly due to 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 and an increase in discounts/exemptions, offset by a reduction in local council tax support costs.

SCC's share of the forecast cumulative surplus is £0.94M. In addition to this there is a £0.16M adverse variance on estimated government grant income for business rates reliefs, due to a reduction in funded reliefs, which sits outside of the Collection Fund.



	Working Budget 2024/25 £M	Forecast Outturn Month 3 £M	Forecast Variance Month 3 £M	Movement Month 2 to Month 3 £M
<b>Expenditure</b>				
Responsive Repairs	18.10	18.10	0.00	● 0.00
Cyclical Maintenance	6.99	6.99	0.00	● 0.00
Rents Payable	0.45	0.45	0.00	● 0.00
Debt Management	0.09	0.09	0.00	● 0.00
Supervision & Management	29.80	29.80	0.00	● 0.00
Interest & Principal Repayments	6.46	6.46	0.00	● 0.00
Depreciation	22.35	22.35	0.00	● 0.00
Direct Revenue Financing of Capital	0.54	0.54	0.00	● 0.00
<b>Gross Expenditure</b>	<b>84.78</b>	<b>84.78</b>	<b>0.00</b>	<b>● 0.00</b>
<b>Income</b>				
Dwelling Rents	(80.29)	(80.29)	0.00	● 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)	(1.14)	0.00	● 0.00
Interest Received	(0.11)	(0.11)	0.00	● 0.00
<b>Total Income</b>	<b>(85.27)</b>	<b>(85.27)</b>	<b>0.00</b>	<b>● 0.00</b>
<b>Balances</b>				
Working Balance B/Fwd	(2.59)	(2.59)		
<b>(Surplus)/deficit for year</b>	<b>(0.50)</b>	<b>(0.50)</b>	<b>0.00</b>	<b>● 0.00</b>
Working Balance C/Fwd	(3.09)	(3.09)		

## Landlord Controlled Heating Account

	2023/24 Outturn £M	Month 3 Forecast £M
<b>Balance B/fwd</b>	<b>3.58</b>	<b>2.35</b>
Costs incurred Jan-Mar 23	2.02	0.00
Less accruals 22/23	(2.81)	0.00
Rent collected ytd	(7.57)	(8.02)
Leaseholder contribution	(0.47)	(0.51)
Contribution to bad debt provision	0.20	0.40
Costs incurred YTD	7.39	7.10
<b>Balance C/fwd</b>	<b>2.35</b>	<b>1.32</b>

### HRA POSITION: a balanced position is forecast.

The forecast is currently in line with the business plan position.

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 £1.32M. Modelling will take place to assess the impact on planned future price setting.



CURRENT POSITION	Current Budget 2024/25	Forecast 2024/25	Forecast Variance Month 3	Forecast Variance Month 2	Variance Movement Month 2 to Month 3	Significant Forecast Variance Indicator	Improving ↑ / Deteriorating ↓ Movement
	£M	£M	£M	£M	£M		
Schools	0.00		0.00		0.00	Green	-
High Needs	0.00	(1.20)	1.20 F		1.20 F	Green	↑
Early Years	0.00		0.00		0.00	Green	-
Central Services	0.00		0.00		0.00	Green	-
<b>In Year Balance</b>	<b>0.00</b>	<b>(1.20)</b>	<b>1.20 F</b>	<b>0.00</b>	<b>1.20 F</b>	<b>Green</b>	<b>↑</b>
Balance B/Fwd held in DSG adjustment reserve	0.00	11.09	11.09 A				
Balance B/Fwd held in DSG usable reserve		(3.99)	3.99 F				
Net DSG deficit B/Fwd		7.11	7.11 A				
<b>Total non General Fund Services</b>	<b>0.00</b>	<b>5.91</b>	<b>5.91 A</b>			<b>Red</b>	

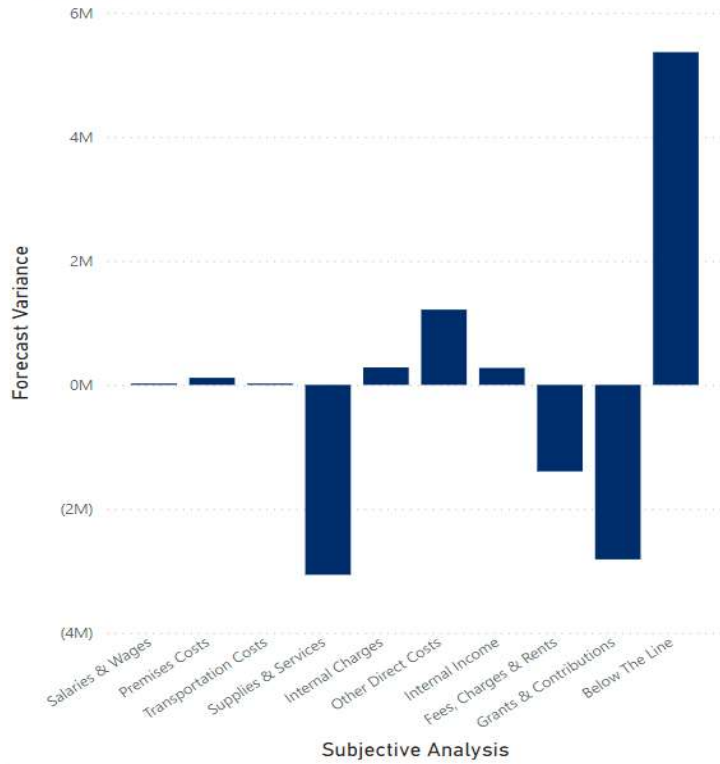
School Balances Table	Outturn 2023/24		
	Deficit	Surplus	Balance
<b>Primary</b>	3.47	(2.31)	1.16
Nos.	12	19	31
%	39%	61%	100%
<b>Secondary</b>	0.00	(5.26)	(5.26)
Nos.	0	6	6
%	0%	100%	100%
<b>Special</b>	1.43	(0.26)	1.16
Nos.	2	3	5
%	40%	60%	100%
<b>Total</b>	4.90	(7.84)	(2.93)
Nos.	14	28	42
%	33%	67%	100%

The DSG deficit reduced by £3.99M to £7.11M in 2023/24. A further reduction of £1.20M is currently forecast for 2024/25. Schools are working on their budgets for 2024/25 and where necessary deficit recovery plans and plans for use of excess surpluses. In 2023/24 two schools returned to surplus from a deficit position, whereas four schools entered into deficit. In total there are 14 schools in deficit.

