

Governance Committee

Monday, 14th November,
2022
at 5.00 pm

PLEASE NOTE TIME OF MEETING

Conference Room 3 and 4 - Civic Centre

This meeting is open to the public

Members of the Committee

Councillor Shields (Chair)
Councillor Denness
Councillor Furnell (Vice-Chair)
Councillor D Galton
Councillor White

Contacts

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PUBLIC INFORMATION

Role of the Governance Committee

Information regarding the role of the Committee's is contained in Part 2 (Articles) of the Council's Constitution.

[02 Part 2 - Articles](#)

It includes at least one Councillor from each of the political groups represented on the Council, and at least one independent person, without voting rights, who is not a Councillor or an Officer of the Council.

Access – Access is available for disabled people. Please contact the Democratic Support Officer who will help to make any necessary arrangements.

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

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

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

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

Mobile Telephones:- Please switch your mobile telephones or other IT devices 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.

Dates of Meetings: Municipal Year 2022/2023

2022	2023
13 June	13 February
25 July	24 April
26 September	
14 November	
12 December	

CONDUCT OF MEETING

Terms of Reference

The terms of reference of the Governance Committee are contained in Part 3 of the Council's Constitution.

[03 - Part 3 - Responsibility for Functions](#)

Rules of Procedure

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

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 2.

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.

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.

NOTE: Members are reminded that, where applicable, they must complete the appropriate form recording details of any such interests and hand it to the Democratic Support Officer.

3 **STATEMENT FROM THE CHAIR**

4 **MINUTES OF PREVIOUS MEETING (INCLUDING MATTERS ARISING)**

(Pages 1 - 4)

To approve and sign as a correct record the Minutes of the meeting held on 26th September 2022 and to deal with any matters arising, attached.

5 **CENTRE FOR GOVERNANCE & SCRUTINY (CFGS)- GOVERNANCE REVIEW REPORT** (Pages 5 - 18)

Report of Chief Executive seeking agreement to an Action Plan as referred to in the report from CfGS.

6 **ANNUAL REVIEW OF THE HEALTH AND SOCIAL CARE CONTRACTS MANAGED BY THE INTEGRATED COMMISSIONING UNIT** (Pages 19 - 46)

Report of Director of Commissioning, Integrated Health and Care outlining the contracts managed by the ICU on behalf of the council, with a summary of the current arrangements for management of these contracts.

7 **INTERNAL AUDIT PROGRESS REPORT 2022-23** (Pages 47 - 66)

Report of the Chief Internal Auditor detailing the Internal Audit Progress report for 2022-2023.

8 **MEMBER'S ALLOWANCE SCHEME** (Pages 67 - 108)

Report of the Director of Legal and Business Services. Under the Local Government (Members Allowance) (England) Regulations 2003, local authorities are required to have Independent Remuneration Panels for the purpose of reviewing their schemes of Members' allowances. Southampton City Council is required to review its scheme by 19 November 2022 at the latest and have regard to the recommendations of the Independent Remuneration Panel before adoption of a new one.

9 REVIEW OF PRUDENTIAL LIMITS AND TREASURY MANAGEMENT MIDYEAR 2022/23 (Pages 109 - 142)

Report of the Executive Director of Finance and Commercialisation (S151 Officer) informing the Committee of the Treasury Management activities and performance for 2022/23 to date against the approved Prudential Indicators for External Debt and Treasury Management.

10 ANNUAL COMPLAINTS REPORT 2021-22 (Pages 143 - 150)

Report of Director of Legal and Business Services detailing the annual complaints report for 2021-22

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 2 'Summary - Strategic Risks' is not for publication by virtue of category 5 paragraph 10.4 of the Access to Information Procedure Rules as set out in Council's Constitution. The information is exempt from publication as it includes information in respect of which a claim to legal professional privilege could be maintained in legal proceedings.

12 ANNUAL RISK MANAGEMENT REPORT (Pages 151 - 162)

Report of Executive Director for Finance and Commercialisation and Section 151 Officer detailing the annual report.

Friday, 4 November 2022

Director, Legal and Business Services

GOVERNANCE COMMITTEE

MINUTES OF THE MEETING HELD ON 26 SEPTEMBER 2022

Present: Councillors Shields (Chair), Denness, Furnell (Vice-Chair), D Galton and White

8. **MINUTES OF PREVIOUS MEETING (INCLUDING MATTERS ARISING)**

RESOLVED: that the minutes for the Committee meeting on 25th July, 2022 be approved and signed as a correct record.

9. **FREEDOM OF INFORMATION, DATA PROTECTION & REGULATION OF INVESTIGATORY POWERS ACTS: ANNUAL REVIEW 2021-22**

The Committee noted the report of the Director of Legal and Business Services detailing the statistical information for the financial year 2021-22 with regard to information governance.

The Committee discussed issues raised in the report:

- Directed surveillance, the use of covert human intelligence sources to obtain communications data – how information was used by the Council, limitations of usage and at what point partner agencies were involved.
- Escalation process had been introduced to ensure any potential late requests were brought to senior management's attention to assist with an upturn in compliance.
- Complex requests from a parent of a child who at 13/14 years old had their own rights to be protected. Delays in this area occurred as checks were made to ensure the parent requesting the information were not putting the child at risk.
- Where identified, dialogue across service areas to ensure information gathered was comprehensive and training given to staff where necessary.

RESOLVED:

- (i) To note the update of the statistical information for the year 1st April 2021 – 31st March 2022 relating to:
 - FOIA and associated legislation
 - GDPR
 - RIPA 2000
- (ii) To note the updated Corporate Surveillance Guidance document (August 2022) as set out in Appendix 1 of the report.

10. **ANNUAL REPORT ON LOCAL GOVERNMENT AND SOCIAL CARE OMBUDSMAN COMPLAINTS 2021-2022**

The Committee noted the report of the Director of Legal and Business Services summarising the type and number of Housing and Local Government and Social Care Ombudsman complaints.

RESOLVED to note the report having offered feedback on governance or performance relating to the Ombudsman complaints, to inform or improve future service delivery.

11. **ANNUAL GOVERNANCE STATEMENT 2021-22**

The Committee received the report of the Executive Director Finance and Commercialisation and Section 151 Officer seeking to review and approve the draft Annual Governance Statement 2021-22.

The Committee discussed the following:

- The People's Strategy had been to the Leaders Cabinet Member Briefing and would be presented to the Unions in a couple of weeks time – subject to any further change, it would then be rolled out to Leadership Group early in the New Year;
- Corporate Plan was expected at November Council meeting;
- Following a recent self-assessment by officers, using guidance issued by CIPFA, looking at how effectively the organisation's governance arrangements support the achievement of outcomes and delivery of value for money. Scoping of the results was to be decided and would be shared with the Committee on benchmarking, benefits realisation and contracting arrangements, which were identified as areas of improvement.
- Following discussion at last month's meeting, it was noted that the inclusion of the impact of the Pandemic in the AGS was less detailed than it had been in previous years. Going forward it was not expected to be shown as a separate section as the impact had become less evident.

RESOLVED to approve the draft 2021-22 Annual Governance Statement as set out in the appendix to the report.

12. **STATEMENT OF ACCOUNTS 2021/22**

The Committee received the report of the Executive Director of Finance, Commercialisation and S151 Officer seeking approval of the Statement of Accounts 2021/22 and changes made to the draft identified during the audit.

The Committee discussed the following:

- The revaluation of Council dwellings;
- Pension Fund liabilities;
- Loss of current assets, specifically when a school transfers to become an academy this was recorded as a notional loss in the local authorities accounts;

- The fully utilised Social Care demand, pressures in this area, how reserves were used as a short term resolution and the requirement of the S.151 to provide help with demand and unexpected risks that would be reflected in the Budget proposed to Council in February;
- Schools reserves – due to the Pandemic and periods of lockdown schools were more in surplus than had been anticipated or expected resulting in small surpluses;
- Number of affordable houses – to include the mix of social housing that has been built.

RESOLVED:

- (i) Notes the changes to the Statement of Accounts 2021/22 as a result of the annual audit as detailed in paragraphs 5 to 7 and appendix 1, none of which change the overall bottom line position for the Council for 2021/22.
- (ii) Approves the rationale for not correcting the audit differences relating to Education gross expenditure and income, the valuation of Property, Plant and Equipment (PPE) and Short Term Debtors and Creditors Balances as set out in paragraphs 8 to 12.
- (iii) Notes that infrastructure assets have been disclosed at net book value in line with the Chartered Institute of Public Finance and Accountancy (CIPFA) consultation on temporary changes to the Code of Practice on Local Authority Accounting in the UK (the Code), however removal from the Code of the need to report gross cost and accumulated depreciation had not been formally approved at the time of writing this report, as set out in paragraphs 13 to 16.
- (iv) Considers and approves the audited Statement of Accounts 2021/22; and
- (v) Resolves that the Executive Director for Finance, Commercialisation & S151 Officer, after consultation with the Chair of the Committee, can make any further minor changes to the Statement of Accounts 2021/22 that may arise during completion of the audit.

13. **ANNUAL REPORT ON THE MEMBERS' CODE OF CONDUCT**

The Committee received the report of the Director of Legal and Business Services detailing the Annual Report on Members' Code of Conduct.

The Committee noted and discussed the following:

- During the previous year, there had been no substantive Member complaints requiring investigation by the Monitoring Officer. There was one preliminary investigation which was determined not to require a full investigation under the Code. There were no matters referred to the Committee for your determination.
- There had been a previous report on updates to the Code itself which the Committee had agreed to maintain as the current Code of Conduct.
- The only other area of substantive concern for the Monitoring Officer was the uptake in Member training. Whilst training was considered to be good for those Members sitting on regulatory committees, there was work ongoing with Group Leaders and Executive Management Board to put in place a revised training programme to develop mandatory standards of training establishing minimum

participation which was a key area for Governance in terms of probity and decision making for the Authority.

RESOLVED to note the annual report for the year 2021/22.

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

The Chair moved 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.

15. **STRATEGIC CONTRACTS ANNUAL REPORT**

The Committee received and discussed the report of the Head of Supplier Management detailing the performance, governance and contractual matters relating to the Council's most strategically important contracts, excluding those managed by the Integrated Commissioning Unit.

RESOLVED to note the Strategic Contracts Annual Report covering the period April 2021 to March 2022 as set out in the confidential appendix to this report.

Agenda Item 5

DECISION-MAKER:	GOVERNANCE COMMITTEE
SUBJECT:	CENTRE FOR GOVERNANCE & SCRUTINY (CfGS) – GOVERNANCE REVIEW REPORT
DATE OF DECISION:	14 TH NOVEMBER 2022
REPORT OF:	CHIEF EXECUTIVE

<u>CONTACT DETAILS</u>			
Executive Director	Title	Chief Executive	
	Name:	Mike Harris	Tel: 023 8083 2882
	E-mail	Mike.harris@southampton.gov.uk	
Author:	Title	Director of Legal & Business Services and Monitoring Officer	
	Name:	Richard Ivory	Tel: 023 8083 2794
	E-mail	Richard.ivory@southampton.gov.uk	

STATEMENT OF CONFIDENTIALITY

N/A

BRIEF SUMMARY

The Committee is asked to consider the report of the independent review of the Council's broad governance framework undertaken by the Centre for Governance and Scrutiny commissioned by the Council and the attached action plan.

RECOMMENDATIONS:

- | | |
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| (i) | That the Committee receives, considers and notes the attached report on governance by CfGS and endorses the action plan and/or adds or revises the action plan accordingly |
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REASONS FOR REPORT RECOMMENDATIONS

- | | |
|----|--|
| 1. | The report was commissioned by the Council and matters of corporate governance fall under the Governance Committee's remit to either discharge or recommend changes to Council should that be considered necessary including any changes to the Constitution |
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ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

- | | |
|----|---|
| 2. | Realistically none given the report was commissioned by the Council |
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DETAIL (Including consultation carried out)

- | | |
|----|---|
| 3. | In the Autumn of 2021, following the change of Administration after the May elections, the former Chief Executive discussed with the then Leader of the Council of the new Conservative administration governance processes at the Council, not particularly the decision-making under the Council's Constitution which are either statutory or considered best or standard practice nationally but the softer processes leading up to those meetings, behaviours, ownership, structure, templates, practical application etc and the working relationship between members and officers |
|----|---|

4.	Part of the issue was driven, understandably, by the desire of a new administration who have not been in control for nine years to deliver on manifesto commitments quickly and before the lead into the next elections in May 2022. However, there must be adequate governance to support decisions made and clear water between elected members decision-making roles and officers' professional advice and implementation roles.
5.	After discussions with the Local Government Association, who support authorities in times of change, not least in political transitional periods when an authority changes control, the Council through the LGA, commissioned at no cost to the Council, the Centre for Governance and Scrutiny (CfGS), a nationally recognised charity which supports local authorities ensure sound governance practices are in place, and a truly independent body, to undertake a light touch review over Winter 2021/2.
6.	<p>Regretfully despite best endeavours due to various factors, not least the availability of key interviewees, the departing Chief Executive and Covid absences of key people the review did take longer to complete. The report author and his team at CfGS interviewed a cross section of members and officers and undertook a member and officer survey to ensure a broad and inclusive approach was taken. CfGS considered several case studies as listed below:-</p> <ul style="list-style-type: none"> • Lordswood Close maintenance • Northern Above Bar properties • Land at the corner of Lime Street / Evans Street • Action taken on Children's Services inspection <p>along with the Council's Constitution and pre-agenda publication procedures, the training and development offer and considered against the national picture of best practice using their considerable experience in undertaking peer reviews at other upper tier authorities with a view of providing a critical friend approach that would lead to improved joint working and recommendations for continual improvement.</p>
7.	The draft report was completed in late Spring 2022 but could not be formally tabled due to the pre-election period. It was intended to ensure the final report was presented to members after the May elections, but with further a change of political control, key members and officers, including the Director of Legal and Business Services and Interim Chief Executive, were required to concentrate on and devote significant time setting up the revised political management arrangements. In addition, new political group leaders and the incoming Administration and leading members in both groups were taking up new positions.
8.	A final draft report was presented to Group Leaders in the Summer for consideration and initial thoughts and observations. The CfGS reflected on those responses and produced the final report in September following summer leave arrangements. The attached final version has been shared with Group Leaders and a variety of comments and views have been expressed. It is not for the Council to request the author or CfGS to revise the report further given the independent nature of the report and the style it is written in, ie a "learning" report and jointly owned action plan rather than one that seeks to be either adversarial or apportion blame. The report's action plan covers behaviours, training and development, relationships between members and officers and some procedural matters.

9.	In producing their report and findings, the CfGS has highlighted the need for discussion and debate on this issue to be forward looking. The intention of CfGS was not to produce a critique of individual people's actions or decisions during a particular period, but to use an understanding of current practice to get a sense of where and how improvements might be made to reduce risks to governance, and to improve resilience.
10.	CfGS's evaluation highlights some systemic challenges faced by the Council which presented in specific ways in 2021/22. While the circumstances of the organisation have changed since evidence-gathering for the review was undertaken, CfGS note that these systemic issues, which have yet to be addressed, will still exist. They will, in CfGS's view, require both members and officers to recognise the need to take the recommended actions and to set a timescale for doing so. They will also require that members of all groups, and officers, recognise the need for individual and collective responsibility for ensuring that the governance framework is as effective as it can be.
11.	Ed Hammond, CfGS's Acting Chief Executive, who conducted the review, will be attending the Governance Committee meeting in person to take questions on these proposed actions and to contribute to discussion about the steps that the Council can put in place to ensure that governance (with a particular focus on decision-making) can be rigorous and robust.
12.	In a learning organisation, not least one under political control which can, and does change, one key matter all officers and members need to be acutely aware of are the pressures that brings, be better prepared in advance on both sides and to be more fleet-footed in delivery of manifesto commitments subject of course to adhering to the lawfulness of those proposals, their affordability at a time of great budget pressures, principles of good governance, probity and ethics.
13.	Delivery of manifesto commitments in a tight timeframe does bring pressures and challenges and these should, and will, be discussed in advance of the May elections with Group Leaders so whoever is in political control can have confidence that actions to deliver will be put in train as soon as possible. That, of course, needs to be weighed against ongoing statutory and contractual commitments, significant budget pressures and the capacity to deliver quickly in an authority that has finite, and reducing professional resources and capacity.
RESOURCE IMPLICATIONS	
<u>Capital/Revenue</u>	
14.	N/A
<u>Property/Other</u>	
15.	N/A
LEGAL IMPLICATIONS	
<u>Statutory power to undertake proposals in the report:</u>	
16.	S1 Localism Act 2011.
<u>Other Legal Implications:</u>	
17.	None.
RISK MANAGEMENT IMPLICATIONS	
18.	None.
POLICY FRAMEWORK IMPLICATIONS	
19.	None.

KEY DECISION?	No
WARDS/COMMUNITIES AFFECTED:	None
<u>SUPPORTING DOCUMENTATION</u>	
Appendices	
1.	Final Report of CfGS regarding Governance 2022
Documents In Members' Rooms	
1.	None
Equality Impact Assessment	
Do the implications/subject of the report require an Equality and Safety Impact Assessment (ESIA) to be carried out.	No
Data Protection Impact Assessment	
Do the implications/subject of the report require a Data Protection Impact Assessment (DPIA) to be carried out.	No
Other Background Documents	
Other Background documents available for inspection at:	
Title of Background Paper(s)	Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)
1.	
2.	



Review of governance and decision-making at Southampton Council

Findings and suggested actions

Contact information: Ed Hammond, Acting Chief Executive
ed.hammond@cfgs.org.uk

About Centre for Governance and Scrutiny

The Centre for Governance and Scrutiny is an organisation with particular expertise in corporate governance in local government. We work closely with councils, and with the LGA, to provide support and advice to councils on their governance systems overall, on their constitutional arrangements, on relationships between members and officers and on the operation of systems for scrutiny, accountability and transparency.

1. Introduction

CfGS has been assisting the council to consider how it might enhance its approach to governance and decision-making.

The Council wishes to address:

- The consistency of decision-making systems;
- The speed of those systems;
- Clarity in who leads on, and makes, decisions;
- Checks and balances with regard to the above;
- The expectations of both members and officers with regard to the above.

This report seeks to identify where changes can be made to effect improvements in governance systems. These changes relate to the consistency of informal systems of member-officer liaison and member oversight, as much as they do to the prospect of formal changes to the constitution.

The review is based on a range of interviews with members and officers, detailed examination of a very small number of recent decisions, supplemented by a more general review of Cabinet and scrutiny committee papers, the Forward Plan and other relevant material. Webcasts of key meetings were observed.

Decision dip-testing

We looked at the following decisions as part of the evidence-gathering for this work:

- Lordswood Close Maintenance
- Northern Above Bar Properties
- Land at the Corner of Lime Street / Evans Street
- Action taken on children's services inspection

Our intention in looking at the decisions was not to scrutinise the substance of the decisions themselves or to make judgements about members' political priorities and choices. We instead sought to examine that process, with that examination being based on the following questions:

- What is the overall approach taken towards member direction / member oversight given in respect of the decision?
- How do officers develop proposals relating to decisions, and how are members ordinarily provided with advice on the impacts of the decisions and alternative options?
- How is professional advice (legal and financial) sought and given?
- How is paperwork drafted and brought together to support the process?
- What mechanisms are usually established at the outset to evaluate the decision and its impact?
- Formally, who usually takes responsibility for making certain decisions and by what legal mechanism?

It should be noted that evidence-gathering to support this exercise predominantly occurred prior to the change of administration in May 2022. While the situation as described therefore reflects many of the circumstances applying to decision-making in the Council prior to this date, the findings we have made, and the actions we think necessary, still have salience and need to be acted on.

2. Overall

- The council experienced changes in administration in 2021 and 2022. **In 2021, the new administration was keen to take immediate action to bring forward its plans** – having prepared those plans in detail prior to the election, and expecting to be able to move swiftly to implement them. Over the course of the one year life of the administration, leading councillors felt a sense of impatience with officers, and existing systems, which it saw as holding up the need to act quickly and decisively;
- **The former administration felt that resistance and pushback from officers on some issues derives from a slow pace in getting used to a new direction for the authority** – that officers may not be “on board” with the new agenda. However, there is evidence that under the administration in place **prior to 2021, similar challenges with the speed and focus of decision-making also existed**. That said, this was a member issue as much of an officer issue – members of the former administration did not always appreciate their own part in the collective responsibility needed to support good governance;
- The former administration’s approach presented **risks relating to rigour in decision-making**, in particular around the council’s Best Value duties. In some instances, clear officer advice to members is difficult to follow through the system;
- **Officer concerns on the lack of clarity and assurance in decision making first emerged in relation to decision-making taken forward under the pre-2021 administration but became more significant over the course of the 2021/22 administration**. Despite this, concerns were not raised and discussed systematically with members, matters were dealt with individually. **There seems to be a lack of political astuteness in how this matter has been dealt with**;
- **It is not the case that the change of administration in 2022 will necessarily lead to a correction in these arrangements**. A lack of clarity in officer and member roles and uncertainty about the way in which officer advice is provided, and about the substance of that advice, continues, and will need active steps from both members and officers to address;
- This having been said, and while noting the deficiencies and shortcomings that this report highlights, **there are no fundamental and systemic flaws in the council’s governance framework overall**. The election of a new Council and appointment of a new administration provides an opportunity to reset relationships and reflect on where improvement should be made. **In most cases, these improvements relate to tackling relationships rather than undertaking fundamental revisions of processes, structures and systems**.