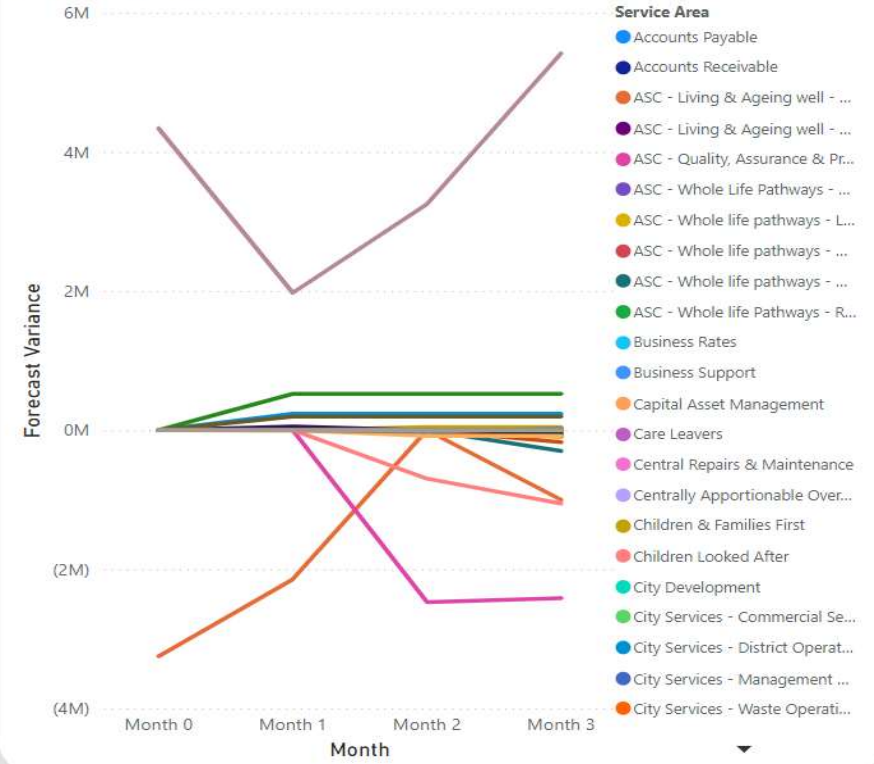


- Adults &...
- Children & Learning
- Compliance & Leisure
- Communities & Safer City
- Economic Development
- Environment & Transport

### Variance by Subjective Analysis



### Variance Trends





Clear Filters

### Portfolio Position Month 3



Adults &...

Children & Learning

Compliance & Leisure

Communities & Safer City

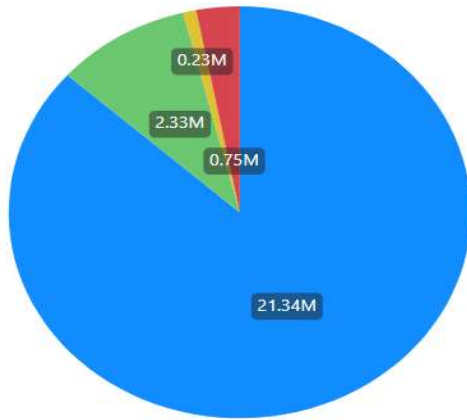
Economic Development

Environment & Transport

Portfolio	Working Budget 2024/25 £'000	Forecast Outturn Month 3 £'000	Forecast Variance Month 3 £'000	Movement Month 2 to Month 3 £'000
▲				
▣ Adults & Health	95,851	91,868	(3,983)	(1,511)
▣ Children & Learning	72,352	70,567	(1,785)	(299)
▣ Compliance & Leisure	4,223	4,734	511	0
▣ Communities & Safer City	2,790	2,748	(42)	0
▣ Economic Development	7,121	7,169	48	48
▣ Environment & Transport	23,560	23,221	(339)	(214)
▣ Finance & Corporate Services	32,664	32,469	(195)	(100)
▣ Green City & Net Zero	5,396	5,631	235	0
▣ Housing Operations	3,978	3,969	(9)	0
▣ Leader	5,854	6,048	194	(92)
▣ Central Expenditure Items	24,805	24,805	0	0
▣ General Funding	(239,319)	(239,370)	(52)	0
▣ Exceptional Financial Support (EFS)	(39,276)	(33,859)	5,417	2,168
<b>Total</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>0</b>

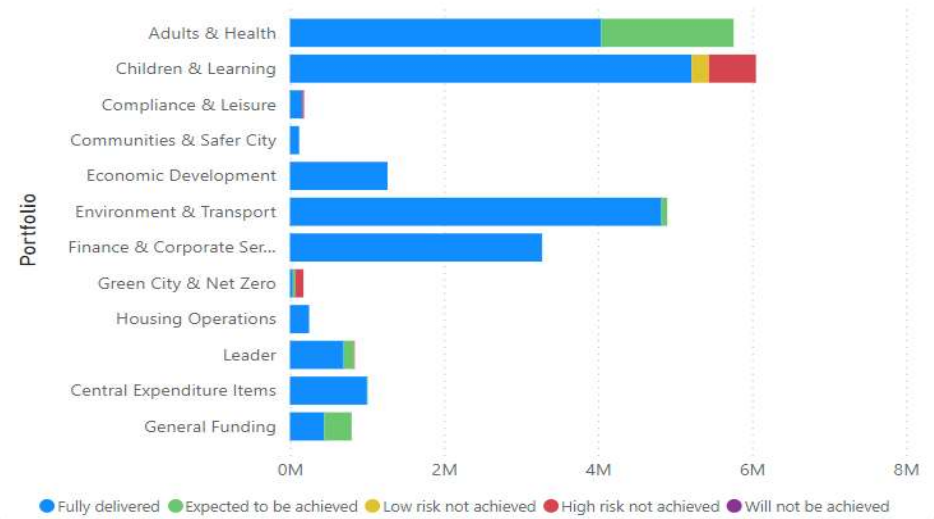


### Savings Targets 2024/25 RAG Rated



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

### Savings Targets per Portfolio



Please select a Portfolio to drillthrough

#### Key Issues

The current rate of non-achievement of savings is 3% or £0.75M forecast not to be achieved (Red & Purple). Deficit Recovery Plans are being developed by Children & Learning and by Resident Services in respect of the high risk of non-achievement of savings.

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<b>Treasury Management</b>																																																																																																																																																									
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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 reduction in investment balances, net borrowing is expected to increase by £121.34M, to £451.52M.</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 construction costs and higher interest rates which has seen the cost of borrowing increase 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>																																																																																																																																																								
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5.	As of June 2024, the forecast cost of financing the council's loan debt is £22.61M of which £5.95M 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 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.
7.	<p>Interest rates have risen substantially since 2021 although they have largely plateaued over the last year. Over the last quarter gilt yields have risen slightly overall, having had a number of peaks and troughs. There has been downward pressure from lower inflation figures, but also upward pressure from unexpectantly positive economic data. Data from the US continues to impact global markets including UK gilt yields.</p> <p>The PWLB certainty rate for 10-year maturity loans was 4.80% at the beginning of the quarter and 4.96% percent at the end. The lowest available 10-year maturity rate during the quarter was 4.80% and the highest was 5.18%. Rates for 20-year maturity loans ranged from 5.24% to 5.57% during the quarter, and 50-year maturity loans from 5.06% 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 5.25% through the quarter.</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 £10.3M loans relating to HRA maturing during this time frame.
9.	Previously the majority of long-term borrowing has been raised from the PWLB but we 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.	<b>Loans restructuring:</b> 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.	<p><b>LOBO loans:</b> LOBO (Lender's Option Borrower's Option) loans are where the lender has the 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><b>Short-term borrowing:</b> 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 June 2024 on £24M was 5.35%.</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 4.87% (5.37% less 0.40% 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 £168.37M 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><b><u>Table 2 – Estimated Borrowing Requirement</u></b></p>																																	
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14.	<p>Although not classed as borrowing the Council has previously raised capital finance via Private Finance Initiative (PFI). The balance at 31 March 2024, after allowing for repayment in year of £3.29M is £41.08M.</p>																																
15.	<p>In addition, the council holds debt in relation to debt transferred from Hampshire County Council on the 1 April 1997 when we became a unitary authority, of £12.37M. This is being repaid over 50 years at £0.36M per annum.</p>																																
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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 £80.40M and £35.83M and are currently £55.23M and expected to reduce to £48M by year end.</p>																																

18.	<p>Bank Rate remained at 5.25% through the quarter with short term interest rates largely being around this level. The rates on DMADF deposits ranged between 5.19% and 5.20% and money market rates between 5.11% and 5.26%.</p> <p>Forecast income is now £2.50M, slightly higher (£0.27M) than originally budgeted £2.23M which helps to partly mitigate the increase in borrowing costs.</p>
<p><b><u>Investment Performance</u></b></p>	
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 5.21% (which is slightly higher than both the average unitary authority at 5.16% and other LA's at 5.07%), whilst maintaining the same credit rating of A+.</p> <p>Total income returns at 5.17% is in line other unitary (5.16%) and above LA's (5.06%).</p> <p>As we are now operating on a cash flow basis for investments to avoid higher borrowing costs and maintained lower cash balances, £28.2M compared to £61.3M for other Unitaries and £63.9M 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 3.19% compared to 5.05% for other Unitaries and 5.24% for other Local Authority but has performed better over the last the medium term, see paragraph 28 below.</p> <p>We hold 51% of our investments in 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 fallen by a further £0.12M in the quarter. The income return over the longer term was and remains the driver to invest, although this is kept under review for opportunities to divest.</p>
<p><b><u>External Managed Investments</u></b></p>	
23.	<p>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.</p>
24.	<p>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.</p>
25.	<p>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.</p> <p>Considering the performance over the long-term and the latest cash flow forecasts, these</p>



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 and September (£25.46M). The change in the funds' capital values and income earned over the 3-month period is shown in Table 3 below.

The dividend for this quarter is forecast to be £0.34M and £1.28M 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 *
<b>Total</b>			<b>0.34</b>
<i>*Forecast</i>			

27. Although there is currently an unrealised capital loss of £2.33M at 30 June 2024, since investing £9.42M of dividends have been earned, a net return of £7.09M which equates to an annualised income return of 3.86% compared to the average bank rate of 1.18% 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.

STRATEGIC POOLED FUND PORTFOLIO			SOUTHAMPTON CITY				From:	01/05/2014	To:	30/06/2024
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	24,671,625	-2,328,380	9,415,510	7.9	-8.62%	34.87%	26.25%	5.1%
<b>GRAND TOTAL</b>			<b>24,671,625</b>	<b>-2,328,380</b>	<b>9,415,510</b>	<b>7.9</b>	<b>-8.62%</b>	<b>34.87%</b>	<b>26.25%</b>	<b>5.1%</b>
			Unrealised capital loss since purchase: -2,328,380		Annualised income return:		3.86%			
					Average Bank Rate:		1.18%			

**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.

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

29. **Table 4 – Property Investment Fund**

Property	Actual	31.03.2023 Actual		31.03.2024 Actual		Outstanding Debt 31.03.2024	Outstanding Debt 31.03.2025
	Purchase Cost £M	Value in Accounts	Gain or (Loss) in Year	Value in Accounts	Gain or (Loss) in Year	£M	£M
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
	<b>29.69</b>	<b>23.82</b>	<b>(1.86)</b>	<b>25.19</b>	<b>1.37</b>	<b>26.37</b>	<b>26.08</b>

**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 (June 2024 interest rate forecast)**

	Current	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27
<b>Official Bank Rate</b>													
<b>Upside risk</b>	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
<b>Central Case</b>	5.25	5.00	4.75	4.25	3.75	3.25	3.00	3.00	3.00	3.00	3.00	3.00	3.00
<b>Downside risk</b>	0.00	0.00	-0.25	-0.50	-0.50	-0.50	-0.50	-0.75	-1.00	-1.00	-1.00	-1.00	-1.00

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

- The MPC held Bank Rate at 5.25%.
- The MPC will cut rates to stimulate the UK economy but will be reluctant to do so significantly until it is sure there will be no lingering second-round effects. Rate cuts from Q3 2024 to a low of around 3% by late 2025.
- The balance of risks around Bank Rate lie to the upside; the Bank could hold rates until September or even Q4, and the developing upside risks to inflation could limit the extent of monetary easing.
- Long-term gilt yields have dipped a little following softer US data. Arlingclose’s central case is for yields to be volatile around a relatively narrow range, reflecting the likelihood for monetary loosening in the Eurozone, UK and US.

## **Economic background**

32. UK headline consumer price inflation (CPI) continued to decline over the quarter, falling from an annual rate of 3.2% in March to 2.0% in May, in line with the Bank of England's target. The core measure of inflation, however, only declined from 4.2% to 3.5% over the same period, which, together with stubbornly services price inflation at 5.7% in May, helped contribute to the BoE maintaining Bank Rate at 5.25% during the period, a level unchanged since August 2023.

Data released during the period showed that showed the UK economy had emerged from the technical recession at the end of 2023 to expand by 0.7% (upwardly revised from the initial estimate of 0.6%) in the first quarter of the calendar year. Monthly GDP data showed zero growth in April following an expansion of 0.4% in the previous month.

Labour market data continued to provide mixed messages for policymakers, exacerbated by issues the Office for National Statistics is having compiling the labour force survey. In the three months between February and April 2024, unemployment was up, employment fell, while the decline in vacancies slowed and wage growth remained elevated. Unemployment rose to 4.4% (3mth/year) while average regular earnings (excluding bonuses) was 6.0% and total earnings (including bonuses) was 5.9%. Adjusting for inflation, real regular pay rose by 2.3% and total pay by 2.2%. Given how keenly the 'second-round' impact of inflation on wages is watched by the BoE, policymakers will likely want to see more downward movement before cutting interest rates.

Having started the financial year at 5.25%, the Bank of England's Monetary Policy Committee (MPC) maintained Bank Rate at this level throughout the quarter. In line with expectations, at its June meeting, the Committee voted by a majority of 7-2 in favour of maintaining the status quo. The two dissenters preferred an immediate 0.25% reduction in Bank Rate to 5.0%. This continued dovish tilt by the Committee increased financial market expectations that the first cut in Bank Rate will likely be in August.

Earlier in May, in addition to an identical MPC rate decision and voting pattern, the Bank published the latest version of its Monetary Policy Report (MPR). Within the Report, the Committee noted that it expected four-quarter GDP growth to increase over the forecast period, reflecting the declining negative effects of past Bank Rate increases and the predicted downward path of interest rates which should provide support to economic activity. The trajectory of inflation was broadly similar to that in the previous MPR, albeit slightly lower towards the end of the forecast horizon due to the Committee's revised assessment of falling external inflationary pressures from past import price increases. This meant the Committee expected headline inflation to hit the 2% target two quarters sooner than in the February MPR. As was highlighted earlier, inflation data published in June showed that CPI inflation fell to the 2% target in May.

Arlingclose, the authority's treasury adviser, maintained its central view that 5.25% is the peak in Bank Rate and that interest rates will most likely be cut later in H2 2024. The risks over the medium term are deemed to be to the upside as while inflation has fallen to target, it is expected to pick up again later in the year and as services price inflation and wage growth are still on the firmer side, the MPC could well delay before delivering the first rate cut.