3. Detailed findings

3.1 On decision-making processes

- 3.1.1 The usual processes exist to support conventional officer and member decision-making. The council has a constitution which is fairly typical; it conforms with the sector norms for the document, derived from the “model constitution” produced by Government in the form of statutory guidance in 2000. This means that it is quite difficult to follow and navigate, with decision-making arrangements, and oversight systems, being spread across multiple different parts. The form and content of the constitution has not contributed to the Council’s challenges but it may be that, as part of steps to bring about improvements, review, revision and restructure of the constitution would be useful.
- 3.1.2. There are process diagrams and online guidance in place which set out how decisions are made. Officers in particular (especially those at the top of the organisation) generally understand how decisions ought to be made and their roles and responsibilities within the governance framework more generally. In this regard, the Council is not out of kilter with its peers. However, as we will note below, other pressures have recently conspired to place those processes under stress. This suggests that they will need to be strengthened to enhance their, and the Council’s, resilience.

Actions

(1) While immediate changes to processes are not necessary in the medium term the council should reflect on the formal systems in place to support decision-making (including the constitution) and consider how they might be changed to facilitate the other actions in this paper.

(2) Any changes to governance systems should pay particular attention to the need for professional advice on law, finance, and equality throughout the process of taking decisions through the system (as discussed below).

3.2 On member leadership and direction

Political direction

- 3.2.1 Leading members in the 2021/22 administration wished to exert strong control over decision-making. The administration came to power with a well-developed sense of what they wanted to achieve. This led to a post election, short term focus on driving certain key decisions through the system quickly. The former administration valued pace above some other considerations – wishing to cut through bureaucracy to deliver their objectives - and in some cases responded poorly to reasonable officer advice that a more considered approach was necessary.

Working relationships

- 3.2.2 In any council effective working is based on positive and constructive working relationships between members and officers. This relationship requires candour, frankness, respect and mutual challenge. It requires that officers have a clear understanding of members’ motivations and objectives and that members understand

where and how officers can assist them in delivering those objectives – and where the constraints might lie. Positive relationships rest on clarity on roles and responsibilities – a clear understanding between members and officers about who does what, where members lead and where and how officers should provide advice while also following members’ directions.

- 3.2.3 At the Council officers do not seem to have engaged consistently with these issues, or with members’ priorities more generally. From the evidence we have been able to gather we think that this may have started with a lack of planning before the 2021 election to understand how priorities would need to shift if there was a change in administration. The incoming administration’s priorities and plans were clear in advance – more should have been done to ensure that organisation-wide the officer corps was primed to act on the administration’s priorities. It meant that during 2021 and 2022 there was a lag around decision-making on some important issues, feeding further into the frustrations of members of the administration.
- 3.2.4 This has been part of the challenge, but it does not reflect the whole picture. Member impatience with the pace of decision-making, and the pace of policy development, developed – in a minority of instances – into an unwillingness to take and accept officer advice. In some cases disagreement is necessary and productive – but advice needs to be engaged with and talked through.
- 3.2.5 During the 2021/22 municipal year relationships between senior officers and members of the administration did not allow these conversations to happen with the necessary frankness and candour. Members of the administration, in some cases, felt that certain officers were politically biased against them, and were “going slow” on taking decisions forward because of their personal opposition to them.
- 3.2.6 Some members interpreted these challenges as a barrier to things they wanted to get done, rather than as being the responses of professionals wishing to protect and support the position of the council overall. This black-and-white view of officers’ motivations made it difficult for officers to navigate complex and difficult situations arising in respect of specific decisions, where legitimate concerns were interpreted as being driven by officers’ general reluctance to sign up to the administration’s agenda.
- 3.2.7 This resulted – in some cases – in situations where members of the administration disputed in public the contents of officer reports. This in itself may be understandable (it is legitimate for members to take a different view on the facts, or on the interpretation of those facts). However we have also been advised that members of the administration specifically requested that certain reports be redrafted to remove advice, or analysis, which contradicts action which they proposed to take.
- 3.2.8 This comes as part of a situation where officer reports were written defensively and where some interviewees suggested that risks, or negative consequences, of taking certain decisions in certain ways were downplayed. Officers were clearly been placed under pressure by members on operational, and other matters. This substantively altered the nature of the advice that they were prepared to give, certainly publicly and possibly in private as well.
- 3.2.9 Members need robust professional advice in order to make sound decisions. That advice might be disagreed with but there has to be a reason for that disagreement, and the advice has to be given in a way that reflects officers’ professional expertise.

3.2.10 Although there has since been a change in administration, both the member and officer corps must still take steps to address the weaknesses in relationships that have led to this situation.

Actions

(3) As part of ongoing member induction activity, member development activity should incorporate mandatory training for all councillors on member and officer roles. This should be complemented by parallel workshops, also mandatory, for senior officers on the skills and expertise needed to operate in a political environment. These sessions should complement broader training on political awareness which have been recently rolled out.

(4) This training should lead into dialogue between senior officers and all political groups to negotiate and agree a revised member-officer protocol that provides clarity on mutual roles and responsibilities, including setting out ways to resolve potential tensions and problems (and a set of scenarios to demonstrate examples of such tensions in practice). The protocol should also include commitments from parties on Group discipline around these issues.

(5) EMB/SLG meetings should incorporate a look ahead at members' policy development and decision-making priorities on a rolling six month basis with a view to identifying matters of forthcoming political priority and contention, with named directors taking ownership to shepherd such decisions through the system.

(6) More frequent (at least monthly) meetings between Group Leaders and the CEO, s151 and Monitoring Officer to maintain oversight over the decision-making system, feeding into the ongoing work of Audit in ownership of the governance framework more generally.

3.3 The use of information and professional advice to support decision-making

3.3.1 We have already noted that in order to make effective decisions councillors need access to accurate information, and high quality professional advice.

Skills

3.3.2 Overall, the senior officer cohort needs to develop their skills in understanding politicians' objectives and motivations, and their political astuteness overall. We have noted already that challenges around resilience in decision-making, which we mentioned above, were exacerbated in 2021 by a lack of pace on the part of officers in coming to terms with a new political environment, and thinking about how the councils' priorities were likely to shift as a result.

3.3.3 The council recognises this weakness, and has taken significant steps in recent months to deliver training and development training for a wide cohort of officers on politics and political awareness.

3.3.4 Members of all parties need to develop their own skills in understanding how to engage productively with professionals whose advice may not always align with their objectives.

Quality of officer reports

- 3.3.5 The general quality, and level of detail, of officer reports used to support decision-making has been quite variable.
- 3.3.6 We would expect to find consistency in the availability of background papers supporting decisions but this was often lacking. Reports that we reviewed often seemed perfunctory, lacking detail and failing to meaningfully present alternative options. Many reports, for example, specify only “take no action” as an alternative option when setting out recommendations on decisions, which does not provide an accurate picture of the range of policy options available in most decision-making situations – for example decisions can be made which direct resources in different ways, depending on different priorities.
- 3.3.7 While officer reports do not need to set out these other options in detail they do need to specify what other options exist in headline terms, and why they will not be followed. In some instances, this may quite legitimately be because of councillors’ political priorities.
- 3.3.8 Some equalities impact assessments have been of a particularly low quality. Little to no consideration was given to the equality, diversity and inclusion implications of a range of decisions we looked at across the 2021/22 year, nor was there consistency around the way that stakeholders in decisions are identified and informed/involved before decisions come to be made.
- 3.3.9 We consider that a lot of these shortcomings, in the 2021/22 year, owed themselves to the pace of decision-making, and in the overreach that some members wanted to take in influencing the content of reports, and the content of professional advice. But that has highlighted weaknesses in the system which are likely to persist.

Risk

- 3.3.10 It has also difficult to find consistent examples of judgements on risk having been used to inform decision-making. Although we know that the council does have a risk management framework which has been, and is, actively used to understand and mitigate risk, councillors need to play a more central role in “owning” such risks, particularly from a political perspective.
- 3.3.11 The corporate risk register is held by the Governance Committee – it is considered by members in committee as an exempt item and there is no clear evidence that its contents are used to inform decision-making more generally.

Provision of expert professional advice

- 3.3.12 We are particularly concerned about the provision of timely advice to councillors on legal, financial, and equality matters. It is not atypical in many councils for advice from professionals in these areas to not be sought until late in the decision-making process but in Southampton’s case that habit has led to real difficulties in the past year.
- 3.3.13 The way in which advice from lawyers has been sought by other officers has at times been chaotic – with lawyers receiving instructions and requests for advice at the last minute when they should be involved throughout the decision-making process. This was in part because the council corporately was slow in responding to members’ (sometimes unreasonable, sometimes legitimate) expectations around decision-making, in a way that saw usual processes around decision-making (including officer signoff on legal matters) contorted and constrained.

3.3.14 It was the former practice in the council for the Monitoring Officer not to be regularly present at EMT meetings. Although this is no longer the case, this undervaluing of legal expertise is taking time to be addressed. It seemed to us that part of this undervaluing was informed by an unwillingness on the part of the former administration (and, potentially, previous administrations) to treat such advice with the seriousness it deserves, and having an unsophisticated view of whether a proposed decision was or was not “legal” in a technical sense, without wishing to take into account the council’s broader duties (in particular, those relating to Best Value, as we note below).

Corporate focus

3.3.15 There has been certain activity, relating to future decision-making, happening on which the council’s corporate centre is not sighted. This led to decisions and policies being developed (and often prepared for members), with that work having to be halted and revisited to ensure that legal issues are properly taken into account. It is too early to say whether this practice has continued into the life of the new administration in 2022 but the risk does continue to be present.

3.3.16 There has not been, council-wide (amongst both members and officers), an especially sophisticated understanding of how legal advice can also help the council to understand its wider obligations.

3.3.17 There has, for example, been little understanding (particularly from former administration members) of how effective legal and finance advice combine to help councillors to address their duties to deliver Best Value. As a result, there are some recent decisions where the Council may find it difficult to assert that BV principles have been adhered to as part of the decision-making process.

3.3.18 Formal arrangements for the provision of legal (and other) advice, and signoff from lawyers, and other professionals, is present but is often not followed. The nature of “signoff” of reports themselves is also unclear, with the circulation of draft reports by officers sometimes not following mandated procedures. This feeds into wider issues around officer and member ownership of reports and decisions.

Actions

(7) Revisit the format and content of officer reports to support member decision-making on key decisions, and in due course the format and content of all officer reports going to formal member bodies. In particular, new approaches will need to take account of:

- The objective or business need being met as a result of the decision, including where and how this need relates to a corporate priority;
- The business case for a particular course of action and whether other options were considered;
- Headline risks associated with a particular information;
- Legal and financial information sufficient to allow councillors to make an informed decision on Best Value, lawfulness and other important considerations.

The above is a guide – the content and format of reports should be finalised in consultation with members, including members of opposition parties.

(8) Redrafting processes for managing decisions through the policy development process. Systems do already exist but they are scattergun and not consistent across the council; unified standards will make it easier for the council corporately to assert PMO-style control and oversight over the most complex decisions. These processes should ensure legal and financial involvement in the development of decisions at the earliest possible opportunity. (Practical work by officers, complemented by ongoing training and development on political awareness, will help to ascertain where thresholds for such involvement are met – given that robust advice is particularly necessary for more contentious, high profile issues).

3.4 Oversight and scrutiny

Call-in

- 3.4.1 In 2021 and 2022 there has been quite heavy use of call-in, which reflects the contentious and urgent nature of some decisions taken by the former administration. Use of call-in is probably above the national average but within the bounds of what we would consider normal. Thresholds for key decisions and the arrangements for legitimating call ins are not atypical for a council of Southampton's type.
- 3.4.2 Debate in committee when decisions are called in seems superficially forensic because councillors are making attempts to delve into the detail. However, questioning and debate can feel quite scattergun because the quality of information, as noted above, is not there to allow members to dig into and understand why decisions are being made.
- 3.4.3 In 2021 and 2022 committee sessions relating to call-in have seemed to have involved some testy member exchanges (visible in meeting webcasts but not always apparent from the minutes) which highlights the political contention around this element of the scrutiny process.

Scrutiny more generally

- 3.4.4 This review has not looked at the council's scrutiny arrangements in depth, but we have noted that scrutiny committees have had a tendency to wish to revisit recent Cabinet decisions, even if that does not happen under the "call in" banner. While this has a risk in terms of duplication of work undertaken elsewhere, we know that members would argue that such debate is critical in an environment where decision-making has been sub-optimal, as we have set out above.

Actions

(9) When other changes have been made, revisit the operation of call-in as a long-stop mechanism to secure member accountability within the governance system.

(10) In the medium to long term, consider whether a more systematic approach to "pre-decision" scrutiny could form part of the processes described elsewhere in this paper, providing further assurance on the quality and rigour of the most complex and politically contentious decisions.

EH 20/10/22

Agenda Item 6

DECISION-MAKER:	Governance Committee
SUBJECT:	Annual Review of the Health and Social Care Contracts managed by the Integrated Commissioning Unit
DATE OF DECISION:	Monday 14 November 2022
REPORT OF:	Terry Clark, Director of Commissioning, Integrated Health and Care

<u>CONTACT DETAILS</u>			
Executive Director	Title	Director of Commissioning, Integrated Health and Care	
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STATEMENT OF CONFIDENTIALITY	
N/A	
BRIEF SUMMARY	
<p>This paper informs the Governance Committee of the contracts managed by the Integrated Commissioning Unit (ICU) on behalf of Southampton City Council (the Council) and gives a summary of the current arrangements for management of these contracts, including mechanisms for assurance of quality, performance, and governance.</p> <p>In addition, it gives a detailed overview of the ICU's strategic contracts and their performance over the last 12 months.</p>	
RECOMMENDATIONS:	
	<p>(i) To note the report's contents and the work of the Integrated Commissioning Unit (the ICU) to ensure contracts with external agencies for health and care services are properly managed, provide good quality and best value.</p>
REASONS FOR REPORT RECOMMENDATIONS	
1.	The ICU manages contracts on behalf of the Council, including joint arrangements with the NHS at a Southampton place-based level for the Hampshire and Isle of Wight Integrated Commissioning Board (ICB). The ICU is subject to internal and external audit processes which verify that the management of contracts is undertaken in an appropriate manner and to a standard that provides assurance and limits risk to the Council.
ALTERNATIVE OPTIONS CONSIDERED AND REJECTED	

2.	Not providing an annual update on the ICU contracts was considered and rejected as it would not support transparency in public expenditure.
DETAIL (Including consultation carried out)	
3.	<p>The ICU undertakes health and social care commissioning functions on behalf of the Council and a significant proportion of the NHS commissioning functions at a Southampton place-based level for the Hampshire and Isle of Wight ICB. This includes responsibility for the management of associated contractual arrangements for care and support services on behalf of both organisations. The ICU works closely with Children's, Adults and Public Health colleagues and other stakeholders to ensure fit for purpose contract design and effective management of contract performance.</p> <p>The ICU's supplier management function was last audited in May 2022 and achieved assurance on core elements of ICU business processes. There was only one recommendation which required further action, resulting in an overall rating of 'Reasonable Assurance' for the audit. The recommendation and action taken to address it are set out in section 10 below.</p>
4.	<p>The ICU Procurement Team is responsible for health and care category procurements. ICU procurement business partners work closely with the commissioning and contract functions to ensure that the processes for tendering and award of contracts are compliant with Council contract procedure rules and procurement regulations.</p> <p>During 2021-22, the ICU undertook significant procurement activity, which resulted in a number of new contracts and a different contract landscape in 2022. This includes new contracts for domestic abuse services, home care bridging services and a new strategic framework for housing support services.</p>
5.	<p>The ICU currently manages a total of 160 contracts and 7 grants. The contracts include block service contracts, framework agreements, partnership agreements with the ICB and other health bodies, as well as in-house services delivered through service level agreements. The contracts are delivered for services to Adults and Children, including Public Health services. The 7 grants relate solely to ICU business and are separate from the wider council community grant programme.</p> <p>The current ICU contracts and grants are listed in Appendix 1.</p>
6.	The ICU additionally manages the terms under which the Council accesses residential and nursing homes for adults both within the city and across the country. The number of individual arrangements is not included in the figures above due to their number (over 200 at any one time).
7.	<p>Contract compliance and Governance</p> <p>In order to ensure contract compliance and best value, the ICU undertakes contract-related functions to ensure that:</p> <ul style="list-style-type: none"> • Contracts are appropriately and optimally designed, such that service expectations are clearly defined and the benefits of services delivered can be evidenced. • Contracts are procured and awarded in accordance with the Council's Contract Procedure Rules and Financial Procedure Rules and Procurement Legislation.

- Suppliers are at all times compliant with contract terms, and non-compliance with respect to performance, quality, safety, and risk is appropriately managed.
- The contracting authority remains at all times compliant with its own obligations with respect to contracts (i.e. payments, communications, expiry).
- Contracts are subject to review prior to expiry, to enable internal scrutiny of recommendations for extensions or re-commissioning.
- Any significant variations to contract or exemptions to Contract Procedure Rules are scrutinised and approved via internal governance processes and decisions are made and recorded in accordance with the Council's Officer Scheme of Delegation.

8.

Strategic ICU Contracts

Within the contracts for which the ICU is responsible, there are currently 5 contracts which can be considered 'strategic'. Their annual expenditure exceeds £1m and have terms ranging from 5 to 25 years. These are as follows:

Contract Title	Service Provider
Nursing home for older people (Northlands House)	BUPA
Nursing home for people with dementia (Oak Lodge)	BUPA
Level 3 Sexual Health services	Solent NHS Trust
Substance Misuse Service for Adults 25+	Change Grow Live
Health and Care related equipment service	NRS Healthcare

9.

A detailed overview of each strategic contract and its performance over the past 12 months is provided in Appendix 2 (i – iv).

10.

Performance Management and Monitoring

The ICU is reviewing the existing performance monitoring system in 2022-23 as part of its annual business plan. This project will develop and implement an approach to ICU contract management which is better aligned with the current contract portfolio and post-pandemic recovery.

The new monitoring framework will address and implement the recommendation from the 2022 supplier audit - to develop a set of monitoring requirements that are sufficiently flexible to accommodate contracts that are unforeseen, reactive (dealing with temporary pressures) or implemented in emergency periods (such as Covid-19 pandemic).

RESOURCE IMPLICATIONS	
<u>Capital/Revenue</u>	
11.	There are no specific resource implications relating to this paper.
<u>Property/Other</u>	
12.	There are no property issues arising from this paper.
LEGAL IMPLICATIONS	
<u>Statutory power to undertake proposals in the report:</u>	
13.	Each contract is provided for and managed by its own reference to legal powers enabling the council to undertake such contracting.
14.	Contract changes, extensions and direct awards are made in line with the council's Contract Procedure Rules.
15.	Decisions related to commissioning, procurement and contract activity are made and documented in accordance with the council's Officer Scheme of Delegation and Financial Procedure Rules.
<u>Other Legal Implications:</u>	
16.	N/A
RISK MANAGEMENT IMPLICATIONS	
17.	The ICU manages the commissioning, procurement and contract functions through its internal governance processes and the council policy and provides assurance to the council.
POLICY FRAMEWORK IMPLICATIONS	
18.	The commissioning, procurement and contract functions are conducted in line with the council's policy framework plans and meet the council's Contract Procedure Rules and Financial Procedure Rules and Officer Scheme of Delegation.

KEY DECISION?	No
WARDS/COMMUNITIES AFFECTED:	All
<u>SUPPORTING DOCUMENTATION</u>	
Appendices	
1.	List of ICU contracts and grants managed on behalf of the Council and ICB
2.	(i) Contracts for Northlands House and Oak Lodge (ii) Level 3 Sexual Health Service Contract (iii) Substance Misuse Contract for Adults 25+ (iv) Health and Care Related Equipment Service Contract

Documents In Members' Rooms

1.	N/A
2.	N/A

Equality Impact Assessment		
Do the implications/subject of the report require an Equality and Safety Impact Assessment (ESIA) to be carried out.		No
Data Protection Impact Assessment		
Do the implications/subject of the report require a Data Protection Impact Assessment (DPIA) to be carried out.		No
Other Background Documents		
Other Background documents available for inspection at: N/A		
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.	N/A	
2.	N/A	

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Governance Committee Report 2022 - Apendix 1

Governance Committee Report - Appendix 1

Contract Title	Contract Reference EC/MW	Supplier Name (Service Provider)	Contract Start Date	Current Contract Expiry Date	Maximum Expiry Date	Agreement Type	Total annual contract value 2022/23	SCC/Contracting Organisation Contribution 2022/23	Partner Contribution 2022/23	Finance Portfolio
Northlands House - Care Contract - Residential Home for Older People - 52 block beds + 1 respite bed	EC09/01/0989	BUPA Care Homes (CFC Homes) Limited	24/06/05	23/06/30	23/06/30	Block Contract	£ 3,312,959.00	2,658,493.14	£654,465.86	Adults'
Oak Lodge - Care Contract - Residential Home for People with OPMH - 38 block beds +2 respite beds	EC909/01/1101	BUPA Care Homes (CFC Homes) Limited	08/02/10	07/02/35	07/02/35	Block Contract	£ 2,227,438.57	£1,791,128.00	£436,310.57	Adults'
Lot 1 Alcohol Drugs and Substance Misuse Services	EC09/01/2722A	change, grow, live (CGL)	01/07/19	30/06/24	30/06/26	Block Contract	£2,432,454.00	£2,432,454.00	£0.00	Adults'
Level 3 Sexual Health Services	EC09/01/2444	Solent NHS Trust	01/04/17	31/03/23	31/03/24	Block Contract	£2,267,573.98	£2,267,573.98	£0.00	Public Health
Health and Social Care related Equipment Store	EC09/01/2862	Nottingham Rehab Services	01/07/20	30/06/25	30/06/25	Block Contract	£1,557,449.00	£783,397.00	£774,052.00	Adults'
Older Persons Accommodation Based and Floating Support Service	MW277	Housing Support Services (SCC)	01/03/16	31/03/23	31/03/23	SLA	£806,000.00	£806,000.00	£0.00	Adults'
Living Well Service	EC09/01/2608	SCiA Group	14/02/18	31/03/23	31/03/25	Block Contract	£764,360.00	£764,360.00	£0.00	Adults'
Advice, Information and Guidance	EC09/01/2552	Southampton Citizens Advice Bureau	01/02/18	31/01/25	31/01/25	Block Contract	£630,464.00	£630,464.00	£0.00	Adults'
Domestic Abuse and Sexual Violence Services	EC09/01/3138	Stop Domestic Abuse Services (SDAS)	01/07/22	30/06/27	30/06/29	Block Contract	£490,000	£286,000	£204,000	Adults'
Lot 2 Alcohol Drugs and Substance Misuse Services	EC09/01/2722B	No Limits (South)	01/07/19	30/06/24	30/06/26	Block Contract	£482,497.00	£482,497.00	£0.00	Adults'
Community Solutions	EC09/01/2775	Southampton Voluntary Services	01/10/19	30/09/23	30/09/23	Block Contract	£448,950.00	£191,950.00	£257,000.00	Adults'
Housing Related Support Framework - Provision of a Combined Assessment, Intensive and Resettlement Hostel accommodation with 24 hour staff	EC09/01/3155 (1a)	Society of St James	01/07/22	30/06/26	30/06/29	Framework	£436,166.64	£436,166.64	£0.00	Adults'
Residential Recovery and Rehabilitation for People with Enduring MH	EC09/01/2679	Home Group Ltd	01/09/19	31/08/23	31/08/23	Block Contract	£422,300.00	£282,943.00	£139,357.00	Adults'
Carer's Support Services	EC09/01/2585	Southampton Mencap	01/04/18	31/03/23	31/03/23	Block Contract	£353,115.00	£183,115.00	£170,000.00	Adults'
Housing Related Support Framework - Provision of Non-Accommodation (Floating Support) Support Service in Southampton (Adults)	EC09/01/3155 (5a)	Society of St James	01/07/22	30/06/26	30/06/29	Framework	£347,066.85	£347,066.85	£0.00	Adults'
Criminal Justice Intervention Team	EC09/01/3295	change, grow, live (CGL)	01/09/22	31/03/23	31/03/23	Block Contract	£339,000	£339,000	£0.00	Adults'
Independent Sexual Violence Advisor Service (Joint Procurement with Police & crime commissioner, HCC, PCC & SCC)	AS14715	Office of the Police and Crime Commissioner for Hampshire	01/04/22	31/03/25	31/03/29	Block Contract	£301,800	£20,000	£281,800	Adults'
Short Break Services - Lot 1 Call-off	EC09/01/2709	Rose Road Association	01/04/19	31/03/24	31/03/24	Framework	£290,589.00	£290,589.00	£0.00	Adults'/children's
Integrated Mental Health Employment Support Service	ICU-014	Employment Support Team (SCC)	01/04/22	31/03/24	N/A	SLA	£265,760.00	£146,000.00	£119,760.00	Adults'
Integrated Advocacy Services	EC09/01/2912	VoiceAbility Advocacy	01/04/20	31/03/23	31/03/24	Block Contract	£250,000.00	£236,016.00	£13,984.00	Adults'
Stop Smoking Support and Development Team	EC09/01/3061	Solutions 4 Health Limited	01/04/21	31/03/23	31/03/23	Block Contract	£239,500.00	£239,500.00	£0.00	Public Health
Housing Related Support Framework - Provision of a Lifeskills and Resettlement Hostel accommodation with 24 hour staff	EC09/01/3155 (1c)	The Salvation Army	01/07/22	30/06/26	30/06/29	Framework	£233,204.40	£233,204.40	£0.00	Adults'
Short Break Services - Lot 1 Call-off	EC09/01/2709	Way Ahead Leisure Pursuits	01/04/21	31/03/23	31/03/24	Framework	£232,511	£232,511	£0.00	Adults'
Home Care Bridging Services - Lot 2	EC09-01-3228	Enthuse Care Limited	01/07/22	31/12/22	30/06/23	Block Contract	£214,500.00	£0.00	£214,500.00	Adults'
Housing Related Support Framework - Provision of a Hostel/Foyer accommodation with 24 hour staff	EC09/01/3155 (1d)	YMCA Fairthorne Group	01/07/22	30/06/26	30/06/29	Framework	£206,497.20	£206,497.20	£0.00	Adults'
Healthwatch Southampton	EC09/01/2618	Southampton Voluntary Services	01/07/18	30/06/23	30/06/25	Block Contract	£178,890.96	£178,890.96	£0.00	Adults'
Southampton Safeguarding Adults Board (SSAB)	EC09/01/3048	SCC, HSIOWCCG, Hampshire Constabulary	01/04/19	31/03/23	31/03/24	Block Contract	£175,887.00	£97,428.00	£78,459.00	Adults'
Housing Related Support Framework - Provision of Accommodation Support Service in Southampton (Adults, High/Medium)	EC09/01/3155 (2b, Contract 1)	Two Saints	01/07/22	30/06/26	30/06/29	Framework	£168,918.75	£168,918.75	£0.00	Adults'
Home Care Bridging Services - Lot 1	EC09-01-3228	Whispers Care Solutions Limited	01/07/22	31/12/22	30/06/23	Block Contract	£165,750.00	£0.00	£165,750.00	Adults'
Southampton Safeguarding Children Partnership	EC09/01/2869	SCC, HSIOWCCG, Hampshire Constabulary	29/09/19	28/09/23	28/09/25	Block Contract	£163,331.00	£101,546.00	£61,785.00	Children's
Housing Related Support Framework - Provision of Accommodation Support Service in Southampton (Adults, High/Medium)	EC09/01/3155 (2b, Contract 2)	Society of St James	01/07/22	30/06/26	30/06/29	Framework	£162,513.00	£162,513.00	£0.00	Adults'

Contract Title	Contract Reference EC/MW	Supplier Name (Service Provider)	Contract Start Date	Current Contract Expiry Date	Maximum Expiry Date	Agreement Type	Total annual contract value 2022/23	SCC/Contracting Organisation Contribution 2022/23	Partner Contribution 2022/23	Finance Portfolio
Housing Related Support Framework - Provision of an intensive and Resettlement Hostel accommodation with 24 hour staff	EC09/01/3155 (1b)	Society of St James	01/07/22	30/06/26	30/06/29	Framework	£161,347.68	£161,347.68	£0.00	Adults'
Housing Related Support Framework - Provision of Accommodation Support Service in Southampton (Young Parents)	EC09/01/3155 (4a)	Two Saints	01/07/22	30/06/26	30/06/29	Framework	£154,128.00	£154,128.00	£0.00	Adults'
Employment Support Approach for People Receiving Community Treatment for Drug and Alcohol Dependence who are unemployed	N/A	Employment Support Team (SCC)	01/09/21	31/03/23	31/03/23	SLA	£141,624	£141,624	£0.00	Employment
High Support Houses with Multiple Occupancy (HMO's)	EC09/01/3155 (6bi)	Society of St James	01/10/22	31/03/25	31/03/25	Framework	£136,110	£136,110	£0.00	Adults'
Navigators Service	EC09/01/3155 (6aiii)	Two Saints	01/10/22	31/03/25	31/03/25	Framework	£123,009.43	£123,009.43	£0.00	Adults'
Outreach Services	ICU-018	Homelessness and Rough Sleeping Team	01/04/22	31/03/25	31/03/25	SLA	£120,000	£120,000.00	£0.00	Adults'
Housing Related Support Framework - Provision of Accommodation Support Service in Southampton & Gateway coordination	EC09/01/3155 (2a)	Society of St James	01/07/22	30/06/26	30/06/29	Framework	£122,996.40	£122,996.40	£0.00	Adults'
Day Centre Services	EC09/01/2872	Two Saints	01/04/20	31/03/25	31/03/27	Block Contract	£120,000.00	£120,000.00	£0.00	Adults'
Direct Payment Support Service	EC09/01/2897	Enham Trust	01/04/20	31/03/23	31/03/24	Block Contract	£118,037.00	£118,037.00	£0.00	Adults'
Agreement in relation to Supported Services for people Affected by Self-Harm Across Hampshire, Southampton, Portsmouth, and The Isle of Wight	SCC-SMS-0290	Solent Mind	06/06/22	31/05/23	31/05/23	Block Contract	£115,000	£115,000	£0.00	Adults'
Housing Related Support Framework - Alcohol Accommodation	EC09/01/3155 (2f)	Society of St James	01/07/22	30/06/26	30/06/29	Framework	£110,073.60	£110,073.60	£0.00	Adults'
Mental Capacity Deputyship Service	EC09/01/2595	Hampshire County Council	16/10/18	N/A	n/a	Block Contract	£109,500.00	£109,500.00	£0.00	Adults'
Southampton Eating Well Service	EC09/01/2720	City Catering Southampton	01/11/19	30/11/23	30/11/23	Block Contract	£105,000.00	£105,000.00	£0.00	Adults'
Comprehensive Counselling for children & Young People 5-25 Lot 1	EC09/01/2563	No Limits (South)	01/09/18	31/08/23	01/09/24	Framework	£104,151.00	£104,151.00	£0.00	Children's
Housing Related Support Framework - Housing First	EC09/01/3155 (3a)	Two Saints	01/07/22	30/06/26	30/06/29	Framework	£101,010.00	£101,010.00	£0.00	Adults'
Digital Discovery Project	SCC-ICU-0059	Channel 3 Consulting Ltd	05/09/22	14/11/22	14/11/22	Call-Off Order	£100,700	£100,700	£0.00	Adults'
Housing Related Support Framework - Supported Lodgings	EC09/01/3155 (5c)	Step by Step Partnership Limited	01/07/22	30/06/26	30/06/29	Framework	£97,344.00	£97,344.00	£0.00	Adults'
Peer Support Service	EC09/01/2865	Solent Mind	01/04/20	31/03/23	31/03/25	Block Contract	£93,944.00	£63,881.00	£30,062.08	Adults'
Management and monitoring of the Joint Equipment Service	EC09/01/3202	Promoting Independence in People	01/07/22	31/03/24	31/03/24	Block Contract	£89,685	£20,562	£69,123.00	Adults'
Housing Related Support Framework - Provision of Accommodation Support Service in Southampton (Adults, Medium/Low)	EC09/01/3155 (2c, Contract 1)	Two Saints	01/07/22	30/06/26	30/06/29	Framework	£88,452.00	£88,452.00	£0.00	Adults'
Housing Related Support Framework - Provision of Accommodation Support Service in Southampton (Adults, Medium/Low)	EC09/01/3155 (2c, Contract 2)	Society of St James	01/07/22	30/06/26	30/06/29	Framework	£88,452.00	£88,452.00	£0.00	Adults'
Housing Related Support Framework - Provision of Accommodation Support Service in Southampton (Young People, High/Medium)	EC09/01/3155 (2d)	Two Saints	01/07/22	30/06/26	30/06/29	Framework	£88,452.00	£88,452.00	£0.00	Adults'
Smoking Cessation - Lung Health Checks	MW314	University Hospital Southampton NHS Foundation Trust	01/11/20	30/01/23	30/01/23	Block Contract	£88,239.47	£88,239.47	£0.00	Public Health
Independent visitor and Advocacy	EC09/01/2716	National Youth Advocacy Service	01/04/19	31/03/24	31/03/24	Block Contract	£84,431.00	£84,431.00	£0.00	Children's
Discharge to Assess Care Act assessments	SCC-ICU-0043	Five Social Care Limited	08/08/22	07/12/22	07/12/22	Purchase Order	£76,386.00	£38,193.00	£38,193.00	Adults'
Motivational Interview Training	ICU-012	The Tavistock and Portman NHS Foundation Trust	01/03/22	31/03/23	31/03/23	Block Contract	£79,930	£0.00	£0.00	Children's
Community led Support	EC09/01/3227	People too Limited	01/07/22	30/06/25	31/06/2025	Block Contract	£79,725	£79,725	£0.00	Adults'
Housing Related Support Framework - The Hub (The Booth Centre)	EC09/01/3155 (1c, Hub)	The Salvation Army	01/07/22	31/03/25	31/03/25	Framework	£79,500.00	£79,500.00	£0.00	Adults'
Out of Hours Service	EC09/01/3262	Hampshire County Council	01/04/20	31/03/23	31/03/23	Block Contract	£77,019.80	£77,019.80	£0.00	Adults'
Domestic Abuse Perpetrator and Prevention Services	CS06738	Hampshire County Council	01/09/18	31/08/23	31/08/25	Block Contract	£76,556.00	£53,000.00	£23,556.00	Adults'
School & College Health & Well-being Drop-In services and Sexual Health Support & Interventions Lot 2	EC09/01/2563	No Limits (South)	01/09/18	31/08/24	31/08/24	Framework	£66,573.00	£66,573.00	£0.00	Children's
Agreement for Consultancy Services	ICU-010 (Southampton01)	Traverse Procurement Ltd	01/02/21	31/03/23	31/03/23	Block Contract	£66,075.00	£66,075.00	£0.00	Adults'
Clinical Psychological Support	ICU-021	Outcome Home	01/04/22	31/03/23	31/03/23	Block Contract	£65,664.00	£0.00	£65,664.00	Adults'

Contract Title	Contract Reference EC/MW	Supplier Name (Service Provider)	Contract Start Date	Current Contract Expiry Date	Maximum Expiry Date	Agreement Type	Total annual contract value 2022/23	SCC/Contracting Organisation Contribution 2022/23	Partner Contribution 2022/23	Finance Portfolio
Play and Youth Development (Lot1)	EC09/01/2852	Southampton Children's Play Association	01/01/20	31/12/23	31/12/23	Block Contract	£65,554.00	£62,221.00	£3,333.00	Adults'
Housing Related Support Framework - Provision of Accommodation Support Service in Southampton (Young People, Medium/Low)	EC09/01/3155 (2e)	YMCA Fairthorne Group	01/07/22	30/06/26	30/06/29	Framework	£64,974.00	£64,974.00	£0.00	Adults'
Intensive Floating Support	EC09/01/3155 (6aii)	Society of St James	01/10/22	31/03/25	31/03/25	Framework	£64,381.29	£64,381.29	£0.00	Adults'
Safe Families For Children Services	EC09/01/2655	Safe Families For Children	01/04/18	31/03/23	31/03/23	Block Contract	£60,000.00	£120,000.00	£0.00	Children's
Breastfeeding Support Service	EC09/01/3134	Breastfeeding Network	01/04/22	31/03/23	31/03/24	Block Contract	£50,100.00	£50,100.00	£0.00	Adults'
End of life Education Programme	MW351	Countess Mountbatten Hospice Charity Limited	01/04/22	31/03/23	31/03/23	Block Contract	£50,000	£50,000	£0.00	Adults'
Outreach and Support for women who engage in selling sex on the street	MW347 / ICU-005	Two Saints	01/04/22	31/03/23	31/03/24	Block Contract	£50,000	£50,000	£0.00	Adults'
Short Break Services - Lot 2 Call-off	EC09/01/2709	Southampton Mencap	01/04/19	31/03/23	31/03/24	Framework	£50,000.00	£50,000.00	£0.00	Children's
Domestic Violence Advocacy Support	ICU-007	Yellow Door	01/11/22	31/10/23	31/10/24	Block Contract	£50,000	£50,000	£0.00	Adults'
Housing Related Support Framework - Provision of Non-Accommodation (Floating Support) Support Service in Southampton (Young People)	EC09/01/3155 (5b)	No Limits (South)	01/07/22	30/06/26	30/06/29	Framework	£49,140.00	£49,140.00	£0.00	Adults'
Housing Related Support Framework - Low Threshold Beds (Patrick House)	EC09/01/3155 (1a, LTB)	Society of St James	01/07/22	31/03/25	31/03/25	Framework	£46,740.00	£0.00	£46,740.00	Adults'
Short Break Services - Lot 2 Call-off	EC09/01/2709	Rose Road Association	01/04/19	31/03/23	31/03/24	Framework	£46,000.00	£46,000.00	£0.00	Children's
Short Break Services - Lot 3 Call-off	EC09/01/2709	Active Nation UK Ltd	01/07/19	30/06/23	31/03/24	Framework	£45,000.00	£45,000.00	£0.00	Children's
Psychological Support to RSI Services	EC09/01/3155 (6diii)	Two Saints	01/10/22	31/03/25	31/03/25	Framework	£40,000	£40,000	£0.00	Adults'
Southampton Mental Health Network Grant	N/A	Communicare in Southampton	01/05/21	30/04/23	30/04/23	Grant	£39,998	£39,998	£0.00	Adults'
Shopmobility	EC09/01/2988	Southampton Voluntary Services	01/04/20	31/03/23	31/03/23	Block Contract	£38,268.00	£38,268.00	£0.00	Adults'
Agreement in relation to Safeguarding Adults Training (Levels 1 – 4)	SCC-SMS-0261 (2)	Making Connections (Isle of Wight) Limited	01/04/22	21/03/25	21/03/25	Block Contract	£37,400.00	£149,600.00	£0.00	Adults'
Unpaid Carer's Support Grant	ICU-019	Communicare in Southampton	01/04/22	31/03/23	31/03/24	Grant	£33,000	£33,000	£0.00	Adults'
Oak Lodge - Lease for Care Home and Day Centre	SC4/15/4889(f)	BUPA Care Homes (CFC Homes) Limited	08/02/10	07/02/60	07/02/60	Block Contract	£28,297.32	£28,297.32	£0.00	Adults'
Play and Youth Development (Lot2)	EC09/01/2852	Community Playlink	01/01/20	31/12/23	31/12/23	Block Contract	£26,000.00	£22,667.00	£3,333.00	Adults'
Independent Chair for the Southampton Safeguarding Adults Board (SSAB)	MW306	Deborah Stuart-Angus	01/01/20	31/12/23	31/12/23	Block Contract	£26,000.00	£26,000.00	£0.00	Adults'
Appropriate Adults Services for Vulnerable Adults Held in Police Custody	SCC-ICU-0021	Office of the Police and Crime Commissioner for Hampshire	01/07/21	30/06/24	30/06/26	Grant	£25,718	£25,718	£0.00	Adults'
Mental Health Support Worker	ICU-020	Society of St James	01/07/22	30/06/23	30/06/23	Block Contract	£25,667.31	£0.00	£25,667.31	Adults'
Play and Youth Development (Lot 4 Central)	EC09/01/2852	City Reach Youth Project	01/01/20	31/12/23	31/12/23	Block Contract	£25,153.00	£21,820.00	£3,333.00	Adults'
Play and Youth Development (Lot4 East)	EC09/01/2852	Weston Church Youth Project	01/01/20	31/12/23	31/12/23	Block Contract	£25,153.00	£21,820.00	£3,333.00	Adults'
Pause Practice Agreement (Licence Agreement)	SCC-RFE-889	Pause Creating Space for Change	01/08/20	31/08/27	31/08/27	Block Contract	£25,000.00	£25,000.00	£0.00	Public Health
PAMMS QA & Provider Returns	ICU-015	Access UK Limited	01/07/22	30/06/24	30/06/26	Call-Off Order	£24,993	£24,993	£0.00	Adults'
Play and Youth Development (Lot 4 West)	EC09/01/2852	Youth Options	01/01/20	31/12/23	31/12/23	Block Contract	£24,717.42	£21,384.00	£3,333.00	Adults'
Southampton LFD Testing Service	ICU-016 (MW336)	Southampton Primary Care Limited	24/06/21	31/03/23	31/03/23	Block Contract	£24,000	£24,000	£0.00	Public Health
Play and Youth Development (Lot3)	EC09/01/2852	The Avenue Centre	01/01/20	31/12/23	31/12/23	Block Contract	£23,500.00	£20,167.00	£3,333.00	Adults'
Housing Related Support Framework - Low Threshold Beds (10 Southampton Street)	EC09/01/3155 (1b, LTB)	Society of St James	01/07/22	31/03/25	31/03/25	Framework	£23,370.00	£23,370.00	£0.00	Adults'
social prescribing physical activity specialist Pilot	MW349	Southampton Voluntary Services	01/05/22	31/10/22	31/10/22	Block Contract	£21,747	£21,747	£0.00	Adults'
Weston Adventure Playground	EC09/01/2941	Weston Adventure Playground Association	01/01/20	31/12/23	31/12/24	Block Contract	£20,000.00	£20,000.00	£0.00	Adults'
Short Break Services - Lot 2 Call-off	EC09/01/2709	No Limits	01/04/19	31/03/23	31/03/24	Framework	£20,000.00	£20,000.00	£0.00	Children's