The US Federal Reserve also maintained interest rates over the period, holding the Fed Funds Rate at 5.25%-5.50% for the seventh consecutive month in June, as was expected. US policymakers have maintained a relatively dovish stance throughout the period but have steadily reduced their predictions around the pace and timing of rate cuts in the face of higher inflation and firmer economic growth. At the meeting, economic projections pointed to one rate cut in calendar 2024 and four in 2025.

The European Central Bank cut rates in June, reducing its main refinancing rate from 4.50%

	<p>to 4.25%. Inflation in the region fell to 2.5% in May, having increased in the previous month, but since February has been fairly sticky at between 2.4% and 2.6%. Economic growth in the region has picked up but remains weak, and with inflation above the ECB's target this continues put pressure on policymakers on how to balance these factors when setting monetary policy.</p>
	<p><b><u>Financial Markets</u></b></p>
33.	<p>Sentiment in financial markets showed signs of improvement over the quarter, but bond yields remained volatile. Early in the period yields climbed steadily, but mixed signals from economic data and investors' constant reassessment of when rate cuts might come caused a couple of fairly pronounced but short lived dips in yields. Towards the end of the quarter yields rose once again and were generally higher than at the start of the period.</p> <p>Over the quarter, the 10-year UK benchmark gilt yield started at 3.94% and ended at 4.18% having reached 4.41% in May. While the 20-year gilt started at 4.40%, hit 4.82% in May, before ending the period at 4.61%. The Sterling Overnight Rate (SONIA) averaged 5.20% over the quarter to 30th June.</p>
	<p><b><u>Credit Review</u></b></p>
34.	<p>Arlingclose maintained its advised and recommended maximum unsecured duration limit on all banks on its counterparty list at 100 days.</p> <p>During the quarter, Fitch revised its outlook on Transport for London (TfL) to stable from negative while S&amp;P upgraded its long-term rating for TfL to AA- from A+, in line with its rating of the UK sovereign.</p> <p>Fitch also upgraded the long-term ratings for the main four Australian banks – Australia &amp; New Zealand Banking Group, Commonwealth Bank of Australia, National Australia Bank and Westpac.</p> <p>Having placed Warrington Borough Council on review for a downgrade in March, Moody's subsequently withdrew its ratings for the council in June.</p> <p>Credit default swap prices started and ended the quarter at broadly similar levels in the UK as they did for the European, Singaporean and Australian lenders on Arlingclose's counterparty list, while Canadian banks generally trended modestly downwards.</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>
	<p><b><u>Prudential Indicators</u></b></p>
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"> <li>• Liability Benchmark</li> <li>• Maturity Structure of Borrowing</li> <li>• Long-term Treasury Management Investments</li> <li>• Security</li> <li>• Liquidity</li> <li>• Interest Rate Risk Indicator</li> </ul>

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	469.27	471.16	486.55
New Borrowing	15.14	143.78	22.06	34.95	6.41
MRP	(8.69)	(15.53)	(16.32)	(15.99)	(16.87)
Movement in Other Liabilities	(3.66)	(4.34)	(3.85)	(3.57)	(4.12)
<b>Total General Fund Debt</b>	<b>345.36</b>	<b>469.27</b>	<b>471.16</b>	<b>486.55</b>	<b>471.97</b>
HRA	182.05	212.10	248.09	260.88	272.82
<b>Total CFR</b>	<b>527.41</b>	<b>681.37</b>	<b>719.25</b>	<b>747.43</b>	<b>744.79</b>
Estimated Debt	366.05	499.52	558.55	573.14	574.22
<b>Under / (Over) Borrowed</b>	<b>161.36</b>	<b>181.85</b>	<b>160.70</b>	<b>174.29</b>	<b>170.57</b>

### 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 Actual £M	31/03/2025 Forecast £M	31/03/2026 Forecast £M	31/03/2027 Forecast £M	31/03/2028 Forecast £M
<b>Total Debt</b>	<b>366.05</b>	<b>499.52</b>	<b>558.55</b>	<b>573.14</b>	<b>574.22</b>
<b>Capital Financing Requirement</b>	<b>527.41</b>	<b>681.37</b>	<b>719.25</b>	<b>747.43</b>	<b>744.79</b>
<b>Under / (Over) Borrowed</b>	<b>161.36</b>	<b>181.85</b>	<b>160.70</b>	<b>174.29</b>	<b>170.57</b>

### **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 2023/24; borrowing at its peak was £312.90M plus other deferred liabilities of £57.10M. This has continued into 2024/25.

### **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.

<b>Ratio of Net Income from Commercial Investment to NRS</b>	<b>2023/24 Actual</b>	<b>2024/25 Forecast</b>	<b>2025/26 Forecast</b>	<b>2026/27 Forecast</b>	<b>2027/28 Forecast</b>
	<b>£M</b>	<b>£M</b>	<b>£M</b>	<b>£M</b>	<b>£M</b>
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
<b>Proportion of NRS</b>	<b>3.36%</b>	<b>2.94%</b>	<b>2.51%</b>	<b>2.38%</b>	<b>2.29%</b>

### **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 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.

The upper limit for this ratio is set at 15%, increased for the General Fund in the short term to account for a potential increase to fund EFS. Net revenue stream has also reduced as a result of the Social Care Grant being reclassified as a ring-fenced grant and the budget now shown within directorate income, leading to an increase in the percentage. The table below shows the likely position based on the proposed capital programme.

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	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	2026/27 Forecast
		%	%	%	%
General Fund	10.29	12.48	12.52	11.71	11.73
HRA	7.55	7.11	9.01	10.72	10.97
<b>Total</b>	<b>9.55</b>	<b>11.07</b>	<b>11.70</b>	<b>11.49</b>	<b>11.56</b>

## 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 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
<b>Loans CFR</b>	<b>473.96</b>	<b>632.25</b>	<b>673.99</b>	<b>705.75</b>	<b>707.23</b>
Less Balance sheet Resources	(186.69)	(183.22)	(186.08)	(191.37)	(191.37)
Plus Minimum Investments	55.23	48.00	48.00	48.00	48.00
<b>Liability Benchmark</b>	<b>342.50</b>	<b>497.03</b>	<b>535.91</b>	<b>562.38</b>	<b>563.86</b>
Less Committed External Borrowing	(312.60)	(282.00)	(271.40)	(260.80)	(250.20)
<b>Minimum Borrowing Need</b>	<b>29.90</b>	<b>215.03</b>	<b>264.51</b>	<b>301.58</b>	<b>313.66</b>
Less HRA Borrowing Liability	(0.71)	0.00	(78.07)	(94.76)	(110.59)
<b>GF Minimum Borrowing Need / (Investment)</b>	<b>29.19</b>	<b>215.03</b>	<b>186.44</b>	<b>206.82</b>	<b>203.07</b>

## 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 %	30.06.24 Actual £M	30.06.24 Actual %	Complied?
Under 12 months	0	50	10.10	3	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	10	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
<b>Total</b>			<b>292.09</b>	<b>100</b>	

## 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 invested in 2024/25 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 15<sup>th</sup> 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 £23.8M of liquid cash at end of June but based on current cash flow in order to maintain minimum balance and meet outgoing commitments we expect to borrow before year end.

	2024/25 Target	Q1 Actual	Complied?
Total cash available within 3 months	£20M	£27.21M	Yes
Total sum borrowed in past 6 months without prior notice		£24M	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>30/06/24</u>
Bank Rate	5.25%	5.25%
1-year PWLB certainty rate, maturity loans	5.39%	5.37%
5-year PWLB certainty rate, maturity loans	4.72%	4.89%
10-year PWLB certainty rate, maturity loans	4.80%	4.96%
20-year PWLB certainty rate, maturity loans	5.24%	5.37%
50-year PWLB certainty rate, maturity loans	5.07%	5.18%



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 31<sup>st</sup> 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 be reset as part of the mid-year review of treasury management and 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 £192.37M, as detailed in Appendix 3, table 2.

<b>Interest rate risk indicator</b>	<b>2024/25 Benchmark £M</b>	<b>2024/25 Forecast £M</b>
Upper limit on one-year revenue impact of a 1% <u>rise</u> in interest rates	1.5M	1.92M
Upper limit on one-year revenue impact of a 1% <u>fall</u> in interest rates	(1.5M)	(1.92M)

## **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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<b>DECISION-MAKER:</b>	CABINET		
<b>SUBJECT:</b>	CAPITAL FINANCIAL MONITORING FOR THE PERIOD TO THE END OF JUNE 2024		
<b>DATE OF DECISION:</b>	27 AUGUST 2024		
<b>REPORT OF:</b>	COUNCILLOR LETTS DEPUTY LEADER AND CABINET MEMBER FOR FINANCE AND CORPORATE SERVICES		
<b><u>CONTACT DETAILS</u></b>			
<b>Executive Director</b>	<b>Title:</b>	Executive Director for Corporate Services & S151 Officer	
	<b>Name:</b>	Mel Creighton	<b>Tel:</b> 023 8083 3528
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<b>Author:</b>	<b>Title:</b>	Capital & Treasury Manager	
	<b>Name:</b>	Maddy Modha	<b>Tel:</b> 023 8083 3574
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**STATEMENT OF CONFIDENTIALITY**

N/A

**BRIEF SUMMARY**

The report summarises the General Fund and Housing Revenue Account (HRA) capital programme for the period 2024/25 to 2028/29 financial position as at the end of June 2024 and informs Cabinet of any major changes since the last reported position.

The forecast underspend position for 2024/25 as outlined in this report is £1.01M, after accounting for £6.24M slippage.

**RECOMMENDATIONS:**

	Cabinet is recommended to:
i)	Note the revised General Fund Capital Programme, which totals £206.06M as detailed in paragraph 3.
ii)	Note the HRA Capital Programme is £240.53M as detailed in paragraph 3.
iii)	Approve slippage of £6.24M within the General Fund programme, as detailed in paragraphs 7 to 9 and Appendix 3.
iv)	Note that the overall forecast position for 2024/25 at quarter 1 is £170.82M, resulting in a potential underspend of £1.01M, as detailed in paragraphs 10 to 12 and Appendix 2.
v)	Note that the capital programme remains fully funded up to 2028/29 based on the latest forecast of available resources although the forecast can be subject to change; most notably regarding the value and timing of anticipated capital receipts and the use of prudent assumptions of future government grants to be received.

<b>REASONS FOR REPORT RECOMMENDATIONS</b>																																											
1.	To ensure that Cabinet fulfils its responsibilities for the overall financial management of the Council's resources.																																										
<b>ALTERNATIVE OPTIONS CONSIDERED AND REJECTED</b>																																											
2.	Not Applicable.																																										
<b>DETAIL (including consultation carried out)</b>																																											
3.	Table 1 shows the changes to the individual directorate programmes. The updated programme for the General Fund is £206.06M and £240.53M for the HRA.																																										
4.	Due to the current financial environment, there is an ongoing need to review the programme. This is against the backdrop of rising construction costs and higher (albeit now falling) interest rates which has seen the cost of borrowing increase.																																										
5.	Details of changes made since the last reported position, totalling a net increase of £2.29M can be found in Appendix 1, all of which have been added to the programme by delegated and Cabinet decisions.																																										
6.	<p>Table 1 – Changes to Programmes</p> <table border="1"> <thead> <tr> <th></th> <th>Latest Programme £M</th> <th>Previous Programme £M</th> <th>Total Change £M</th> </tr> </thead> <tbody> <tr> <td>Children &amp; Learning</td> <td>57.16</td> <td>57.14</td> <td>0.02</td> </tr> <tr> <td>Community Wellbeing</td> <td>8.00</td> <td>8.00</td> <td>0.00</td> </tr> <tr> <td>Enabling Services</td> <td>14.65</td> <td>14.65</td> <td>0.00</td> </tr> <tr> <td>Growth &amp; Prosperity</td> <td>76.77</td> <td>74.56</td> <td>2.21</td> </tr> <tr> <td>Resident Services</td> <td>41.36</td> <td>41.29</td> <td>0.07</td> </tr> <tr> <td>Strategy &amp; Performance</td> <td>8.13</td> <td>8.13</td> <td>0.00</td> </tr> <tr> <td><b>Total GF Capital Programme</b></td> <td><b>206.06</b></td> <td><b>203.76</b></td> <td><b>2.29</b></td> </tr> <tr> <td>Housing Revenue Account</td> <td>240.53</td> <td>240.53</td> <td>0.00</td> </tr> <tr> <td><b>Total Capital Programme</b></td> <td><b>446.59</b></td> <td><b>444.30</b></td> <td><b>2.29</b></td> </tr> </tbody> </table> <p>NB. there may be small arithmetic variations in the table as figures have been rounded</p>				Latest Programme £M	Previous Programme £M	Total Change £M	Children & Learning	57.16	57.14	0.02	Community Wellbeing	8.00	8.00	0.00	Enabling Services	14.65	14.65	0.00	Growth & Prosperity	76.77	74.56	2.21	Resident Services	41.36	41.29	0.07	Strategy & Performance	8.13	8.13	0.00	<b>Total GF Capital Programme</b>	<b>206.06</b>	<b>203.76</b>	<b>2.29</b>	Housing Revenue Account	240.53	240.53	0.00	<b>Total Capital Programme</b>	<b>446.59</b>	<b>444.30</b>	<b>2.29</b>
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<b>SLIPPAGE AND REPHASING</b>																																											
7.	<p>Slippage occurs where works are not expected to take place according to the provisions agreed in the capital programme. Re-phasing of capital expenditure is due to works being carried out sooner than anticipated, budget and funding is brought forward from future years to match the expenditure.</p> <p>Details of schemes with major slippage and where any rephasing has been applied are provided in appendix 3.</p>																																										
8.	Table 2 below summarises resulting net slippage and rephasing by individual capital programmes. There is zero net effect to the budgets over the 5-year capital programme. Approval is sought for the slippage of £6.24M from 2024/25 into later years, all relating to GF.																																										