Contract Title	Contract Reference EC/MW	Supplier Name (Service Provider)	Contract Start Date	Current Contract Expiry Date	Maximum Expiry Date	Agreement Type	Total annual contract value 2022/23	SCC/Contracting Organisation Contribution 2022/23	Partner Contribution 2022/23	Finance Portfolio
Oak Lodge Facilities Management (day centre meals)	SC4/15/4889(f)	BUPA Care Homes (CFC Homes) Limited	08/02/10	07/02/60	07/02/60	Block Contract	£19,000.00	£19,000.00	£0.00	Adults'
Nicotine Replacement Therapy (LCS)	MW355	Pharmacies	01/08/20	31/01/23	31/01/23	LCS	£18,000.00	£18,000.00	£0.00	Public Health
Dementia Friendly Southampton	SCC-ICU-0352	Southampton Voluntary Services	23/05/22	31/03/24	31/03/25	Block Contract	£17,052	£0.00	£0.00	Adults'
Commissioned grants programme	ICU-013	Communicare in Southampton	01/04/13	31/03/24	31/03/24	Grant	£16,500.00	£16,500.00	£0.00	Communities, Culture and Leisure
Access to PRS Fund	EC09/01/3155 (6dii)	Society of St James	01/10/22	31/03/25	31/03/25	Framework	£15,000	£15,000	£0.00	Adults'
Post-19 Learning and Skills	EC09/01/2650	The Rose Road Association	01/09/18	31/07/23	31/07/23	Block Contract	£13,800.00	£13,800.00	£0.00	Children's
Research in Practice	n/a	The Dartington Hall Trust	01/04/21	31/03/23	31/03/23	Block Contract	£13,500	£13,500	£0.00	Children's
Independent Chair for the Southampton Safeguarding Children Partnership and Portsmouth Safeguarding Children Partnership (SSCP)	MW305	Derek Benson	25/06/19	31/12/22	31/12/22	Block Contract	£13,200.00	£13,200.00	£6,600.00	Children's
For the payment by Portsmouth City Council for the provision of the Independent Chair for the Southampton Safeguarding Children Partnership and Portsmouth Safeguarding Children Partnership	MW305(i)	Portsmouth City Council	25/06/19	31/12/22	31/12/22	Block Contract	£13,200.00	£13,200.00	£6,600.00	Children's
Research in Practice	n/a	The Dartington Hall Trust	01/04/21	31/03/23	31/03/23	Block Contract	£12,834	£12,834	£0.00	Adults'
Provision of an in reach worker for those with co occurring conditions	MW348	change, grow, live (CGL)	01/03/22	28/02/23	28/02/23	Block Contract	£12,667	£12,667	£0.00	Public Health
The Appropriate Adult Service	CS14221	The Appropriate Adult Service Limited	01/07/21	30/06/24	30/06/26	Block Contract	£11,690	£11,690	£0.00	Children's
Child Death Overview Panel	N/A	Hampshire County Council	01/10/19	N/A	N/A	Block Contract	£11,475.00	£11,475.00	£0.00	Children's
Non-UK National Worker	EC09/01/3155 (6di)	Two Saints	01/10/22	31/03/25	31/03/24	Framework	£10,951	£10,951	£0	Adults'
HIV Self Sampling Testing	EC09/01/2413A	SH:24	29/10/19	31/12/22	31/12/22	Framework	£10,000.00	£10,000.00	£0.00	Public Health
Development of SEND Local Offer	MW330	The Rose Road Association	01/04/21	31/03/23	31/03/23	Block Contract	£10,000	£10,000	£0.00	Children's
SPB Coaching Service (previously called the SPB Pilot)	ICU-004	Spectrum Centre of Independent Living (CIL)	01/04/22	31/03/23	31/03/23	Block Contract	£10,000	£10,000	£0	Adults'
Play and Youth Development (Lot 5 Activity 1)	EC09/01/2852	Saints Foundation	01/01/20	31/12/23	31/12/23	Block Contract	£9,000.00	£5,667.00	£3,333.00	Adults'
Play and Youth Development (Lot 5 Activity 2)	EC09/01/2852	SOCO music Project	01/01/20	31/12/23	31/12/23	Block Contract	£9,000.00	£5,667.00	£3,333.00	Children's
Housing Support for Older People at Rose Brook Court	EC09/01/3000	Saxon Weald Housing Association	01/04/20	31/03/23	31/03/25	Block Contract	£6,500.00	£6,500.00	£0.00	Adults'
Children Residential Co-ordination Partnership agreement.	MW298	Various	01/09/18	30/09/24	30/09/24	Block Contract	£6,000.00	£6,000.00	£0.00	Children's
Community Co-ordinator	EC09/01/3155 (6diii)	Society of St James	01/10/22	31/03/25	31/03/25	Framework	£5,000	£5,000	£0.00	Adults'
Personal Assistants (PA) Finder System	HCC No ref	Hampshire County Council	01/04/20	31/03/23	31/03/24	Block Contract	£1,800.00	£1,800.00	£0.00	Adults'
Short Break Services DPS	EC09/01/2709	Various	01/04/19	31/03/24	31/03/26	Framework	£0.00	£0.00	£0.00	Children's
Emergency Hormonal Contraception LCS for Under 25s (LCS)	EC09/01/2423A	Pharmacies	01/04/22	31/03/23	31/03/25	LCS	£0.00	£0.00	£0.00	Public Health
NHS Health Checks (LCS)	EC09/01/2973	GP Practices	01/04/22	31/03/23	31/03/24	LCS	£0.00	£0.00	£0.00	Public Health
Long Acting Reversible Contraception (LCS)	EC09/01/2423B	Southampton Primary Care Limited	01/04/22	31/03/23	31/03/24	LCS	£0.00	£0.00	£0.00	Public Health
Trusted Professionals	MW296	University Hospital Southampton NHS Foundation Trust	22/05/18	N/A	N/A	Block Contract	£0.00	£0.00	£0.00	Adults'
Children's Residential Placements – Consortia Commissioning	EC09/01/2457	Children's Residential Care Framework	01/10/18	30/09/24	30/09/24	Framework	£0.00	£0.00	£0.00	Children's
Post 16 Accommodation & Support – Consortia Commissioning	EC09/01/2649	Various	01/02/19	31/01/23	31/01/23	Framework	£0.00	£0.00	£0.00	Children's
Home Care Services	EC09/01/2635	Various	01/04/19	31/03/23	31/03/25	Framework	£0.00	£0.00	£0.00	Adults'
Needle Syringe Program (LCS)	MW358	Pharmacies	01/03/22	31/03/23	31/03/24	LCS	£0.00	£0.00	£0.00	Public Health
Supervised Consumption (LCS)	MW359	Pharmacies	01/03/22	31/03/23	31/03/24	LCS	£0.00	£0.00	£0.00	Public Health

Contract Title	Contract Reference EC/MW	Supplier Name (Service Provider)	Contract Start Date	Current Contract Expiry Date	Maximum Expiry Date	Agreement Type	Total annual contract value 2022/23	SCC/Contracting Organisation Contribution 2022/23	Partner Contribution 2022/23	Finance Portfolio
Shared Care (LCS)	MW360	GP practices	01/03/22	31/03/23	31/03/24	LCS	£0.00	£0.00	£0.00	Public Health
Noms and Voids - Shirley Road	EC09-01-2684(a)	Hilldale Housing Association	28/08/19	08/08/36	08/08/44	Block Contract	£0.00	£0.00	£0.00	Adults'
Noms and Voids - Spring Crescent	ICU-009 (MW309)	Hilldale Housing Association	01/04/20	31/03/32	31/03/45	Block Contract	£0.00	£0.00	£0.00	Adults'
Noms and Voids - Mercator Close	MW310	Bespoke Supportive Tenancies LTD	07/09/16	06/09/51	06/09/51	Block Contract	£0.00	£0.00	£0.00	Adults'
Noms and Voids - Osborne Gardens	MW319	Golden Lane Housing Limited	25/09/20	24/09/45	24/09/45	Block Contract	£0.00	£0.00	£0.00	Adults'
Support Planning and Brokerage (SPB) Portal	MW323	Public Consulting Group UK Limited	01/07/21	31/03/23	31/03/23	Block Contract	£0.00	£0.00	£0.00	Adults'
PLACEMENT OF CHILDREN AND YOUNG PEOPLE WITH INDEPENDENT FOSTERING AGENCIES (2022 Framework)	EC09/01/3096	various	01/04/22	31/03/26	31/03/28	Framework	£0.00	£0.00	£0.00	Adults'
Noms and Voids - Brook Lodge	EC09/01/2684	Saxon Weald Housing Association	18/05/22	17/05/47	17/05/47	Block Contract	£0.00	£0.00	£0.00	Adults'
Rough Sleepers Drugs and Alcohol	TBC	change, grow, live (CGL)	01/04/22	31/03/23	31/03/23	Block Contract	£615,836	£615,836	£0.00	Adults'
Provision of an in reach worker for those with co occurring conditions	MW348	change, grow, live (CGL)	01/03/22	28/02/23	28/02/23	Block Contract	£19,000	£19,000	£0.00	Adults
Rough Sleeper Services Employment Advisor	ICU-028	Employment Support Team (SCC)	01/07/22	31/03/25	31/03/25	SLA	£7,631.25	£7,631.25	£0.00	Adults
Rough Sleeper Initiative - Personalisation Fund	ICU -024	Society of St James	01/04/22	31/03/25	31/03/25	Grant	£1,000.00	£1,000.00	£0.00	Adults
Rough Sleeper Initiative - Personalisation Fund	ICU -025	Two Saints	01/04/22	31/03/25	31/03/25	Grant	£1,000.00	£1,000.00	£0.00	Adults
Rough Sleeper Initiative - Personalisation Fund	ICU -026	The Salvation Army	01/04/22	31/03/25	31/03/25	Grant	£1,000.00	£1,000.00	£0.00	Adults

Contract Title	Contract Reference EC/MW	Supplier Name (Service Provider)	Contract Start Date	Current Contract Expiry Date	Maximum Expiry Date	Agreement Type	Total annual contract value 2022/23	SCC/Contracting Organisation Contribution 2022/23	Partner Contribution 2022/23	Finance Portfolio
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Contract title:	Provision of Care for Older People at Northlands House Provision of a Care Home with nursing for residents over the age of 65 with dementia and a day care centre at Oak Lodge
Contract Number:	EC09/01/0989 EC09/01/1101
Service Provider(s):	BUPA Care Homes (CFCHomes) Limited
Commissioning Organisation:	Southampton City Council
Contract start date:	Northlands House 24/06/2005 Oak Lodge 08/02/2010
Current contract end date:	Northlands House 23/06/2030 Oak Lodge 08/02/2035
Maximum contract end date:	Northlands House 23/06/2030 Oak Lodge 08/02/2035
Current financial year value £:	£5,540,397 combined, including Funded Nursing Care (FNC) payments

Service Summary

The two contracts were commissioned as part of long-term arrangements under what are effectively Private Finance Initiatives. With both arrangements, the Council provided the land, BUPA built the nursing homes at their cost, and a long-term arrangement for providing care was established. This guarantees access to a specified volume of nursing care beds each week at a set price – 60 bed spaces at Northlands; 40 bed spaces at Oak Lodge. Both contracts contain provision for respite care. Both agreements last for 25 years, which secures a minimum level of supply in the local nursing care market. Since the contracts began, the complexity need level of individuals requiring nursing care has increased resulting in the contract not being reflective of current and future needs. This in turn meant that BUPA were less well placed to support individuals with higher needs. Since last reporting to the Committee, negotiations with the provider to reshape key elements of the contracts and re-establish both homes as prime routes for SCC to Southampton’s nursing care market have been completed, resulting in a contract variation intended to make the contracts fit for the future and enable SCC to maximise the benefit from these 100 block contracted beds. There has also been an

improvement in the working relationship with BUPA which will support the full implementation of the new contract arrangements.

The new arrangements should reduce the need for out of area nursing placements which can be even more expensive and also enable people to remain living in Southampton close to family & friends.

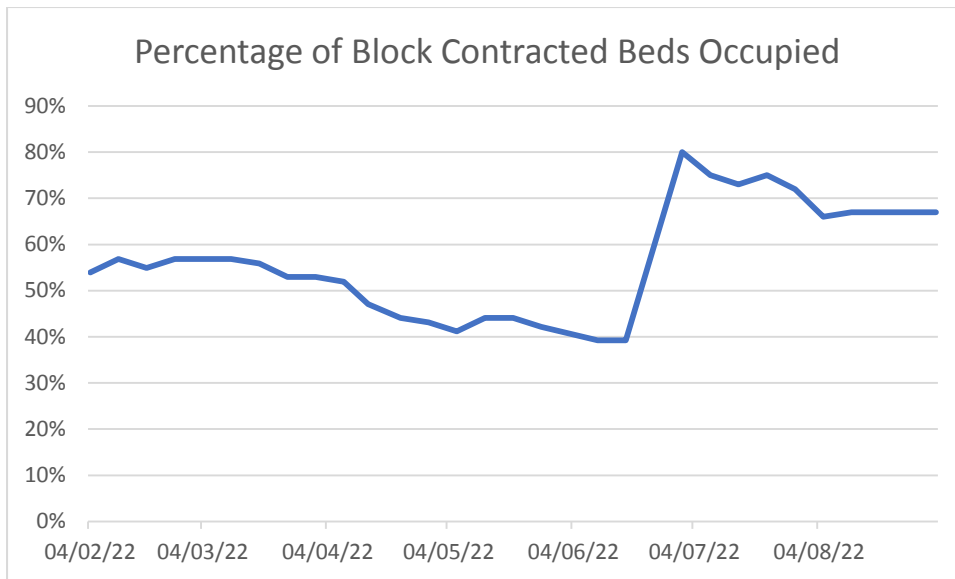
There is an associated Section 75 partnership agreement in place, through which Hampshire, Southampton, and Isle of Wight ICB pays SCC for the Funded Nursing Care (FNC) element of the service. Currently, the ICB is also utilising and funding 6 of the block-contracted beds as Discharge to Assess (D2A) beds (all at Oak Lodge).

Contract Performance

As part of the contract variation new contract monitoring measures have been put in place and will begin to be formally monitored from the next quarter (July – September). Some examples of the initial data that has been obtained are:

- Medication errors have remained very low, with no more than two errors per month in recent months.
- Unplanned admissions to hospitals have continued to follow a seasonal trend with the most recent month showing a rate of 4%
- Over the past year, 20 compliments have been received by the homes and 18 complaints. All of these complaints were resolved within the first stage of investigation. An analysis of the type of complaints is also being provided to commissioners so any themes can be identified.

Weekly data on usage of block contracted beds is being provided by BUPA so there is up to date information which can be used to make sure SCC is maximising the benefit from the beds. The table below shows the occupancy levels since early 2022. The significant increase between June and July shows when the new contract arrangements were implemented. There are likely to be some further changes to the data which will show a further increase in occupancy to around 80% currently.



Commissioners will continue to have close involvement with these contracts to ensure that the variations are fully implemented and the benefits realised.

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Contract title:	Level 3 Sexual Health Services
Contract Number:	EC09/01/2444
Service Provider(s):	Solent NHS Trust
Commissioning Organisation:	Southampton City Council
Contract start date:	1 April 2017
Current contract end date:	31 March 2024
Maximum contract end date:	31 March 2024
Current financial year value £:	£2,267,574

Service Summary

The service is commissioned as a specialist integrated sexual health service through a contract with Solent NHS Trust.

The service is commissioned to ensure that local residents have timely access to high quality services to improve and manage their sexual and reproductive health through the delivery of a fully integrated, cost-effective sexual health (lead provider) service model, accessed by a digital single point of access.

Providing free and open-access to reproductive and sexual health services became a statutory responsibility for Local Authorities in April 2013, under the Health and Social Care Act 2012.

Level 3 Sexual & Reproductive Health Services have been integrated and co-located in Hampshire, Portsmouth and Southampton since 2012 providing a 'one stop shop' approach to the delivery of specialist sexual health services across all three local authority areas via a single point of access.

Local Authority and NHS Commissioners find that this model provides the best outcomes for local residents as well as best value for commissioners and are keen to see the continued integration of local authority commissioned sexual health services with NHS commissioned services for the benefit of local residents.

The integrated service is commissioned to provide the following services:

- Local Authority Commissioned: Integrated GUM and contraception services, chlamydia screening, sexual health promotion/outreach, digital front door and remote testing, psychosexual counselling, system leadership & network management
- ICB Commissioned: Termination of pregnancy and vasectomies

- NHS England: HIV treatment as a separate but integral part of the L3 contract.

The contracts are currently operating through agreed extensions until March 2024.

Contract Performance

All performance is considered through quarterly contract monitoring meetings, alongside quality and other service issues.

Performance information from this contract has been collated for the Sexual Health Needs Assessment (SHNA), which is in the process of being completed and will inform future commissioning intentions from April 2024.

Access to Service

Access to the service is through Solent's Single Point of Access (SPA) which can be challenging at times, and customers report difficulties of either waiting a long time on the call waiting to get a response or fail to get through to the SPA to book appointments.

Solent have recognised this issue and purchased a new SPA system. Changes in working practice, allowing sexual health staff to participate in the SPA response has highlighted how some changes can improve the customer experience. These changes are under discussion with a view to implementing where feasible.

Contraception

Long Acting Reversible Contraception (LARC) uptake for women within the sexual health service (as a % of women given contraception) was consistently above 40% apart from in 2020/21 where COVID impacted on LARC uptake due to the lockdown and staffing challenges. During this period the rate reduced to 33%, but has since resumed to near normal levels.

STI Testing and Interventions

HIV test uptake has been consistently above the threshold for all residents, men having sex with men (MSM) and black African communities (BAC). This uptake has remained above threshold during COVID.

All high-risk Hepatitis B patients were offered a Hep B vaccination in the most recent year. Uptake has also improved with more than 3 out of 4 (76%) having the vaccination in 21/22 compared to 1 out of 3 in 18/19.

STI Indicators

Results management has consistently been above the 95% threshold with 49 out of 50 residents receiving their results back within 7 working days within the last 2 years.

The STI infection rate increased by 4 percentage points (+44%) in 2020/21; one of the reasons for this could be due to the challenges in accessing contraception during COVID period but this has decreased to the same rate as the previous 2 years in 21/22.

Partner Notification

Partner notification (PN) and partner treatment indicators have been consistently above the threshold within both of the last two years.

Chlamydia Screening

There is a low (and decreasing) diagnostic rate but a significant increase in positive tests, with more than 1 in 5 tests being positive in the most recent year. It should be noted that there have been continued concerns around the accuracy of the chlamydia screening data provided by Solent NHS Trust, as the positivity rates and diagnostic rate are significantly different from the reporting on Public Health fingertips tool. The cause of these reporting discrepancies remains unclear despite continued examination at a local and national level. Until this is resolved it is not possible to address the apparent performance issue for this target.