9.	Table 2 – Net Slippage	Movement in 2024/25 £M	Appendix 3 Ref		
	Children & Learning	(0.98)	1-2		
	Community Wellbeing	0.00	-		
	Enabling Services	0.00	-		
	Growth & Prosperity	(3.41)	3-5		
	Resident Services	(1.85)	6		
	Strategy & Performance	0.00	-		
	<b>Total General Fund</b>	<b>(6.24)</b>			
	<b>Housing Revenue Account</b>	0.00	-		
	<b>Total Capital Programme</b>	<b>(6.24)</b>			
	NB. there may be small arithmetic variations in the table as figures have been rounded				
	<b>2024/25 MONITORING POSITION</b>				
10	The forecast performance of individual capital programmes in 2024/25 is summarised in table 3 below.				
11	Table 3 – Summary of the General Fund & HRA Capital Forecast 2024/25				
		Revised Programme £M	Forecast £M	Forecast Variance £M	Forecast Variance %
	Children & Learning	19.41	19.36	(0.05)	(0.25)
	Community Wellbeing	4.10	4.10	0.00	0.00
	Enabling Services	4.65	3.97	(0.68)	(14.68)
	Growth & Prosperity	55.41	55.14	(0.27)	(0.49)
	Resident Services	18.91	18.91	0.00	0.00
	Strategy & Performance	8.13	8.13	0.00	0.00
	<b>Total General Fund</b>	<b>110.59</b>	<b>109.59</b>	<b>(1.01)</b>	<b>(0.91)</b>
	<b>Housing Revenue Account</b>	61.23	61.23	(0.00)	(0.00)
	<b>Total Capital Programme</b>	<b>171.82</b>	<b>170.82</b>	<b>(1.01)</b>	<b>(0.58)</b>
	Financed by				
	*CR - GF Borrowing	(17.24)	(16.29)	(0.96)	(5.54)
	*CR - HRA Borrowing	(30.05)	(30.05)	0.00	(0.00)
	Capital Receipts	(12.41)	(12.41)	0.00	0.00
	Contributions	(9.88)	(9.88)	0.00	0.00
	Capital Grants	(75.13)	(75.08)	(0.05)	(0.07)
	Direct Revenue Financing	(2.25)	(2.25)	0.00	0.00
	HRA – MRA	(24.86)	(24.86)	0.00	0.04
	<b>Total Funding</b>	<b>(171.82)</b>	<b>(170.82)</b>	<b>(1.01)</b>	<b>(0.58)</b>
	*CR – Council Resources NB there may be small arithmetic variations in the table as figures have been rounded				

12	The forecast spend for 2024/25 is £170.82M, giving a total favourable forecast variance of £1.01M. The reasons for the major forecast surplus/deficit variances are detailed in Appendix 2.
<b>CAPITAL RESOURCES</b>	
13	The resources which can be used to fund the capital programme are as follows: <ul style="list-style-type: none"> <li>• Central Government Grants and from other bodies</li> <li>• Contributions from third parties</li> <li>• Council Resources - Capital Receipts from the sale of HRA assets</li> <li>• Council Resources - Capital Receipts from the sale of General Fund assets</li> <li>• Revenue Financing</li> <li>• Council Resources – Borrowing</li> </ul>
14	Capital Receipts from the sale of Right to Buy (RTB) properties are passed to the General Fund capital programme to support the Private Sector Housing schemes.
15	It should be noted that the revised General Fund Capital programme is based on prudent assumptions of future government grants to be received. Most of these grants relate to funding for schools and transport and are un-ringfenced. However, in 2024/25 these grants have been passported to these areas.
<b>OVERALL CAPITAL PROGRAMME AND FINANCING</b>	
16	The revised overall programme by year, including amendments that are being requested as part of this report and use of resources, can be found in Appendix 4.
17	The most significant amount of funding for the General Fund programme is provided by capital grants. There has been a drive to reduce borrowing costs, due to increasing interest rates, to avoid an unbudgeted pressure on the GF revenue account. The HRA programme is primarily funded by Major Repairs Reserve (direct revenue contribution).
<b>RESOURCE IMPLICATIONS</b>	
<b><u>Capital/Revenue</u></b>	
18	There is a revenue cost of providing the capital programme, through the interest cost of borrowing and the minimum revenue provision (MRP). MRP is the calculated annual charge to the revenue account of provision to repay debt incurred in respect of capital expenditure financed by borrowing or other long term credit arrangements (such as PFI) over a period that is commensurate with that over which the capital expenditure provides benefits. The cost of the current capital programme is including in the Medium Term Financial Strategy and is monitored and reported as part of the revenue financial monitoring.
19	A key indicator is the ratio of Capital Financing to the Net Revenue Budget of the council. Following the highly publicised over borrowing of some local authorities it is expected that CIPFA and central government will propose a strengthening to prudential limits by including upper limits on the level of borrowing. The council has introduced a ceiling for the above indicator, prior to any change to the Prudential Code, and set the General Fund at a maximum of 15% of Net Revenue Budget. It also needs to be in keeping with approach adopted of 'purposeful investment' i.e. does the investment reduce revenue expenditure/increase income: does it offset a future financial pressure: does it have a significant impact on the lives of residents?

20	The capital implications are contained within the report.
<b><u>Property/Other</u></b>	
21	There are no specific property implications arising from this report other than the schemes already referred to within the report.
<b>LEGAL IMPLICATIONS</b>	
<b><u>Statutory power to undertake proposals in the report:</u></b>	
22	Financial reporting is consistent with the Section 151 Officer's duty to ensure good financial administration within the council.
<b><u>Other Legal Implications:</u></b>	
23	None.
<b>RISK MANAGEMENT IMPLICATIONS</b>	
24	<p>The council maintains a financial risk register which details the key financial risks that face the council at a given point in time and is reported as part of the Revenue Financial Monitoring report. It is from this register that the level of balances and reserves is determined, including a small reserve for capital funding. The main risks effecting the capital programme are:</p> <ul style="list-style-type: none"> <li>• Interest rates are underestimated, resulting in a higher cost of borrowing to fund the programme,</li> <li>• Slippage in capital receipts or grants are not secured, resulting in a funding gap,</li> <li>• Inflation, impacting on construction costs and availability of suppliers.</li> </ul>
<b>POLICY FRAMEWORK IMPLICATIONS</b>	
25	The update of the Capital Programme forms part of the overall Budget Strategy of the Council.

**KEY DECISION?**                      No

<b>WARDS/COMMUNITIES AFFECTED:</b>	All
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**SUPPORTING DOCUMENTATION**

**Appendices**

1.	GF & HRA Programme Changes Since Last Reported Position
2.	GF & HRA Major Forecast Variances as at June 2024
3.	GF & HRA Slippage & Rephasing as at June 2024
4.	GF & HRA Revised 5 Year Programme and Use of Resources

**Documents In Members' Rooms**

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

1.	The General Fund Capital Programme 2023/24 to 2028/29 (Council 6 March 2024)	
2.		



**GENERAL FUND & HRA: PROGRAMME AMENDMENTS SINCE LAST REPORTED POSITION**

Directorate	Scheme	£M	*Council/Cabinet **Delegated Approval	Funding Source
<b><u>Additions to the Programme</u></b>				
Children & Learning	Compass School Roof	0.10	**	Grant
	Oakwood Primary School Roof	0.14	**	Grant
	Family Hubs Transformation	0.02	**	Grant
		<u>0.26</u>		
Growth & Prosperity	Local Electric Vehicle Infrastructure (LEVI)	1.63	*	Grant
	Traffic Signal Obsolescence Grant (TSOG)	0.58	*	Grant
		<u>2.21</u>		
Resident Services	Redbridge Wharf	0.06	^	S106
		<u>0.06</u>		
<b><u>Reductions to the Programme</u></b>				
Children & Learning	School Conditions Programme	(0.14)	**	Grant
	St Marks - Wall	(0.10)	**	Grant
		<u>(0.24)</u>		
<b>Total Variations to the Overall Programme</b>		<u><u>2.29</u></u>		
		£M		
	* - Approved By Council/Cabinet	2.21		
	** - Approved under Delegated Powers	0.02		
	^ - Require Approval	0.06		
	<b>Total Variations to the Overall Programme</b>	<u><u>2.29</u></u>		