Where the provider is identified to require an increase in activity, this is regularly discussed at quarterly Contract Review Meetings in context of changes emerging through new National Chlamydia screening guidance and other pressures on the service including Monkeypox vaccination and support.

Psychosexual Counselling

The service has accepted between 91-112 referrals per annum.

There have been challenges with access times for psychosexual counselling with performance consistently below threshold for initial assessments, therapy commencement and completed pathways within timescales. Staff shortages have been experienced for a number of years reflecting the pay grade falling below the market standard. Solent have shown budget pressures against this service area as they seek to meet demand with reducing staff. This was further compounded during the pandemic. Solent have now advertised and recruited to posts and improvements in delivery against targets are being seen, however there will be a wider impact on the overall budget and wider service delivery, yet to be reported and fully understood.

Quality Outcomes

Commissioners discuss quality at Contract Review Meetings and Quality forums. This includes ways to improve offer of, and take up of referrals to Stop Smoking services and take up of Chlamydia and STI self-sampling kits.

Financial Data

The contract includes the following financial mechanisms:

- The option to apply a 2% annual efficiency. This was not applied during the Covid period but has been applied in 2022/23.
- a tariff-based approach to the majority of the contract with an upper cap in place

- a fixed payment price for a small element of the contract (2 service areas)

In addition to these financial approaches, the financial value of the contract has been varied over the years to take into account:

- annual Agenda for Change requirements
- new pathways to be adopted following government guidance, with some attracting additional funding (pre-exposure prophylaxis (PrEP)), while others did not (*Mycoplasma genitalium* (MGen))

The service now faces increased pressure to support the delivery of the Monkeypox vaccination and treatment programme.

Operational Issues and Good Practice

Overall, the service continues to deliver against contract and provide a service during difficult and challenging times. More recently this includes the requirement of Sexual Health services to respond to the Monkeypox outbreak.

Coming out of Covid-19 lockdown phases, the provider is just starting to see sickness levels fall below 5%, but they report they are experiencing pressures operationally with increased complexity of clients attending clinics, a result of less complex patients accessing online, remote or other digital offers.

The Provider is engaged with a number of development programmes, including the use of Pathway Analytics, an approach that enables comparison across different LA areas for activity and tariffs. The Provider has also engaged with a process known as System Thinking, in which the Lean thinking theory is applied to aspects of the service. This is proving to be a very informative and helpful exercise, with learning from the process likely to inform future commission intentions.

Contract title:	Adult Substance Use Disorder Services (SUDS) Drug and Alcohol treatment for adults 25+ years
Contract Number:	EC09/01/2722A
Service Provider(s):	Change Grow Live (CGL)
Commissioning Organisation:	SCC
Contract start date:	01/07/2019
Current contract end date:	30/06/2024
Maximum contract end date:	30/06/2026
Current financial year value £:	£2,239,454

Service Summary

This contract offers adult substance use disorder treatment to adult population (25+) in Southampton. This service works in tandem with the same service offered to young people up to the age of 24 (delivered by No Limits).

The service is harm reduction and recovery oriented, evidence based and tailored to meet the needs of individuals and communities in order to empower people to lead drug/alcohol free lives where possible. The service offers treatment to address alcohol, opiate and non-opiate use as well as the use of other drugs, such as prescribed medication, novel psychoactive substances and image and performance enhancing drugs. The service provides both medical and psychosocial interventions. and works co-operatively with the Young Peoples substance use service in order to provide clinical treatment for the 11-24 year age group, including pharmacological interventions, health screening, and Blood borne virus (BBV) screening and interventions.

Contract Performance

Throughout 2021/22, commissioners have worked with CGL to restore performance to pre-pandemic levels. There has been increased focus on ensuring that a realistic recovery trajectory is in place and is being monitored robustly by both providers and commissioners. The recovery trajectory is supported by an improvement plan which is reviewed regularly, and which covers areas of underperformance and areas that will improve quality and outcomes for service users, including areas that have been identified from service user feedback.

The 'successful completion' KPI's for this service are monitored nationally as well as locally, with the Office for Health Inequalities and Disparities (OHID) team offering support to Local Authorities where needed.

Based on available national reporting for the period Apr 21 – Jun 22, performance against targets for successful completions for opiate users, non-opiate users, and alcohol and non-opiate users combined have all recovered and now exceed pre-pandemic levels.

However, alcohol service users are still below the level they were at prior to the pandemic. Service managers and commissioners are working together to identify quality improvements with plans to implement an updated trajectory to achieve successful completions within the top quartile of Local Authorities.

Other areas which require further improvement are:

- Eligible service users (previously or currently injecting) in treatment having completed a course of HBV injections. The provider has recently targeted busy pharmacies and has taken treatment to service users in the “BBV van” alongside provision of harm education advice.
- People in structured treatment with identified use of opiates who have received overdose recognition and prevention/ intervention and been offered naloxone. The service recovery motivators will be undertaking outreach in the city with the help of a peer, to identify and offer naloxone to those without it.

There are also several areas where the provider is performing well, as evidenced through the national reports to the National Data Treatment Monitoring System (NDTMS), including:

- Proportion in treatment who were retained for 12 weeks or more or completed treatment within 12 weeks: 97.9%
- Waiting times (percentage of service users waiting over three weeks to start first intervention): 0% for opiates, non-opiates and alcohol and non-opiate users, and 1.2% for alcohol users.
- Harm reduction work and BBV testing and vaccination, whilst below local stretch targets are consistently above the national averages.

All of the KPI's and the data contained within the national reports is being closely monitored by both provider and commissioner. The commissioner is meeting with the provider Service Manager on a monthly basis to review the trajectory and to discuss progress in all areas. The commissioner also meets with the Area Operational Manager regularly to discuss developments and to review concerns around performance. In addition, performance is reported on and discussed in detail at each quarterly monitoring meeting. The provider has proved responsive to commissioners' concerns and has undertaken considerable analytical work and segmentation of the data to identify areas where improvements are required.

Commissioners will continue to work closely with the provider to update and achieve the actions detailed in the improvement plan and to achieve the best outcomes for service users.

Financial Data

The contract is paid on a block basis, i.e., the annual contract value is divided into 12 payments.

Southampton City Council has been successful in attracting additional national grant funding in order to expand and improve services to some hard-to-reach cohorts of service users such as offenders and rough sleepers. However, these specialist services are separate contracts with the provider.

The following service has been added to the main contract by way of variation.

Alcohol Extended Brief Interventions (EBI) Telephone Support:

Aim of the service: An extended brief intervention is motivationally based and can take the form of motivational-enhancement therapy or motivational interviewing. The aim is to motivate people to change their behaviour by exploring with them why they behave the way they do and identifying positive reasons for making change. The aims of the service are:

- to deliver telephone based extended brief Interventions for people with alcohol use disorders
- to reduce the harm of problematic alcohol consumption for people with alcohol use disorders, their families, friends, communities and the city.

The service is evidence based, free, non-judgemental and confidential. This is not an emergency service and nor is the service aimed at dependent drinkers, whose needs are likely to require more structured forms of treatment. People with alcohol dependence will be referred into CGL structured treatment services.

Additional contract value: The cost of the service is £65,000 per annum. The funding has been provided temporarily by the Public Health (Southampton) team from an underspend.

Future funding implications for SCC: The sustainability of the work will depend on a long term means of funding being identified. Commissioners are working with the Public Health Consultant and Senior Public Health Practitioner in order to achieve this.

The service commenced in August 2020 and funding has been agreed to support it until 31st March 2023.

Operational Issues and Good Practice

The provider demonstrates strong partnership work with other stakeholders and has developed good links with a wide range of providers in order to offer a holistic approach to recovery for many service users. Below are some examples of good partnership working in order to offer appropriate and holistic treatment and psychosocial interventions for individual service users:

- **In-Reach in Natalie House & Antelope House:**
Regular visits to mental health services Natalie House and Antelope House, providing support to residents and inpatients who are also CGL clients, as well as providing a pathway for new referrals.
- **Saints4sport/REFIT:**
The Saints4sport project has now been rebranded and is called REFIT. In order to promote healthy living, CGL supply a health care assistant to help run their gym session twice a week. At these sessions CGL promote the BBV service, offer free naloxone, smoking cessation advice, harm minimisation and signposting as well as general harm minimisation and substance use support and guidance.
- **Step to Wellbeing/SUDS Joint-Working Protocol:**
Steps to Wellbeing have worked with CGL and No Limits to develop a protocol which identifies pathways and provides clarity around suitable referrals. They have worked together to identify gaps and needs across both service areas.

SUDS and Steps to Wellbeing currently hold weekly meetings to discuss patients who were assessed by Steps to Wellbeing and come up with appropriate care plans.

- **Alcohol In reach Care Team (ACT) at SGH**

Regular meetings between CGL and ACT to discuss High Intensity Service Users.

Contract title:	Health and Care Related Equipment Service
Contract Number:	EC09/01/2862
Service Provider(s):	Nottingham Rehab Ltd T/A NRS Healthcare
Commissioning Organisation:	Southampton City Council and Portsmouth City Council (This service is jointly funded by SCC and ICB on a 50.3%-49.7% basis)
Contract start date:	1 July 2020
Current contract end date:	30 June 2025
Maximum contract end date:	30 June 2027
Current financial year value £:	£1.54m

Service Summary

The current service provider was appointed following a tender process in 2019-20. The service was re-commissioned in partnership with Portsmouth City Council, based on the previously successful cooperation between the authorities.

The prescribers who request equipment from the contract are health and care staff across the Council, University Hospital Southampton, and Solent NHS Trust. At the start of the contract, an equipment catalogue was agreed with the service ensuring that each item was the most appropriate and cost effective. Prescribers make requests from that catalogue and where there is a need to go off the catalogue owing to a particular bespoke service user need, there is a process in place which commissioners oversee.

To provide additional scrutiny for this contract, an Operational Lead who is an experienced practising OT with contract/commissioning experience, works alongside Commissioners in the Integrated Commissioning Unit. The Operational Lead undertakes daily monitoring of prescribing team activity/ costs and intervenes as required. This provides commissioners with assurance that all spend on the contract is legitimate. The Operational Lead holds regular sessions with prescribers to make sure they are aware of the latest equipment and eligibility requirements to ensure that the contract is performing appropriately.

A further area of commissioning focus is to achieve best value in the recycling of equipment. Recycling levels are monitored each month. Equipment/spare parts are sourced when needed and the Operational Lead will formally sign off any equipment to be condemned if it is over a certain level of value.

Currently there are over 550 clinicians who access the service across 51 Health and Social Care teams. There are over 440 pieces of standard equipment available on the catalogue covering minor adaptations, children's and adults' equipment, tissue viability, specialist seating and beds, household, personal care, palliative stairlifts, moving and handling, ceiling tracks hoists, sensory impairment, and children's medical equipment.

Children's medical equipment and private sector ceiling tracks have been added to the contract within the last year.

NRS also undertakes equipment collection, delivery, decontamination of mainstream education disability equipment.

Contract Performance

The contract has a high service user satisfaction rate - 98% of service users indicating that they are very satisfied/satisfied with the service.

There was a significant dip in delivery and collection performance in autumn 2021, which was due to a combination of sudden staff departures and supply issues resulting from port congestion.

Manufacturers/suppliers being unable to supply certain equipment in a timely way to NRS was particularly challenging between the months of August 2021 to May 2022. This was due to Port congestion at all the major Ports, shipping container availability and the worldwide limited supply of certain raw materials such as foam and bent metal. Production in factories around the world was sporadic due to Covid-19 outbreaks. NRS responded by switching Ports/transportation to the most efficient supply routes. NRS also worked with the Operational Lead to identify equipment that had a suitable close technician equivalent available so that existing supplier/s could be changed to ones with stock/quicker delivery timeframes. Order quantities and stock holding amounts were also increased.

Activity levels

Activity is determined by prescribers placing orders for essential needs. The contract saw a large uplift in the activity between the months of November 2021 to March 2022 and overall, the contract is operating 26.6% above the original tender outline.

NRS is reporting this increased trend across all their 23 contracts and Portsmouth witnessed a 38% increase in activity. This suggests that more people are being discharged from hospital sooner and requiring equipment and more complex conditions/disabled people are being supported in the community. This also supports the national hospital discharge policy which came into force in March 2020.

Recycling Rates

Between July 2021 and June 2022, the average catalogue equipment recycling rates were 86% which is one percent higher than last year and exceeds the contract target of 80%. This has continued to be strong despite NRS staffing challenges. Southampton is one of the best performing authorities in the south region when it comes to recycling of equipment. The recycling rate has a direct impact on the monthly credits received from the provider, and therefore on the total contract expenditure.

Planned and Preventative Maintenance/LOLER regulations (ppm)

It is a legal requirement that all electromechanical and lifting items undergo annual planned and preventative maintenance/weight testing. During Covid-19 many families refused access to their properties despite being informed that NRS staff would be wearing PPE. This resulted in a large backlog of over a 1000 outstanding ppms. NRS focused on reducing the backlog and managing the usual ppm list and had several technicians undertaking this work from October 2021 to March 2022. The backlog has since been reduced and the ppms are now under control.

Financial Data

The council commissions this service on behalf of the council and the ICB. Both partners contribute into a pooled fund, with contributions of 50.3% from the council and 49.7% from the ICB, to pay for the service.

The contract payment mechanism comprises two components - a small element of fixed costs (mainly relating to overheads such as staffing, premises, transport) and then a larger variable cost element which relates to payment by piece of equipment and includes delivery, installation, collection and cleaning. Funds are also credited back to commissioners when catalogue equipment is returned to the store in a useable condition. Spend will therefore always be influenced by the amount of equipment issued and this is directly generated by the demand from health and care prescribers who make the requests for their clients.

Special equipment provision is overseen by the Operations Lead who ensures that the recycled stock is being utilised, equipment prices are competitive, and the clinical need is appropriate. The Operations Lead is also the authoriser for all children's equipment, out of area provision, and items which tend to be more expensive in addition to authorising any collective order or adaptation exceeding authorised limits for prescribers.

Operational Issues and Good Practice

Since the start of the contract, a good working relationship has been established with the provider. The provider has proved willing to 'go the extra mile', both on an organisational level as well as with individual members of staff. Below are some examples of the operational good practice observed and recorded by the SCC operational lead for the service.

- Customer service staff and management being utilised and delivering items on their way home after work if the driver technicians are overloaded.
- Excellent communication and organisational abilities, sourcing items at the last minute and transferring from other sites nationally.
- Excellent collaboration and communication with the Clinical Advisory Team; sourcing items that are not on the catalogue.
- All complaints, concerns, issues, queries are dealt with quickly and professionally. Daily communication between Management and Operational Lead; great working relationships, honest and transparent.
- A culture of finding a solution to solve problems that arise; for example, using spare parts to quickly make an item serviceable whilst waiting for a permanent replacement part or repair.
- Good customer service - when family members are collecting from the warehouse, NRS will always offer to take the equipment to the customer's vehicle.
- The NRS Service Manager and team are passionate about doing a great job and working together. They realise that it's an important job, take pride and find it satisfying and rewarding. The NRS Service Manager is knowledgeable and quick to respond to any queries with regards to legacy stock compatibility etc.
- Flexibility - NRS have opened outside their contracted hours e.g., Saturday and Sunday opening, when asked to do so by Commissioning. NRS have taken on additional services such as Children's Medical Equipment and private sector ceiling track hoists. NRS have expressed a willingness to provide an increased range of adaptations to help with Disabled Facility Grant backlogs.
- NRS are currently planning to undertake a 'bed push' through Southampton City Centre to raise money for Southampton's Children's Hospital and to raise awareness about the importance of returning equipment that is no longer needed. This will benefit Commissioning by increasing the equipment returned credit and increase stock levels.
- A culture of networking and working together - following Covid restrictions, NRS identified that there were many new health and social care clinical staff who had not visited the service/warehouse. NRS organised an open day which was well attended; clinical staff enjoyed the visit and were positive about what they had learnt.
- Solent's Clinical Advisory Team (CAT) has an office at the NRS warehouse. When the Moving and Handling Occupational Therapist retired, NRS organised a drop in lunch event to wish her well and provided the buffet lunch/refreshments.

Agenda Item 7

DECISION-MAKER:	GOVERNANCE COMMITTEE
SUBJECT:	INTERNAL AUDIT PROGRESS REPORT 2022-23
DATE OF DECISION:	14th November 2022
REPORT OF:	CHIEF INTERNAL AUDITOR

<u>CONTACT DETAILS</u>			
Executive Director	Title	FINANCE & COMMERCIALISATION	
	Name:	John Harrison	Tel: 023 8083 4897
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Author:	Title	CHIEF INTERNAL AUDITOR	
	Name:	Elizabeth Goodwin	Tel: 023 8083 4616
	E-mail	Elizabeth.Goodwin@southampton.gov.uk	

STATEMENT OF CONFIDENTIALITY
N/A
BRIEF SUMMARY
<p>The Public Sector Internal Audit Standards 2017 (PSIAS), requires the Chief Internal Auditor (CIA) to provide periodical updates to the Governance Committee on:</p> <ul style="list-style-type: none">• Progress made against the agreed annual audit plan.• Results of audit activities and• Management's response to risk that in the CIA's judgement maybe unacceptable to the Authority <p>All other PSIAS requirements are communicated in either the charter or annual audit opinion, which are reported separately to this committee at various times throughout the year.</p> <p>There are a total of 65 audit reviews in the revised plan for 2022/23. To date 55% of audits have been completed or are in progress as of 26th October 2022. This represents 22 (34%) audits where the report has been finalised, 2 (3%) where the report is in draft and 12 (18%) audits currently in progress.</p> <p>There are currently no 'no assurance' reports or critical exceptions contained in this report for this period. Progress has been made implementing agreed actions despite significant pressures across the organisation with the ongoing COVID-19 requirements. In addition to this, it is positive to note that the internal control environment specifically in relation to compliance has also improved.</p> <p>Internal Audit progress for the period 1st April to 26th October 2022 is covered in in the report attached as Appendix 1.</p>

RECOMMENDATIONS:	
(i)	That the Governance Committee notes the Internal Audit Progress report for the period 1 st April to 26 th October 2022.
REASONS FOR REPORT RECOMMENDATIONS	
1.	In accordance with the Public Sector Internal Audit Standards the Chief Internal Auditor is required to provide an update on progress against the annual audit plan to the Governance Committee for information.
ALTERNATIVE OPTIONS CONSIDERED AND REJECTED	
	None
DETAIL (Including consultation carried out)	
	As above
RESOURCE IMPLICATIONS	
<u>Capital/Revenue</u>	
	None
<u>Property/Other</u>	
	None
LEGAL IMPLICATIONS	
<u>Statutory power to undertake proposals in the report:</u>	
	The Accounts and Audit (England) Regulations 2015 state 'a relevant body must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account the Public Sector Internal Auditing Standards.
<u>Other Legal Implications:</u>	
	None
RISK MANAGEMENT IMPLICATIONS	
	The report is for note only, there is no decision to be made.
POLICY FRAMEWORK IMPLICATIONS	
	None

KEY DECISION?	No
WARDS/COMMUNITIES AFFECTED:	None
<u>SUPPORTING DOCUMENTATION</u>	
Appendices	
1.	Internal Audit Progress Report for the period 1 st April to 26 th October 2022.
Documents In Members' Rooms	
1.	None
Equality Impact Assessment	

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

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SOUTHAMPTON
CITY COUNCIL

Internal Audit Progress Report

14th November 2022

Elizabeth Goodwin, Chief Internal Auditor

1. Introduction

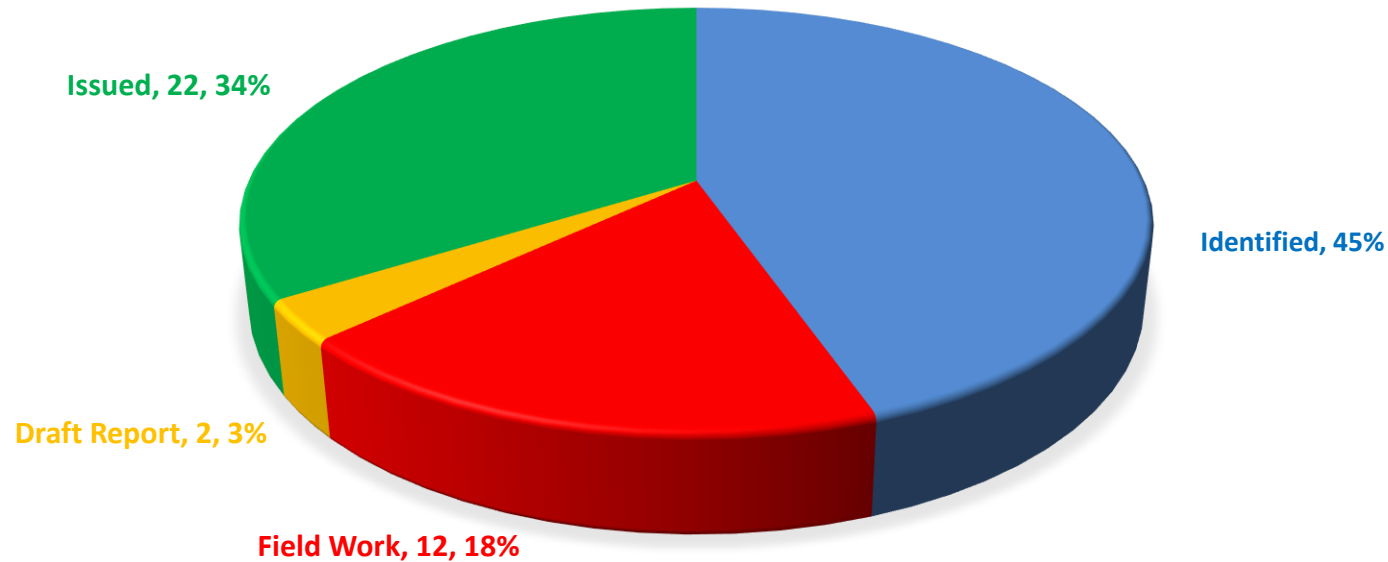
This report includes the status against the 2022/23 internal audit plan for this reporting period (1st April to 26th October 2022).

In summary 55% audits from the 2022/23 plan have been concluded or are in progress. All items yet to be fully completed will be finalised by the end of the financial year to enable an annual opinion to be given.

There are currently no 'no assurance' reports or critical exceptions contained in this report for this period. Progress has been made implementing agreed actions despite significant pressures across the organisation. It is positive to note that the internal control environment specifically in relation to compliance has also improved.

All items completed since the last committee attendance are detailed at a summary level in this report. This includes, full audits, follow up work and grant work completed.

2. Audit Plan Progress as of 26th October 2022



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There are a total of 65 reviews in the 2022/23 Audit Plan as of 26th October 2022.

To date, 55% of audits have been completed or are in progress as of 26th October. This represents 22 (34%) audits where the report has been finalised, 2 (3%) where the report is in draft and 12 (18%) audits currently in progress.

Status	Previous Position	Current Position
Identified	65	29
Fieldwork	0	12
Draft Report	0	2
Final Report	0	22
Total	65	65

3. Audit Plan Status/Changes

The Audit Plan has been more flexible this year to take into account additional work predominately in the area of grants and long-term sickness within the audit service. Since the last reporting period the following should be noted; **Additions, removals, and amendments to the 2022/23 Audit Plan:**

- Addition – Contain Outbreak Management Fund – grant sign-off required.
- Addition – EU Perinatal Mental Health Grant Claim 9 – grant sign-off required.
- Addition – Fleet Management – added as second follow up is required.
- Addition – Ground Maintenance - added as second follow up is required.
- Addition – HMO Licensing - added as second follow up is required.
- Addition – Omicron Business Grant – post payment assurance checks.
- Addition – School Condition Funding – new grant.
- Addition – Test & Trace Support Payments – post payment assurance checks for grant compliance.
- Addition – Ukrainian Accommodation Support – added independent accommodation support.
- Addition – Universal Drug Treatment – grant sign-off required.
- Removed – Absence Management – to accommodate additional grant work.
- Removed – Air Quality – removed to accommodate extra work.
- Removed – Asset Requisition & Disposal – removed to accommodate extra work.
- Removed – Business Support – removed to accommodate extra work.
- Removed – Direct Contact & Levels of Supervision – removed to accommodate extra work.
- Removed – Equality Act Compliance – removed to accommodate extra work.
- Removed – Home Bit Lettings – removed to accommodate extra work.
- Removed – Joint Funding – removed following re-risk assessment and additional work.
- Removed – Multi Agency Safeguarding Hub (MASH) – removed to accommodate extra work.
- Removed – Partnership HCC & Balfour Beatty – management controls robust reduced risk rating.
- Removed – Residents Parking – removed to accommodate additional grant work.
- Removed – Section 75 Agreements – removed to accommodate additional grant work.

All the audits removed above will now be performed as part of the 2023/24 audit plan.

4. Areas of Concern

There are no 'no assurance' opinion audits being reported on this period, all other findings are noted below.

5. Assurance Levels

Internal Audit reviews culminate in an opinion on the assurance that can be placed on the effectiveness of the framework of risk management, control and governance designed to support the achievement of management objectives for the area under review.

Assurance Level	Description / Examples
Assurance	<i>No issues or minor improvements noted within the audit but based on the testing conducted, assurance can be placed that the activity is of low risk to the Authority</i>
Reasonable Assurance	<i>Control weaknesses or risks were identified but overall the activities do not pose significant risks to the Authority</i>
Limited Assurance	<i>Control weaknesses or risks were identified which pose a more significant risk to the Authority</i>
No Assurance	<i>Major individual issues identified or collectively a number of issues raised which could significantly impact the overall objectives of the activity that was subject to the Audit</i>
NAT	<i>No areas tested</i>

Audits rated No Assurance are specifically highlighted to the Governance Committee along with any Director's comments. The Committee is able to request any director attends a meeting to discuss the issues.

6. Exception Risk Ranking

The following table outline the exceptions raised in audit reports, reported in priority order and are broadly equivalent to those previously used.

Priority Level	Description
Low Risk (Improvement)	<i>Very low risk exceptions or recommendations that are classed as improvements that are intended to help the service fine tune its control framework or improve service effectiveness and efficiency. An example of an improvement recommendation would be making changes to a filing system to improve the quality of the management trail.</i>
Medium Risk	<i>These are control weaknesses that may expose the system function or process to a key risk but the likelihood of the risk occurring is low.</i>
High Risk	<i>Action needs to be taken to address significant control weaknesses but over a reasonable timeframe rather than immediately. These issues are not 'show stopping' but are still important to ensure that controls can be relied upon for the effective performance of the service or function. If not addressed, they can, over time, become critical. An example of an important exception would be the introduction of controls to detect and prevent fraud.</i>
Critical Risk	<i>Control weakness that could have a significant impact upon not only the system function or process objectives but also the achievement of the Council's objectives in relation to: The efficient and effective use of resources, The safeguarding of assets, The preparation of reliable financial and operational information, Compliance with laws and regulations and corrective action needs to be taken immediately.</i>

Any critical exceptions found the will be reported in their entirety to the Governance Committee along with Director's comments

7. 2022/23 Audits completed since the last reporting period

Cyber Security

Exceptions Raised

Critical	High	Medium	Low
0	0	2	2

Overall Assurance Level

Reasonable

Assurance Level by Scope Area

Achievement of Strategic Objectives	No Areas Tested
Compliance with Policies, Laws & Regulations	No Areas Tested
Safeguarding of Assets	No Areas Tested
Effectiveness and Efficiency of Operations	Reasonable
Reliability and Integrity of Data	No Areas Tested

The first medium risk exception relates to the list of ‘critical services’ not being periodically confirmed with senior management and none of the 5 five key application contracts tested give explicit response timeframe for security incident responses including zero-day exploits. The second medium risk relates to the Security Incident Process document not having any versioning or approval dates. A low risk exception relates to the Network Security Policy being overdue a review from May 2022 and the Internet and Networked Communications Policy did not have a review date. The final low risk exception relates to the Desktop Deployment Strategy needing to be updated to align with current intentions and ways of working post pandemic.

Elected Home Education

Exceptions Raised

Critical	High	Medium	Low
0	1	0	0

Overall Assurance Level

Reasonable

Assurance Level by Scope Area

Achievement of Strategic Objectives	Assurance
Compliance with Policies, Laws & Regulations	Reasonable
Safeguarding of Assets	No Areas Tested
Effectiveness and Efficiency of Operations	Assurance
Reliability and Integrity of Data	No Areas Tested

The high risk exception relates to the authority being unable to act upon School Attendance Orders issued due to a lack of a nominated Education solicitor. Despite not being escalated to court, 8/9 issued School Attendance Orders since 2020 have resulted in children being enrolled in school or receiving suitable home education.

Itchen Toll Bridge
Exceptions Raised

Critical	High	Medium	Low
0	1	0	1

Overall Assurance Level

Reasonable

Assurance Level by Scope Area

Achievement of Strategic Objectives	No Areas Tested
Compliance with Policies, Laws & Regulations	Assurance
Safeguarding of Assets	Reasonable
Effectiveness and Efficiency of Operations	Assurance
Reliability and Integrity of Data	Assurance

The high risk relates to issues with the supplier of the equipment and software for the toll bridge in reporting accurately on the cash collected resulting in discrepancies occurring. The low risk relates to vehicle violations not relating to missed charges not getting retained meaning repeat offenders cannot be identified and monitored.

IT Network Management & Security
Exceptions Raised

Critical	High	Medium	Low
0	1	2	2

Overall Assurance Level

Reasonable

Assurance Level by Scope Area

Achievement of Strategic Objectives	No Areas Tested
Compliance with Policies, Laws & Regulations	No Areas Tested
Safeguarding of Assets	No Areas Tested
Effectiveness and Efficiency of Operations	Reasonable
Reliability and Integrity of Data	No Areas Tested

The high risk relates to 11 out of 25 staff leavers did not have a leaver form submitted leaving a 45 day window of opportunity before accounts become automatically disabled. The first medium risk relates to the authority not maintaining a detailed network plan, fully identifying all items of network infrastructure. The second medium risk relates to a lack of controls relating to data loss including flagging large volumes of data transfers to likely personal email addresses for management review and using 'personal' USB drives. The first low risk relates to physically connected PCs used by several members of staff posing a limited threat to the wider network. The final low risk relates to IT starter forms being submitted after the start date for 2 out of 25 staff members tested.

Purchase Card Compliance Review (Children's Services)
Exceptions Raised

Critical	High	Medium	Low
0	0	3	2

Overall Assurance Level

Reasonable

Assurance Level by Scope Area

Achievement of Strategic Objectives	No Areas Tested
Compliance with Policies, Laws & Regulations	Reasonable
Safeguarding of Assets	No Areas Tested
Effectiveness and Efficiency of Operations	No Areas Tested
Reliability and Integrity of Data	No Areas Tested

The first medium risk relates to a review of 30 transactions found 18 had a limited description provided by the cardholder. The second medium risk relates to 8 out of the 30 transactions not having a receipt uploaded in Business World with the total value of transactions being £469.47. The third medium risk relates to 1 out of 30 transactions being for a zoom monthly subscription which was prohibited in the policy. The first low risk exception relates to 2 out of 30 transactions being for parking and a toll bridge charge (total value £3.60) which was prohibited in the policy. The final low risk relates to one transaction being incorrectly coded leading to £13.33 VAT being overclaimed.

Residential Unit (Kentish Road)
Exceptions Raised

Critical	High	Medium	Low
0	1	2	0

Overall Assurance Level

Reasonable

Assurance Level by Scope Area

Achievement of Strategic Objectives	No Areas Tested
Compliance with Policies, Laws & Regulations	Reasonable
Safeguarding of Assets	Reasonable
Effectiveness and Efficiency of Operations	Assurance
Reliability and Integrity of Data	No Areas Tested

The high risk exception relates to the petty cash account not reconciling to float, the £463.75 discrepancy has yet to be resolved two years after being first identified. The first medium risk relates to completion rate for financial training by staff at Kentish Road being at 33% meaning that most staff were not up to date with this training and 4 of these had access to purchase cards. Furthermore, 28% did not have up to date GDPR training and 22% up to date Fire Safety training. The second medium risk relates to 8/15 items chosen randomly from the inventory list were unable to be located in the room specified or within the unit.

School Budget Deficits
Exceptions Raised

Critical	High	Medium	Low
0	2	0	0

Overall Assurance Level

Reasonable

Assurance Level by Scope Area

Achievement of Strategic Objectives	No Areas Tested
Compliance with Policies, Laws & Regulations	Limited
Safeguarding of Assets	Assurance
Effectiveness and Efficiency of Operations	No Areas Tested
Reliability and Integrity of Data	Assurance

The first high risk exception relates to the Scheme for Financing Schools (SFFS) requirements for deficit budgets and found that from 3 sets of governing body minutes, 0/3 complied with the steps required in the SFFS. There were limited details on the reason for the deficit noted, no mention of any benchmarking exercises being undertaken and no comprehensive notes on management actions. The second high risk relates to 5/15 schools in deficits not having a current Deficit Recovery Plan (DRP).

Schools Financial Value Standard (SFVS)
Exceptions Raised

Critical	High	Medium	Low
0	0	1	0

Overall Assurance Level

Reasonable

Assurance Level by Scope Area

Achievement of Strategic Objectives	No Areas Tested
Compliance with Policies, Laws & Regulations	No Areas Tested
Safeguarding of Assets	No Areas Tested
Effectiveness and Efficiency of Operations	Assurance
Reliability and Integrity of Data	Reasonable

The medium risk exception relates to testing establishing 2 schools where Internal Audit was unable to verify the Governing Body held the financial skills required. The first being due to them not providing evidence to support their SFVS response and the second due to them not providing a skills matrix or record detailing the current skills held.

List of Completed Grants

Grant Outcomes:	Assurance/Certified
1. Contain Outbreak Management Fund (COMF)	
2. EU Perinatal Mental Health Grant 8	
3. Omicron Business Grant	
4. PUSH	
5. Solent Future Transport	
6. Test & Trace Support Payments	
7. Universal Drug Treatment Grant	

8. 2022/23 Follow-up Audits completed since the last reporting period

Agency & Temps

Original Exceptions Raised

Critical	High	Medium	Low
0	1	1	0

Latest implementation date
 scheduled was March 2022
 Revised date: September 2022

Original Assurance Level

Reasonable

Follow Up Assurance

Reasonable

Follow Up Action

Open	Pending	In Progress	Implemented but Not Effective	Closed: Verified	Closed: Not Verified	Closed: Management Accepts Risks	Closed: No Longer Applicable
0	0	1 (Medium)	1 (High)	0	0	0	0

Follow up testing found that the high risk remained open as while the agreed actions had been implemented, testing of a sample of 25/326 bookings found 1/25 did not have a documented return to work form, 12/25 did not have 2 references attached, and 2/25 did not have a DBS number reference. The medium risk remains in progress as a review of 25 leaver checks found that 2 still had an active outlook account.

Data Sharing Agreements

Original Exceptions Raised

Critical	High	Medium	Low
0	2	1	0

Latest implementation date
 scheduled was October 2021
 Revised date: N/A

Original Assurance Level

Reasonable

Follow Up Assurance

Assurance

Follow Up Action

Open	Pending	In Progress	Implemented but Not Effective	Closed: Verified	Closed: Not Verified	Closed: Management Accepts Risks	Closed: No Longer Applicable
0	0	0	0	2 (High) 1 (Medium)	0	0	0

Follow up testing was able to close all exceptions.

Domestic Abuse
Original Exceptions Raised

Critical	High	Medium	Low
0	2	1	1

Latest implementation date scheduled was March 2022
 Revised date: January 2023

Original Assurance Level

Limited

Follow Up Assurance Level

Reasonable

Follow Up Action

Open	Pending	In Progress	Implemented but Not Effective	Closed: Verified	Closed: Not Verified	Closed: Management Accepts Risks	Closed: No Longer Applicable
0	0	2 (High)	0	1 (Medium) 1 (Low)	0	0	0

Follow up testing found that the first high risk remained in progress as while a Domestic Abuse Co-ordinator had been recruited and a Strategic Partnership Board was now in place, an independent review on the current protocols was yet to be completed. The second high risk remains in progress as service audits for March and April 2022 only reviewed 5% of cases rather than 10% for quality assurance. The medium and low risks were closed.

Information Governance
Original Exceptions Raised

Critical	High	Medium	Low
0	1	2	1

Latest implementation date scheduled was September 2021
 Revised date: N/A

Original Assurance Level

Reasonable

Follow Up Assurance Level

Reasonable

Follow Up Action

Open	Pending	In Progress	Implemented but Not Effective	Closed: Verified	Closed: Not Verified	Closed: Management Accepts Risks	Closed: No Longer Applicable
0	0	0	0	1 (High) 1 (Low)	0	2 (Medium)	0

Follow up testing was able to close all exceptions. The two medium risks were closed with management accepting the risks as they related to late Subject Access Requests (88.9% compliance noted) and Late Freedom of Information Requests (89.8% complaint).

Modern Slavery

Original Exceptions Raised

Critical	High	Medium	Low
0	2	2	0

Latest implementation date scheduled was March 2022
Revised date: December 2022

Original Assurance Level

Reasonable

Follow Up Assurance Level

Reasonable

Follow Up Action

Open	Pending	In Progress	Implemented but Not Effective	Closed: Verified	Closed: Not Verified	Closed: Management Accepts Risks	Closed: No Longer Applicable
1 (High) 1 (Medium)	0	1 (High) 1 (Medium)	0	0	0	0	0

Follow up testing found that the first high risk remained open as currently only 19% of suppliers have sent over their Modern Slavery statement. The second high risk remains in progress as while Internal Audit were informed a report from Care Director on Modern Slavery was available, they were unable to present it to audit. The first medium risk remains in progress as while there have been improvements to the Modern Slavery statement it had not yet been uploaded to the registry. The final medium risk remains open as while training has been rolled out for Modern Slavery only 2% of the authority had completed the training.

9. Follow-up Action Categorisation

The following table outlines the follow up categories used to describe the outcome of follow up testing completed.

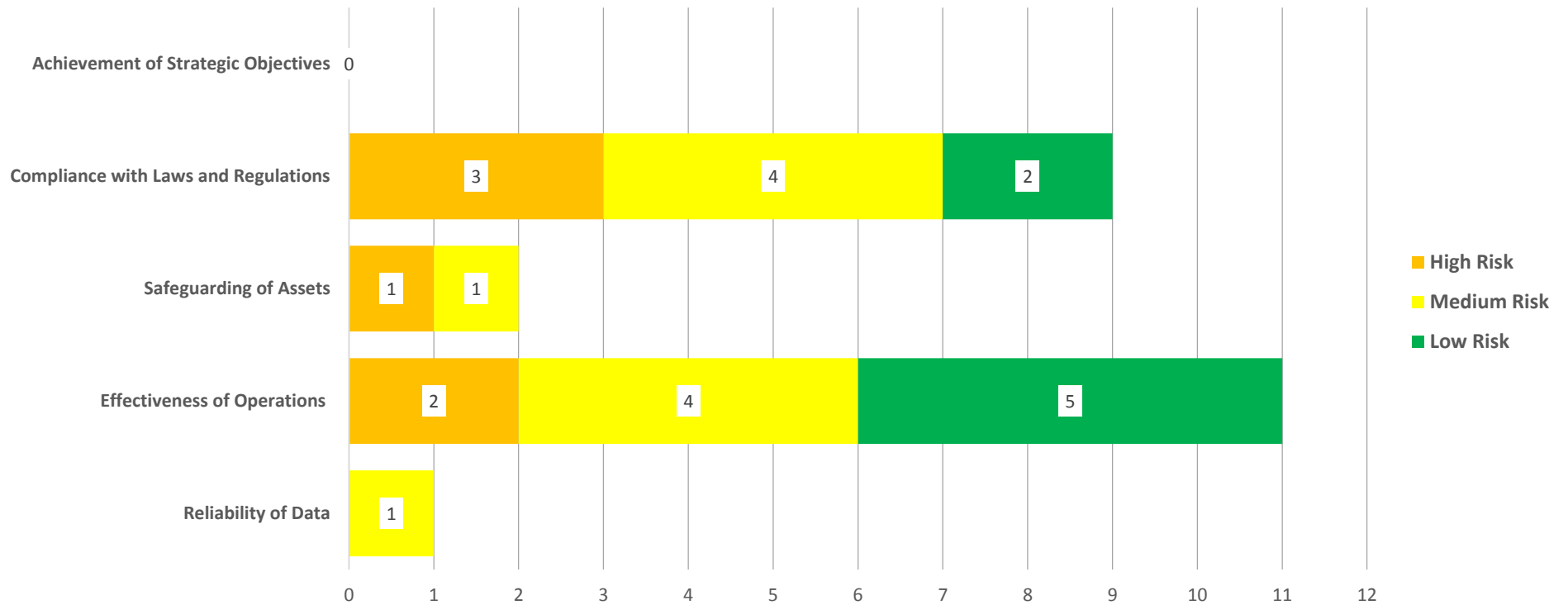
Follow Up Categories	Description
Open	<i>No action has been taken on agreed action.</i>
Pending	<i>Actions cannot be taken at the current time but steps have been taken to prepare.</i>
In Progress	<i>Progress has been made on the agreed action however they have not been completed.</i>
Implemented but not Effective	<i>Agreed action implemented but not effective in mitigating the risk.</i>
Closed: Verified	<i>Agreed action implemented and risk mitigated, verified by follow up testing.</i>
Closed: Not Verified	<i>Client has stated action has been completed but unable to verify via testing.</i>
Closed: Management Accepts Risk	<i>Management has accepted the risk highlighted from the exception.</i>
Closed: No Longer Applicable	<i>Risk exposure no longer applicable.</i>

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10. Audits in Draft

Audit	Directorate	Projected Reporting	Revised	Comments
Procurement Services	Finance & Commercialisation	December 2022		
Shirley Warren Primary School	Children & Learning	December 2022		

11. Exception Analysis to Date



	Achievement of Strategic Objectives	Compliance	Effectiveness of Operations	Reliability & Integrity	Safeguarding of Assets	Total
Critical Risk						
High Risk		3	2		1	6
Medium Risk		4	4	1	1	10
Low Risk - Improvement		2	5			7
Grand Total	0	9	11	1	2	23

Agenda Item 8

DECISION-MAKER:	GOVERNANCE COMMITTEE COUNCIL
SUBJECT:	MEMBERS' ALLOWANCE SCHEME
DATE OF DECISION:	14 NOVEMBER 2022 16 NOVEMBER 2022
REPORT OF:	DIRECTOR LEGAL AND BUSINESS SERVICES

<u>CONTACT DETAILS</u>			
Executive Director	Title	Director Legal and Business Services	
	Name:	Richard Ivory	Tel: 023 8083 2794
	E-mail	Richard.ivory@southampton.gov.uk	
Author:	Title	Head of Business Operations	
	Name:	Gaetana Wiseman	Tel: 023 8083 2422
	E-mail	Gaetana.wiseman@southampton.gov.uk	

STATEMENT OF CONFIDENTIALITY	
N/A	
BRIEF SUMMARY	
<p>Under the Local Government (Members' Allowances) (England) Regulations 2003, local authorities are required to hold Independent Remuneration Panels (IRP) for the purpose of reviewing their schemes of members' allowances. Southampton City Council is required to review its scheme by 21 November 2022 at the latest and have regard to the recommendations of the Independent Remuneration Panel before adoption of a new one. The last IRP was convened in the autumn of 2018.</p>	
RECOMMENDATIONS:	
GOVERNANCE:	
	(i) To recommend the Independent Remuneration Panel's report, attached at Appendix 1, for approval.
COUNCIL:	
	(i) To consider the recommendations of the Independent Remuneration panel as set out in the panel's report (attached at Appendix 1) and adopt a new scheme with effect from 8 May 2023.
	(ii) To thank the members of the Independent Remuneration Panel of their work in reviewing the Members' Allowance Scheme.
REASONS FOR REPORT RECOMMENDATIONS	
1.	Under the Local Government (Members' Allowances) (England) Regulations 2003, the council is required to have an Independent Remuneration Panel review the Members' Allowance Scheme within four years of the date that the Scheme was approved.