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### Forecast Major GF & HRA Variance Since Last Reported Position

	<b>Enabling Service</b>
1.	<p><u>CareDirector (Underspend of £0.68M)</u>            This phase of CareDirector implementation has now finished. Future enhancements needed will be considered as part of the wider transformation programme. This was to be funded by council resources, so creates a £27,000 revenue saving in year.</p>
	<b>Growth &amp; Prosperity</b>
2.	<p><u>Belgrave Industrial Estate Roofs (Underspend of £0.27M)</u>            All work has been completed and the only cost left is a small retention payment in November 2024. This project has been successfully implemented and therefore the contingency within the budget can be declared as an underspend. This was to be funded by council resources, so creates a £11,000 revenue saving in year.</p>

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### Major GF & HRA Slippage & Rephasing Since Last Reported Position

	<b>Children &amp; Learning</b>
1.	<p><u>School Condition Works (Slippage of £0.77M from 2024/25 to 2025/26)</u></p> <p>Mount Pleasant Junior School Roof (£0.50M) Slippage due to timing of works, as current programme has works to begin during winter months. Have advised this is rescheduled for summer holidays 2025, due to weather condition and safety precautions. Therefore bulk of budget to be carried into 2025, with an amount kept in 2024 for enabling works and fees.</p> <p>Compass School Roof (£0.25M) Unable to agree access to programme works for 2024. Discussions will continue with schools to establish an access window in 2025. This delay will also impact on renewal of roof coverings.</p>
2.	<p><u>Foundary Lane Primary School - roof (Slippage of £0.20M from</u> Necessary to rephase delivery cycle due to delays in determining which roofs are in scope. Now broadly established, nature of works may require avoiding winter working, this will be determined by September.</p>
	<b>Growth &amp; Prosperity</b>
3.	<p><u>Highways Improvements Developers (Slippage of £0.31M from 2024/25 to 2025/26)</u></p> <p>Several projects need to be undertaken later than originally planned as they are dependant on other projects which will not complete until later this year. This will not have any impact service delivery.</p>
4.	<p><u>Corporate Assets Decarbonisation Scheme (CADS) Street Lighting (Slippage of £1.42M from 2024/25 to 2025/26)</u></p> <p>This project has seen significant delays, due to complex contract negotiations with the street lighting service provider. Now that this has been resolved it is planned that the programme will commence later this year and will take place over 2 years, so 50% of the budget has been slipped into 2025/26.</p>
5.	<p><u>Art Gallery Roof (Slippage of £1.68M from 2024/25 to 2025/26)</u></p> <p>The final project phasing has now been confirmed by the contractor, to reflect the delayed start due to unexpected requirement for additional insurance. Work has now commenced and will span the next two years.</p>
	<b>Resident Services</b>
6.	<p><u>St Mary's Leisure Centre (Slippage of £1.85M rom 2024/25 into 2025/26)</u></p> <p>When the budget was added in March the scope and phasing of works was unknown and is still being developed. It is anticipated that feasibility will be complete by the end Summer and design works to take place over the winter months to allow works to proceed in 2025.</p>

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# Agenda Item 10

## Appendix 4

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

#### Programme Comparison

	2024/ 2025 £M	2025/ 2026 £M	2026/ 2027 £M	2027/ 2028 £M	2028/ 2029 £M	Total £M
Revised Programme	110.59	52.15	35.90	6.41	1.00	206.06
Previous Programme	115.57	44.88	35.90	6.41	1.00	203.76
<b>Movement</b>	<b>(4.98)</b>	<b>7.27</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>2.29</b>

Programme	2024/ 2025 £M	2025/ 2026 £M	2026/ 2027 £M	2027/ 2028 £M	2028/ 2029 £M	Total £M
Children & Learning	19.41	10.81	26.22	0.71	0.00	57.16
Community Wellbeing	4.10	3.35	0.55	0.00	0.00	8.00
Enabling Services	4.65	5.00	3.50	1.50	0.00	14.65
Growth & Prosperity	55.41	11.54	4.63	4.20	1.00	76.77
Resident Services	18.91	21.45	1.00	0.00	0.00	41.36
Strategy & Performance	8.13	0.00	0.00	0.00	0.00	8.13
<b>Total General Fund</b>	<b>110.59</b>	<b>52.15</b>	<b>35.90</b>	<b>6.41</b>	<b>1.00</b>	<b>206.06</b>
Housing Revenue Account	61.23	61.16	40.30	38.91	38.94	240.53
<b>TOTAL CAPITAL PROGRAMME</b>	<b>171.82</b>	<b>113.31</b>	<b>76.20</b>	<b>45.32</b>	<b>39.94</b>	<b>446.59</b>
<b>Use of Resources</b>						
*CR - GF Borrowing	(17.24)	(23.62)	(34.95)	(6.41)	(1.00)	(83.22)
*CR - HRA Borrowing	(30.05)	(35.99)	(12.80)	(11.94)	(11.92)	(102.70)
Capital Receipts	(12.41)	(2.75)	(2.50)	(2.63)	(1.89)	(22.18)
Direct Revenue Financing	(9.88)	(4.79)	(0.05)	0.00	0.00	(14.72)
Capital Grants	(75.13)	(22.17)	(2.05)	0.00	0.00	(99.35)
Contributions	(2.25)	(1.16)	(0.45)	(0.55)	(0.93)	(5.34)
HRA – MRA	(24.86)	(22.84)	(23.40)	(23.79)	(24.20)	(119.09)
<b>Total Financing</b>	<b>(171.82)</b>	<b>(113.31)</b>	<b>(76.20)</b>	<b>(45.32)</b>	<b>(39.94)</b>	<b>(446.59)</b>

\*CR – Council Resources

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

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<b>DECISION-MAKER:</b>	Cabinet
<b>SUBJECT:</b>	Budget Matters
<b>DATE OF DECISION:</b>	27 August 2024
<b>REPORT OF:</b>	<b>COUNCILLOR FIELKER LEADER OF THE COUNCIL</b>

<b><u>CONTACT DETAILS</u></b>			
<b>Executive Director</b>	<b>Title</b>	Chief Executive	
	<b>Name:</b>	<b>Andrew Travers</b>	Tel: 023 8083 2943
	<b>E-mail</b>	<a href="mailto:Andrew.travers@southampton.gov.uk">Andrew.travers@southampton.gov.uk</a>	
<b>Author:</b>	<b>Title</b>	<b>Transformation Director</b>	
	<b>Name:</b>	<b>James Wills-Fleming</b>	Tel: 023 8083 2054
	<b>E-mail</b>	james.wills-fleming@southampton.gov.uk	

<b>STATEMENT OF CONFIDENTIALITY</b>
<p>Appendix 1 of this report is not for publication by virtue of category 7A (obligation of confidentiality) of paragraph 10.4 of Southampton City Council's ("the Council's") Access to Information Procedure Rules, as contained in the Council's Constitution.</p> <p>It is not in the public interest to disclose this information as the report contains confidential and commercially sensitive information in relation to one of the Council's suppliers. It would prejudice the Council's ability to operate in a commercial environment and obtain best value in contract negotiations and would prejudice the Council's commercial relationships with third parties if they believed the Council would not honour obligations of confidentiality.</p>

<b>BRIEF SUMMARY</b>
<p>This report summarises budget matters relating to the appointment of an interim transformation partner to support the successful implementation of the Council's "adapt   grow   thrive" organisational transformation programme.</p>