2.	Council last reviewed and approved the Members' Allowance Scheme on 21 November 2018. The Basic and Special Responsibility Allowances have not been revised since the scheme was last approved.
3.	Council has a duty to have regard to the recommendations of the Independent Remuneration Panel when making or amending the scheme of allowances. However, it is not bound to follow its recommendations.
ALTERNATIVE OPTIONS CONSIDERED AND REJECTED	
4.	None, council is required to approve a Members' Allowance Scheme by 21 November 2022 in order to comply with the Local Government (Members' Allowances) (England) Regulations 2003.
DETAIL (Including consultation carried out)	
5.	The attached report of the Independent Remuneration Panel details the reasons and rationale for the recommendations made by the panel.
6.	The council is required by law to appoint an Independent Remuneration Panel, established for the purpose of considering members' allowances, prior to making any decision to amend, revoke, or replace the existing scheme of allowances. The Independent Remuneration Panel took place on 4 and 5 October 2022, meeting councillors and considering the responses to the members' questionnaire.
7.	The panel recommended that the formula used to calculate the basic allowance payable to all members of Southampton City Council is retained and continues to be linked to the real living wage. This is in line with the council's commitment to being a Real Living Wage Employer. The basic allowance will rise to £15,304 .
8.	To maintain the transparency of the scheme of allowances, the 'one Special Responsibility Allowance (SRA) only' rule avoids the possible anomaly of the Leader receiving a lower allowance than another councillor. The 'one SRA only rule' is common practice for many councils. The panel recommends the 'one SRA only rule' continue to be adopted into the new scheme of allowances.
9.	The 2018 panel recommended that the size of the role of Leader of the Council in both terms of time commitment and complexity was worthy of an allowance of 2.5x the basic allowance. The 2022 Panel is still of this view and recommends the Leader of the Council should receive an SRA of 2.5x the recommended basic allowance - £38,260 .
10.	Based on the information gathered, the panel consider the additional responsibility of the role of Deputy Leader should be reflected in the level of allowance. This is because the role of Deputy Leader usually acts on behalf of the Leader in their absence and is a statutory required role as part of the Leader and Cabinet model of governance. The Deputy Leader also has an active portfolio. The panel recommends the creation of an SRA for the role of Deputy Leader with portfolio set at 1.25x the basic allowance at £19,130 .
11.	The panel recommends no change for the SRA that is paid to Cabinet and remains at 1x the recommended basic allowance - £15,304 .
12.	The panel recommends the SRA payable to the Opposition Group Leader continues to be based per group member. The current formula is 1/24 th of the recommended basic allowance (£639 per councillor). Following implementation of the boundary review in May 2023, this will increase the

	number of councillors from 48 to 51. The new per group member figure will be based on 1/26 th of the recommended basic allowance therefore £589 per group member.
13.	For chairs of tiers five and six committees and panels (as shown on page 7 of the full IRP report at appendix one) the panel recommends no change in the SRAs payable. For tier five this is 0.5x the basic allowance at £7,652 and for tier six this is 0.25 x the basic allowance at £3,826 .
14.	The panel recommends the co-opted member should continue to receive an allowance of £719 per annum and this should be indexed linked from June 2023 at the rate of percentage increase in the Real Living Wage.
15.	The panel recommends the amount of travel payable shall continue to be in line with HM Revenue and Customs' rates, therefore no changes to be made to the Subsistence Allowance scheme. The panel encourages all councillors to claim for travel and subsistence allowances they may be entitled to, and improved promotion of the travel allowance for electric vehicles.
16.	The dependant carers' allowance should ensure that potential candidates are not deterred from standing for election and should enable current councillors to continue despite any change in personal circumstances. Previously the 2018 panel recommended the dependant carers' allowance should be payable at a maximum rate equivalent to the Real Living Wage and was adopted in 2018. The 2022 Panel are now of the view that due to the increase of costs of care, and in particular more specialist care for adults and children with special needs, the Dependant Carers' Allowance should be reimbursed at cost for both childcare and more specialist care. The panel recommends that the Dependant Carers' Allowance should be based on the production of receipts and the removal of maximum claim when undertaking approved councillor duties. The panel encourages increased promotion of this allowance to prospective and new councillors both before and following an election.
17.	The panel recommends the current Parental Leave Policy on the LGA Labour Group Model Policy continues to be part of the Scheme of Members Allowances and is actively promoted to prospective, newly elected, and current councillors.
18.	The panel recommends that the annual indexation of the basic allowance should be increased in line with the Real Living Wage (as approved by the Living Wage Foundation). The indexation will continue to be applied in June each year for a period of up to four years commencing in June 2023. After this period, the scheme shall be reviewed again by an independent remuneration panel.
19.	The panel reviewed the ICT allowance of £15 per month for those that claim it and recommend this allowance is withdrawn.
RESOURCE IMPLICATIONS	
<u>Capital/Revenue</u>	
20.	Following the electoral review commissioned by the Local Government Boundary Commission for England (LGBCE), the number of Southampton City Council's elected members will increase from 48 councillors to 51 councillors in 2023 to service an extra ward that is being created. 'All out' elections will take place in May 2023 following Southampton's electoral review. Details of the

	LGBCE's final recommendations were published on 1 November 2022 followed by a statutory instrument to make it law.																																										
21.	<p>If all recommendations set out in the IRP report are implemented with a commencement date of 8 May 2023 this will result in an ongoing full year pressure of circa £165K from 2023/2024. However, this figure will need to be re-calculated if any variation or partial implementation is approved and the budget impact amended accordingly, or additional Special Responsibility Allowances are created. The Real Living Wage is an inflationary pressure and a full breakdown of the budget has been provided in table one.</p> <p>Table One</p> <table border="1"> <thead> <tr> <th>Current budget (2022-23)</th> <th>£000's</th> </tr> </thead> <tbody> <tr> <td>48 Councillors Basic Allowances and SRA based on Living Wage of £9.90</td> <td>806</td> </tr> <tr> <td>NI associated with 48 Councillors</td> <td>43</td> </tr> <tr> <td>Living wage increase to £9.90 for 22-23 (already requested)</td> <td>39</td> </tr> <tr> <td>Total for 22-23</td> <td>888</td> </tr> <tr> <td colspan="2">Budget pressure for 23-24 budget:</td> </tr> <tr> <td></td> <td>£000's</td> </tr> <tr> <td>3 additional members (based on £9.90 Living wage)</td> <td>42</td> </tr> <tr> <td>NI for 3 additional members</td> <td>3</td> </tr> <tr> <td>Leader SRA increase to 2.5x basic allowance of £10.90</td> <td>10</td> </tr> <tr> <td>NI for Leader SRA increase</td> <td>1</td> </tr> <tr> <td>Deputy Leader SRA (1.25 x basic allowance of £10.90)</td> <td>19</td> </tr> <tr> <td>NI for Deputy Leader SRA increase</td> <td>2</td> </tr> <tr> <td>Total budget pressure</td> <td>77</td> </tr> <tr> <td colspan="2">Inflationary increase</td> </tr> <tr> <td></td> <td>£000's</td> </tr> <tr> <td>Increase of Living wage from £9.90 to £10.90 for 51 members - impact on basic allowance and other SRAs</td> <td>82</td> </tr> <tr> <td>NI for increase in Living wage</td> <td>6</td> </tr> <tr> <td>Total inflationary increase</td> <td>£88</td> </tr> <tr> <td>Total budget required for 23-24</td> <td>1,053</td> </tr> <tr> <td>Overall increase</td> <td>£165,000</td> </tr> </tbody> </table>	Current budget (2022-23)	£000's	48 Councillors Basic Allowances and SRA based on Living Wage of £9.90	806	NI associated with 48 Councillors	43	Living wage increase to £9.90 for 22-23 (already requested)	39	Total for 22-23	888	Budget pressure for 23-24 budget:			£000's	3 additional members (based on £9.90 Living wage)	42	NI for 3 additional members	3	Leader SRA increase to 2.5x basic allowance of £10.90	10	NI for Leader SRA increase	1	Deputy Leader SRA (1.25 x basic allowance of £10.90)	19	NI for Deputy Leader SRA increase	2	Total budget pressure	77	Inflationary increase			£000's	Increase of Living wage from £9.90 to £10.90 for 51 members - impact on basic allowance and other SRAs	82	NI for increase in Living wage	6	Total inflationary increase	£88	Total budget required for 23-24	1,053	Overall increase	£165,000
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<u>Property/Other</u>																																											
22.	None.																																										
LEGAL IMPLICATIONS																																											
<u>Statutory power to undertake proposals in the report:</u>																																											
23.	Local Government (Members' Allowances) (England) Regulations 2003.																																										

<u>Other Legal Implications:</u>	
24.	None.
RISK MANAGEMENT IMPLICATIONS	
25.	None.
POLICY FRAMEWORK IMPLICATIONS	
26.	None.

KEY DECISION?	No
WARDS/COMMUNITIES AFFECTED:	None
<u>SUPPORTING DOCUMENTATION</u>	
Appendices	
1.	Report of the Independent Remuneration Panel
2.	Southampton CC Comparative Data 2022
3.	Southampton CC IRP Comparative Data 2022

Documents In Members' Rooms

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

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**The report of the Independent Remuneration Panel  
appointed to review the allowances paid to Councillors  
of Southampton City Council**

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October 2022

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1. INTRODUCTION AND BACKGROUND

1.1.1 The Local Authorities (Members' Allowances) (England) Regulations 2003 ("the 2003 Regulations"), as amended, require all local authorities to appoint an independent remuneration panel (IRP) to advise on the terms and conditions of their scheme of councillors' allowances.

1.1.2 Southampton City Council formally appointed the following persons to undertake this process and make recommendations on its future scheme.

Linda Taylor- Employment Relations Specialist and local resident
Adam Wheeler- Former Emeritus Professor and former Provost of the University of Southampton and local resident;
Mark Palmer- Development Director, South East Employers (Chair)

1.1.3 Our terms of reference were in accordance with the requirements of the 2003 Regulations, together with "Guidance on Consolidated Regulations for Local Authority Allowances" issued jointly by the former Office of the Deputy Prime Minister and the Inland Revenue (July 2003). Those requirements are to make recommendations to the Council as to:

- (a) the amount of basic allowance to be payable to all councillors.
- (b) the level of allowances and whether allowances should be payable for:
 - (i) special responsibility allowances.
 - (ii) travelling and subsistence allowance.
 - (iii) dependants' carers' allowance;
 - (iv) parental leave.

and the amount of such allowances.

- (c) whether payment of allowances may be backdated if the scheme is amended at any time to affect an allowance payable for the year in which the amendment is made.
- (d) whether adjustments to the level of allowances may be determined according to an index and if so which index and how long that index should apply, subject to a maximum of four years before its application is reviewed.

2. CURRENT SCHEME

- 2.1.1 The last full review of councillors' allowances was undertaken by the IRP for the Council in October 2018.
- 2.1.2 The Scheme currently provides that all councillors are each entitled to a total basic allowance of £13,900 per annum. The basic allowance since 2014 has been based on the Real Living Wage as recommended by the Living Wage Foundation, the current rate is £10.90 per hour outside of London. In addition, some councillors receive special responsibility allowance for undertaking additional duties.
- 2.1.3 Councillors may also claim the cost of travel and subsistence expenses, for expenditure on the care of children or dependants whilst on approved duties. The Council also introduced a Parental Leave policy in 2019 based on the approach recommended by the Local Government Association (LGA) Labour Group.

3. PRINCIPLES UNDERPINNING OUR REVIEW

3.1 The Fair Remuneration Principle

- 3.1.1 The Panel advocate a principle of fair remuneration. The Panel in 2022 subscribes to the view promoted by the independent Councillors' Commission:

Remuneration should not be an incentive for service as a councillor. Nor should lack of remuneration be a barrier. The basic allowance should encourage people from a wide range of backgrounds and with a wide range of skills to serve as local councillors. Those who participate in and contribute to the democratic process should not suffer unreasonable financial disadvantage as a result of doing so.¹

- 3.1.2 We are keen to ensure that our recommended scheme of allowances provides reasonable financial compensation for councillors. Equally, the scheme should be fair, transparent, logical, simple, and seen as such.
- 3.1.3 Hence, we continue to acknowledge that:
- (i) allowances should apply to roles within the Council, not individual councillors.
 - (ii) allowances should represent reasonable *compensation* to councillors for expenses they incur and time they commit in relation to their role, not *payment* for their work; and
 - (iii) special responsibility allowances are used to recognise the *significant* additional responsibilities which attach to some roles, not merely the extra time required.

- 3.1.4 In making our recommendations, we have therefore sought to maintain a balance between:
- (i) the voluntary quality of a councillor's role.
 - (ii) the need for appropriate financial recognition for the expenses incurred and time spent by councillors in fulfilling their roles; and
 - (iii) the overall need to ensure that the scheme of allowances is neither an incentive nor a barrier to service as a councillor.
- 3.1.5 The Panel also sought to ensure that the scheme of allowances is understandable in the way it is calculated. This includes ensuring the bandings and differentials of the allowances are as transparent as possible.
- 3.1.6 In making our recommendations, we wish to emphasise that any possible negative impact they may have is not intended and should not be interpreted as a reflection on any individual councillor's performance in the role.

4. CONSIDERATIONS AND RECOMMENDATIONS

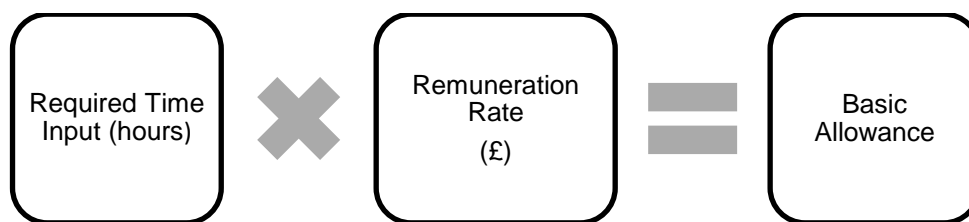
4.1 Basic Allowance

- 4.1.1 A Council's scheme of allowances must include provision for a basic allowance, payable at an equal flat rate to all councillors. The guidance on arriving at the basic allowance states, "Having established what local councillors do, and the hours which are devoted to these tasks the local authorities will need to take a view on the rate at which, and the number of hours councillors ought to be remunerated."²
- 4.1.2 In addition to the regular cycles of Council and committee meetings, a number of working groups involving councillors may operate. Many councillors are also appointed by the Council to a number of external organisations.
- 4.1.3 We recognise that councillors are responsible to their electorate as:
- Representatives of a particular ward.
 - Community leaders.
 - Decision makers for the whole Council area.
 - Policy makers for future activities of the Council.
 - Scrutineers and auditors of the work of the Council; and
 - Other matters required by Government.

² The former Office of Deputy Prime Minister – now the Department for Levelling Up, Housing & Communities, and Inland Revenue (now HM Revenue and Customs), *New Council Constitutions: Guidance on Consolidated Regulations for Local Authority Allowances*, London: TSO, July 2003, paragraph 67.

⁴ The former Office of Deputy Prime Minister – now the Department for Levelling Up, Housing and Communities and Inland Revenue (now HM Revenue and Customs), *New Council Constitutions: Guidance on Consolidated Regulations for Local Authority Allowances*, London: TSO, July 2003, paragraphs 66-81.

- 4.1.4 The guidance identifies the issues and factors an IRP should have regard to when making a scheme of allowances.³ For the basic allowance we considered two variables in our calculation: the time required to execute the role effectively and the rate for remuneration.



- 4.1.5 Each of the variables is explained below.

Required Time Input

- 4.1.6 We ascertained the average number of hours necessary per week to undertake the role of a councillor (with no special responsibilities) from questionnaires and interviews with councillors and through reference to the relevant information. In addition, we considered further information about the number, range, and frequency of committee meetings.⁴
- 4.1.7 Discounting attendance at political meetings (which we judged to be centred upon internal political management), we find that the average time commitment required to execute the role of a councillor with no special responsibilities continues to be 27 hours per week.

Remuneration Rate

- 4.1.8 After establishing the expected time input to be remunerated, we considered a remuneration rate. We came to a judgement about the rate at which the councillors ought to be remunerated for the work they do.
- 4.1.9 To help identify an hourly rate for calculating allowances, the Panel was of the view that this should continue to be based on the Real Living Wage as determined by the Living Wage Foundation on an annual basis. The current rate is £10.90 per hour (outside of London).

Calculating the basic allowance

- 4.1.10 After determining the amount of time required each week to fulfil the role (27 hours) and the hourly rate to be used (£10.90 per hour), we calculated the basic allowance as follows:

⁵ The summary responses to the questionnaires are attached as Appendix 2.

$$\begin{array}{c}
 \boxed{1,404 \text{ hours} \\ \text{p.a. (27 hours} \\ \text{per week x 52} \\ \text{weeks)}} \times \boxed{\pounds 10.90} = \boxed{\pounds 15,303.60} \\ \text{per annum}
 \end{array}$$

- 4.1.11 The recommended Basic Allowance is therefore **£15,303.60** (£15,304 rounded).
- 4.1.12 This amount is intended to recognise the overall contribution made by councillors on committees, including their work on council bodies, ward work and attendance on external bodies.
- 4.1.13 We did also note the levels of basic allowance currently allocated by other comparative Unitary Councils across the South East, (see table below and Appendix 3). Highlighted Councils are the best comparators in terms of population size of Council.