<b>RECOMMENDATIONS:</b>		
	(i)	To approve the release of transformation funding as detailed in Appendix 1 from reserves or the Exceptional Financial Support (EFS) facility.
	(ii)	To approve the appointment of Newton Europe Ltd ("Newton Europe") as an interim transformation partner to commence the implementation of "adapt   grow   thrive" transformation savings proposals.
	(ii)	To delegate authority to the Chief Executive, following consultation with the Leader of the Council, to take all necessary actions, including finalising contractual and commercial arrangements, in

	order to complete the appointment of the interim transformation partner.
<b>REASONS FOR REPORT RECOMMENDATIONS</b>	
1.	This proposed appointment is a key element in the organisational transformation of the Council in order to reach a position in which its General Revenue Fund budget is balanced in future years without the need for EFS from the government. This is a key component in enabling the Council to achieve long-term financial sustainability.
2.	Appendix 1 sets out the confidential and commercially sensitive terms relating to this report and the appointment of the interim transformation partner.
3.	This appointment follows, and directly relates to, the completion of a diagnostic phase of work by the proposed interim transformation partner, Newton Europe.
4.	It was intended from the outset that an implementation phase of the transformation programme would follow the diagnostic phase if that diagnostic phase was successful in identifying transformation activities and financial savings opportunities of sufficient scale and impact to support the commissioning of the second phase.
<b>ALTERNATIVE OPTIONS CONSIDERED AND REJECTED</b>	
5.	<b>Do not proceed with the implementation of transformation proposals.</b> This option was rejected as it would result in the Council failing in its plan to become financially stable.
6.	<b>Undertake a procurement process to appoint an alternative transformation partner.</b> This option was rejected as the implementation phase of this element of the transformation programme was envisaged in the original procurement process and subsequent appointment of Newton Europe. The implementation phase directly relates to the diagnostic phase; the implementation phase has been designed by Newton Europe as a result of the diagnostic phase and, therefore, this appointment enables continuity and speed in proceeding with the implementation phase.
7.	<b>Proceed with the transformation proposals using only existing Council resources and/or temporary staff appointments.</b> This option was rejected as the Council does not possess sufficient skills, knowledge and, crucially, capacity to implement the proposals itself without external assistance and support.
<b>DETAIL (Including consultation carried out)</b>	
8.	The Council undertook a process in the 2023/24 financial year to appoint a transformation partner to undertake a Diagnostic Phase (the “Diagnostic Phase”), primarily relating to the Wellbeing (Children & Learning) and Wellbeing & Housing areas of the Council. This process envisaged that the transformation partner could be appointed to undertake a subsequent Implementation Phase (the “Implementation Phase”) at the sole discretion of the Council.
9.	The route to market identified for this process was a further competition through the Crown Commercial Service RM6187 Management Consultancy Framework Three Agreement (“MCF3”). This framework includes a maximum

	framework price against which bidders provide their price to ensure best value is evidenced. Following the competitive process, the Council we received 2 bids and Newton Europe were identified through a Most Economically Advantageous Tender evaluation as the successful supplier.
10.	Newton Europe was appointed in March 2024 to undertake the Diagnostic Phase as the result of an urgency decision by the (previous) Chief Executive taken under delegated powers on 22 December 2023.
11.	This Diagnostic Phase was primarily focused on identifying the potential financial savings, associated benefits and process improvements that could be achieved across Children’s Services and Adults Social Care through a subsequent Implementation Phase of transformation activity. The Diagnostic Phase has now been completed and has successfully achieved its aims and objectives.
12.	Following the completion of this diagnostic phase, and other work carried out by all areas of the Council, the full scope of the Council’s Transformation Programme, named “adapt   grow   thrive”, was approved by Cabinet in July 2024 (see ‘background papers’ for detail). This report set out that in order for the council to successfully deliver its transformation plan, external support would be required throughout the implementation phase of the programme.
13.	Consideration of whether the Council wishes to proceed with Newton Europe as its main transformation partner for the full Implementation Phase, covering the period up until the end of the 2027/28 financial year, will be the subject to a further report to Council in September 2024.
14.	The report in September 2024 will set out the full scope of work that would be undertaken by a lead Transformation Partner and other key considerations, including detail of the proposed commercial model, demonstration of value for money, and the accompanying assurance mechanisms that the Council will use to manage any future commercial relationship.
15.	In view of the Council’s financial challenges, it is imperative that the Council ensures that all elements of the implementation of its transformation programme are commenced immediately to realise savings as early as possible. This therefore requires a period of interim transformation partner support until a decision on the full implementation phase can be taken. Approval is sought for an interim agreement with Newton Europe covering September and October 2024.
16.	Approval of the interim arrangement set out in this report, along with the exempt appendix, in no way prejudices or pre-empts any future decision regarding the appointment of a transformation partner for the full implementation phase.

**RESOURCE IMPLICATIONS**

**Capital/Revenue**

17.	The resource implications are contained in Appendix 1 to this report. Costs attributable to the interim transformation partner support will be funded from reserves or a drawdown of the EFS facility depending on which is most financially efficient.
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**Property/Other**

18.	Not Applicable.
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<b>LEGAL IMPLICATIONS</b>	
<b><u>Statutory power to undertake proposals in the report:</u></b>	
19.	The Council has the necessary statutory powers in the Local Government Act 1972 and Localism Act 2011 to proceed with the recommendation of this report.
<b><u>Other Legal Implications:</u></b>	
20.	The Council must comply with the obligations contained in the Public Contract Regulations (2015) and the appointment of Newton Europe is consistent with those obligations. The proposed procurement route complies with this.
<b>RISK MANAGEMENT IMPLICATIONS</b>	
21.	Cabinet is asked to note that this report concerns the Interim Implementation Phase only; the risks associated with continuing to the full Implementation Phase will be contained in the full Council report in September 2024.
<b>POLICY FRAMEWORK IMPLICATIONS</b>	
22.	The recommendations of this report are consistent with, and not contrary to, the Council's Policy Framework. It will support delivery of the priorities and outcomes set out in the Southampton City Strategy 2015 – 25 and the Southampton City Corporate Plan 2022 – 30 (updated in 2024).

<b>KEY DECISION?</b>	<b>Yes</b>
<b>WARDS/COMMUNITIES AFFECTED:</b>	Not Applicable
<b><u>SUPPORTING DOCUMENTATION</u></b>	
<b>Appendices</b>	
1.	Transformation Funding - Confidential
<b>Documents In Members' Rooms</b>	
1.	Not Applicable
<b>Equality Impact Assessment</b>	
<b>Do the implications/subject of the report require an Equality and Safety Impact Assessment (ESIA) to be carried out.</b>	<b>No</b>
<b>Data Protection Impact Assessment</b>	
<b>Do the implications/subject of the report require a Data Protection Impact Assessment (DPIA) to be carried out.</b>	<b>Yes</b>
<b>Other Background Documents</b>	
<b>Other Background documents available for inspection at:</b>	
<b>Title of Background Paper(s)</b>	<b>Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)</b>
1.	16 July 2024 Cabinet – "Transformation Update":

	<a href="https://www.southampton.gov.uk/modernGov/ieD/onDetails.aspx?Id=2461">https://www.southampton.gov.uk/modernGov/ieD/onDetails.aspx?Id=2461</a>	
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