Council	South East Unitary Councils: Basic Allowances (£) 2022 ⁵
Bracknell Forest Council	12,0377
Brighton and Hove City Council	13,360
Buckinghamshire Council	13,260
Isle of Wight Council	8,377
Milton Keynes Council	11,165
Medway Council	10,585
Portsmouth City Council	11,684
Reading Borough Council	8,477
Royal Borough of Windsor & Maidenhead Council	8,472
Slough Borough Council	7,779
Southampton City Council	13,900
West Berkshire Council	7,697
Wokingham Borough Council	7,784
Average	10,092

- 4.1.14 The Panel wished to ensure the level of basic allowance does not constitute a barrier to candidates from all sections of the community standing, or re-standing, for election as councillors. The Panel was of the view that the approach undertaken in this review provides a transparent and clear formula for calculating the Basic Allowance and has the continued support of councillors since 2014. The link to the Real Living Wage also supports the Councils commitment to be a *Real Living Wage Employer*.

WE THEREFORE RECOMMEND that the Basic Allowance payable to all members of Southampton City Council be £15,304 per annum

⁵ Figures drawn from the South East Employers, Members' Allowances Survey 2022 (October 2022).

4.2 Special Responsibility Allowances (SRAs)

- 4.2.1 Special Responsibility Allowances are awarded to councillors who perform significant additional responsibilities over and above the roles and expenses covered by the basic allowance. These special responsibilities must be related to the discharge of the council's functions.
- 4.2.2 The 2003 Regulations do not limit the number of SRAs which may be paid, nor do they prohibit the payment of more than one SRA to any one councillor. They do require that an SRA be paid to at least one councillor who is not a member of the controlling group of the Council. As the guidance suggests, if the majority of councillors receive a SRA, the local electorate may rightly question the justification for this.⁶
- 4.2.3 We conclude from the evidence we have considered that the following offices bear *significant* additional responsibilities:
- Leader of the Council
 - Deputy Leader of the Council
 - Executive Member (7)
 - Chairperson of Scrutiny Committee
 - Opposition Group Leader
 - Chair of Overview and Scrutiny Management Committee
 - Chairs of Regulatory Panels, Committees and Sub Committees
 - Chairs of Scrutiny Panels, Committees and Commissions
 - Co-Opted Member

One SRA Only Rule

- 4.2.4 To improve the transparency of the scheme of allowances, we feel that no councillor should be entitled to receive at any time more than **one SRA**. If a councillor can receive more than one SRA, then the public are unable to ascertain the actual level of remuneration for an individual councillor from a reading of the Scheme of Allowances.
- 4.2.5 Moreover, the One SRA Only Rule avoids the possible anomaly of the Leader receiving a lower allowance than another councillor. If two or more allowances are applicable to a councillor, then the higher-valued allowance would be received. The One SRA Only Rule is common practice for many councils. Our calculations for the SRAs are based on this principle, which should be highlighted:

WE THEREFORE RECOMMEND that that no councillor shall be entitled to receive at any time more than one Special Responsibility Allowance and that this One SRA Only Rule continue to be adopted into the new Scheme of Allowances.

⁶ The former Office of Deputy Prime Minister – now the Department for Levelling Up, Housing and Communities and *New Council Constitutions: Guidance on Consolidated Regulations for Local Authority Allowances*, London: TSO, July 2003, paragraph 72.

The Maximum Number of SRA's Payable

- 4.2.6 In accordance with the 2006 Statutory Guidance (paragraph 72) the Panel is of the view that the Council should adhere to the principal that no more than 50% of Council Members (24) should receive an SRA at any one time

Calculating SRAs

- 4.2.7 The Panel supported the criteria and formula for calculating the Leader of the Council allowance based on a multiplier of the Basic Allowance; this role carries the most significant additional responsibilities and is the most time consuming.
- 4.2.8 We applied a multiplier of the basic allowance to establish the Leader's SRA. Other SRAs are then valued downwards as a multiplier of the Basic Allowance. This approach has the advantage that, when future adjustments to the SRAs are required, changing the Basic Allowance will have a proportionate and easily calculable effect on all the SRAs within the scheme.

We grouped together into six Tiers those roles that we judged to have a similar level of responsibility. The outline result of this approach is illustrated in a pyramid of responsibility. The rationale for these six tiers of responsibility is discussed below.



Leader (Tier One)

- 4.2.9 The Council elects annually a Leader who is ultimately responsible for the discharge of all executive functions of the Council. The Leader is the principal policy maker and has personal authority to determine delegated powers to the rest of the Cabinet. The Leader is also responsible for the appointment (and dismissal) of members of the Cabinet and their respective areas of responsibility.
- 4.2.10 The multiplier currently applied to calculate the Leader's SRA is 2 x the Basic Allowance. The Panel in 2018 recommended that the size of the role of Leader of Council in terms of both time commitment and complexity was worthy of an allowance of 2.5 x the Basic Allowance. The Panel in 2022 is still of this view and therefore recommends that the Leader's Allowance be 2.5 x the recommended Basic Allowance. This will result in a Leader's Allowance of £38,260.

WE RECOMMEND that the Leader of the Council should receive a Special Responsibility Allowance of 2.5 x of the recommended Basic Allowance, £38,260.

Deputy Leader With Portfolio (Tier Two)

- 4.2.11 The Deputy Leader usually acts on the Leader's behalf in their absence and is a statutory required role as part of the Leader and Cabinet model of governance. From the information we gathered, we consider this additional responsibility should be reflected in the level of allowance. The Deputy Leader also has an active portfolio. Therefore, we recommend the creation of an SRA for the role of Deputy Leader With Portfolio. The Deputy Leader's SRA is recommended to be set at 1.25 x the Basic Allowance. If our recommendations concerning the Basic Allowance are adopted, this results in an allowance of £19,130.

WE RECOMMEND that the Deputy Leader role receive a Special Responsibility Allowance of 1.25 x the recommended Basic Allowance, £19,130.

Cabinet Member (Tier Three)

- 4.2.12 The Cabinet Members appointed by the Leader of the Council have significant delegated decision-making responsibilities and this responsibility has increased.
- 4.2.13 The Panel was of the view that it is important to provide the Leader with flexibility to appoint a Cabinet that is able to respond to the current and future challenges. The panel is therefore of the view that the Special Responsibility Allowance for a Cabinet Member should continue to be based on 1 x the recommended Basic Allowance, £15,304.

WE RECOMMEND that the Cabinet Members receive a Special Responsibility Allowance of 1 x the recommended Basic Allowance, £15,304.

Opposition Group Leader (Tier Four)

- 4.2.14 From the evidence gathered, including questionnaire responses and face to face interviews, we continue to consider the Opposition Group

Leader to be a significant role and the 2003 Regulations require that the a member of the opposition group receive a Special Responsibility Allowance. The Opposition Group Leader has to both ensure democratic accountability and the holding to account of the administration but also manage and develop a Group of a significant size. The Panel is therefore of the view that the Opposition Group Leader should continue to receive a Special Responsibility Allowance based on a per group member figure currently 1/24th of the Basic Allowance, £638 per Councillor. The per group member figure will be 1/26th of the Basic Allowance, £589 per Councillor following the boundary review implementation in May 2023.

WE RECOMMEND that Opposition Group Leader should receive a Special Responsibility Allowance based on a per group member figure currently 1/24th of the recommended Basic Allowance, £638 per Councillor. The per group member figure will be based on 1/26th of the recommended Basic Allowance, £589 per Councillor following the boundary review implementation in May 2023. This will increase the number of Councillors from forty-eight to fifty- one.

Chair of Overview and Scrutiny Management Committee, Chair of Regulatory Panel Committee or Sub Committee (Tier Five)

- 4.2.15 Overview and Scrutiny is a key role of the Council ensuring accountability and the holding to account of the decisions of Cabinet and external organisations. It has a significant statutory role supported by legislation. The Panel is therefore of the view that the Chair of Overview and Scrutiny Management Committee Scrutiny should continue to receive a Special Responsibility Allowance of 0.5 x the recommended Basic Allowance, £7,652
- 4.2.16 The Chairs of the Regulatory Panel Committees and Sub Committees continue to be roles of significant responsibility and the Planning Committee was regarded by councillors in response to the questionnaire as one of the most significant Council Committees in respect of community impact and workload. The Regulatory Panels and Committees have regular meetings, additional site visits and a high level of public engagement. These Panel Committees require a significant time and workload commitment from the Chair. The Panel therefore recommend that the Chairs of the Regulatory Panel Committees should receive a Special Responsibility Allowance of 0.5 x the recommended Basic Allowance, £7,652.

WE RECOMMEND that the Chair of the Overview and Scrutiny Management Committee and the Chairs of the Regulatory Panel Committees and Sub Committees receive a Tier Five Special Responsibility Allowance of 0.5 x of the recommended Basic Allowance, £7,652.

Chair of Scrutiny Panel, Committees or Commission (Tier Six)

- 4.2.17 The Chair of the Scrutiny Panel Committees or Commission should continue to receive a Tier Six Special Responsibility Allowance based on 0.25 x the recommended Basic Allowance, £3,826.

WE RECOMMEND that the Chair of Scrutiny Panel, Committees or Commissions should receive a Band Tier Six Special Responsibility Allowance based on 0.25 x the recommended Basic Allowance, £3,826.

Co-Opted Member

- 4.2.18 The Co-Opted Member should continue to receive an allowance of £719 per annum. This allowance should from June 2023 be indexed at the rate of the percentage increase in the Real Living Wage.

WE RECOMMEND that the Co-Opted Member should receive an allowance of £719 per annum and this should be indexed from June 2023 at the rate of the percentage increase in the Real Living Wage.

4.3 Travelling and Subsistence Allowance

- 4.3.1 A scheme of allowances may provide for any councillor to be paid for travelling and subsistence undertaken in connection with any of the duties specified in Regulation 8 of the 2003 Regulations (see paragraph 5.10). Similarly, such an allowance may also be paid to Co-opted/Independent Members of a committee or sub-committee of the Council in connection with any of those duties, provided that their expenses are not also being met by a third party.

WE RECOMMEND that travelling and subsistence allowance should be payable to councillors in connection with any approved councillor duties. The amount of travel payable shall continue to be in line with HM Revenue and Customs' rates. We propose no changes to the current travel allowances. WE ALSO RECOMMEND that no changes be made to the Subsistence Allowance scheme payable for approved councillor duties. The Panel encourages all Councillors to claim for travel and subsistence allowances that they may be entitled to.

WE FURTHER RECOMMEND that a travel allowance for electric vehicles should be promoted based on the current HM Revenue and Customs' rate of 45p per mile.

4.4 Dependant Carers' Allowance

- 4.4.1 The dependant carers' allowance should ensure that potential candidates are not deterred from standing for election to council and should enable current councillors to continue despite any change in their personal circumstances. The Panel in 2018 recommended that the dependant carers' allowance should be payable at a maximum rate equivalent to the Real Living Wage, currently £10.90 per hour and this recommendation was adopted as part of the current Scheme of Members Allowances.
- 4.4.2 The Panel is now of the view that due to the increase of the cost of care and in particular more specialist care for adults and children with special needs then the Dependant Carers' Allowance should now be reimbursed at cost for both childcare and more specialist care.
- 4.4.3 The Panel is now of the view that the cost of childcare and more specialist care should be reimbursed at the actual cost incurred by the councillor upon production of receipts. In respect of specialist care provision medical evidence that this type of care provision is required should also be provided and approved by an appropriate officer of the Council.

WE THEREFORE RECOMMEND that the **Dependent's Carers' Allowance** for childcare and more specialist care should be based at cost upon production of receipts. In the case of more specialist care a requirement of medical evidence that this type of care be required should be provided by a medical expert. The allowance should also have no daily or monthly maximum claim when undertaking Approved Councillor Duties.

WE ALSO RECOMMEND that the Council should actively promote the allowance to prospective and new councillors both before and following an election. This may assist in supporting a greater diversity of councillor representation.

4.5 Parental Leave

- 4.5.1 In 2018 the Panel recommended a Parental Leave Policy be adopted and in 2019 the Council approved and introduced a Parental Leave Policy based on the Local Government Association (LGA) Labour Group Model Policy.
- 4.5.2 The Panel recommends that this policy and commitment to parental leave continues to be part of the new Schedule of Members Allowances and is actively promoted to prospective, newly elected and current councillors

WE RECOMMEND that the current **Parental Leave Policy based on the LGA Labour Group Model Policy** continues to be part of the new **Scheme of Members Allowances**. The Policy should also be actively promoted to prospective, newly elected and current Councillors alongside the **Dependents' Carers Allowance**.

4.6 Indexing of Allowances

- 4.6.1 A scheme of allowances may make provision for an annual adjustment of allowances in line with a specified index. The present scheme indexes the allowances to the Real Living Wage increase as approved annually by the Living Wage Foundation and the basic allowance is adjusted annually at this rate in June of each year.
- 4.6.2 The Panel also recommends that from June 2023 the Co-Opted Member Allowance should be indexed at the percentage rate of increase of the Real Living Wage.

WE THEREFORE RECOMMEND that an annual indexation of the basic allowance should be increased in line with the Real Living Wage as approved by the Living Wage Foundation. **WE ALSO RECOMMEND** that the **Co-Opted Member Allowance** should be increased at the percentage rate increase in the Real Living Wage. The indexation will continue to be applied in June each year for a period of up to four years commencing in June 2023. After this period, the Scheme shall be reviewed again by an independent remuneration panel.

4.7 Revocation of current Scheme of Allowances / Implementation of the new Scheme

- 4.7.1 The 2003 Regulations provide that a scheme of allowances may only be revoked with effect from the beginning of a financial year, and that this may

only take effect on the basis that the authority makes a further scheme of allowances for the period beginning with the date of revocation.

WE THEREFORE RECOMMEND that the new scheme of allowances to be agreed by the Council be implemented with effect from the beginning of the 2023-24 financial year, at which time the current scheme of allowances will be revoked.

4.8 Backdating of the Recommended Scheme of Allowances

- 4.8.1 The 2003 Regulations allow for the recommended scheme of allowances to be backdated to the beginning of the financial year if required. No backdating is required following this review as the recommendations will take effect from the beginning of the 2023-24 financial year.

4.9 ICT Allowance

- 4.9.1 The Council currently awards an ICT allowance of £15.00 per month for those that claim it. The Panel is of the view that this allowance should be withdrawn.

WE RECOMMEND that the ICT Allowance of £15.00 per month should be withdrawn.

5. OUR INVESTIGATION

5.1 Background

- 5.1.1 As part of this review, a questionnaire was issued to all councillors to support and inform the review. Responses were received from 20 of the 48 current councillors (42% response). The information obtained was helpful in informing our deliberations.
- 5.1.2 We interviewed current councillors from both political groups and held a workshop for Councillors. We used a structured questioning process. We are grateful to all our interviewees for their assistance.

5.2 Councillors' views on the level of allowances

- 4.9.2 A summary of the councillors' responses to the questionnaire are attached as Appendix 2.

6. APPROVED COUNCILLOR DUTIES

- 6.1.1 The Panel reviewed the recommended duties for which allowances should be payable and recommend that no changes be made.

**Mark Palmer (Chair of the Independent Remuneration Panel)
Development Director, South East Employers
October 2022**

Appendix 1: Summary of Panel's Recommendations

Allowance	Current Amount for 2022-23	Number	Recommended Allowance	Recommended Allowance Calculation
Basic (BA)				
Total Basic:	£13,900	48	£15,304	

Special Responsibility:				
Leader of the Council	£27,800	1	£38,260	2.5 x BA
Deputy Leader With Portfolio	NO SRA	1	£19,130	1.25 x BA
Cabinet Member	£13,900	7	£15,304	1x BA
Opposition Group Leader	£12,163	1	£12,753	1/24 th of the BA x by the no in the group 1
Chair of Overview and Scrutiny Management Committee	£6,950	1	£7,652	0.5 x BA
Chair of Regulatory Panels, Committees and Commissions	£6,950	4	£7,652	0.5 x BA
Chair of Scrutiny Panels, Committees and Commissions	£3,475	6	£3,826	0.25 x BA
Co-Opted Member	£719	1	£719	Indexed to percentage increase in the Real Living Wage

1. The per Member Rate to be based on 1/26th of the Basic Allowance from May 2023 when the number of councillors increases to 51

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Appendix 2

Q1 In a typical week how many hours do you spend on Council business?

Answered: 20 Skipped: 0

#	RESPONSES	DATE
1	40	9/26/2022 1:25 AM
2	9pm-5pm mon-weds sometimes goes into the evening for meetings	9/23/2022 5:28 PM
3	22	9/15/2022 11:30 AM
4	35	9/14/2022 7:09 PM
5	30	9/14/2022 7:17 AM
6	20	9/13/2022 10:55 PM
7	20	9/13/2022 9:24 PM
8	7	9/13/2022 3:06 PM
9	30	9/13/2022 10:23 AM
10	10	9/13/2022 12:49 AM
11	16	9/12/2022 11:43 PM
12	20	9/12/2022 8:06 PM
13	22	9/12/2022 7:55 PM
14	13	9/12/2022 4:38 PM
15	15	9/12/2022 2:50 PM
16	20	9/12/2022 2:17 PM
17	30 hours	9/12/2022 1:28 PM
18	Really quiet minimum 25	9/12/2022 12:25 PM
19	20+	9/12/2022 12:22 PM
20	20 hours	9/12/2022 12:21 PM

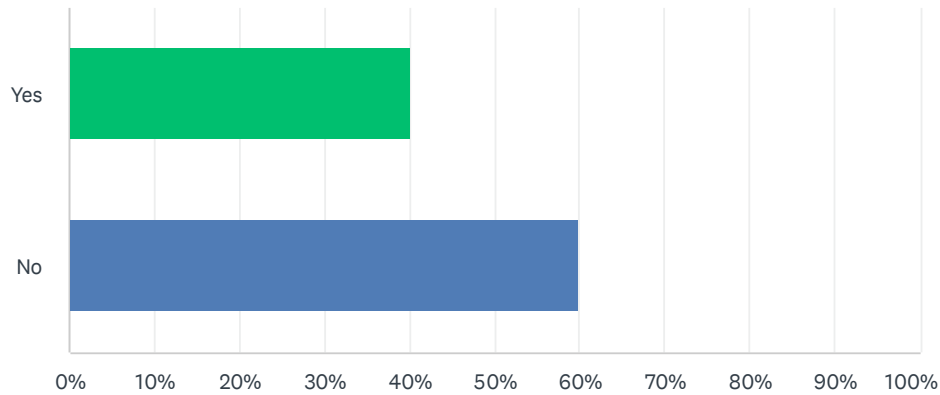
Q2 If you hold a role(s) within the Council i.e. Group Leader, Chair/Vice Chair etc., how many hours do you spend in a typical week on Council business relevant to the role(s). [Please provide details separately for each role if more than one additional role is held.]Please specify specific roles below and hours spent on each role:

Answered: 17 Skipped: 3

#	RESPONSES	DATE
1	councillor 20 cabinet 20	9/26/2022 1:25 AM
2	Group Comms officer. Meetings with editor of local paper. meetings with Group Leader. Responding on behalf of the Group to media enquiries. Chasing answers to enquiries. Fielding calls from media. Assisting in regular communications between Cabinet and group members. Average 7 hours per week	9/15/2022 11:30 AM
3	Shadow Cabinet Stronger Communities and Crime Prevention I spend roughly 15 to 20 hours working on this portfolio. When broken down it includes : Licensing Community Safety Youth Offending Domestic Violence Stronger Communities I reach out to Councillors to establish what issues they are having, speak to residents, partners, cabinet and others. I then work on these problems looking for solutions and a way in which to improve the lives of residents, young people and any person living in our great city.	9/14/2022 7:09 PM
4	Cabinet Member - 25 hours	9/14/2022 7:17 AM
5	Cabinet 10 hours Ward work 10 hours	9/13/2022 10:55 PM
6	Deputy Group Leader / Shadow Cabinet - 3 hours pw	9/13/2022 3:06 PM
7	Cabinet Member 20hr Ward Councillor 10hr	9/13/2022 10:23 AM
8	Deputy Leader, 10-12 hours	9/13/2022 12:49 AM
9	Just finished as cabinet member and that was upwards of 30 hours a week.	9/12/2022 11:43 PM
10	varies as it is dependent on what events I am invited to.	9/12/2022 8:06 PM
11	Nil	9/12/2022 7:55 PM
12	Group exec: 5 hours	9/12/2022 4:38 PM
13	Chair of Planning - 5	9/12/2022 2:50 PM
14	5	9/12/2022 2:17 PM
15	Overview & Scrutiny Management Committee (3.5 hours per week) Governance Committee (3.5 hours per week)	9/12/2022 1:28 PM
16	I was Chair of Health Overview and Scrutiny Committee and also Vice Chair of planning in the last financial year. It probably added another 10 hours per week on average	9/12/2022 12:22 PM
17	6 hours	9/12/2022 12:21 PM

Q3 Do you incur any significant costs which you believe are not covered by your present allowance?

Answered: 20 Skipped: 0

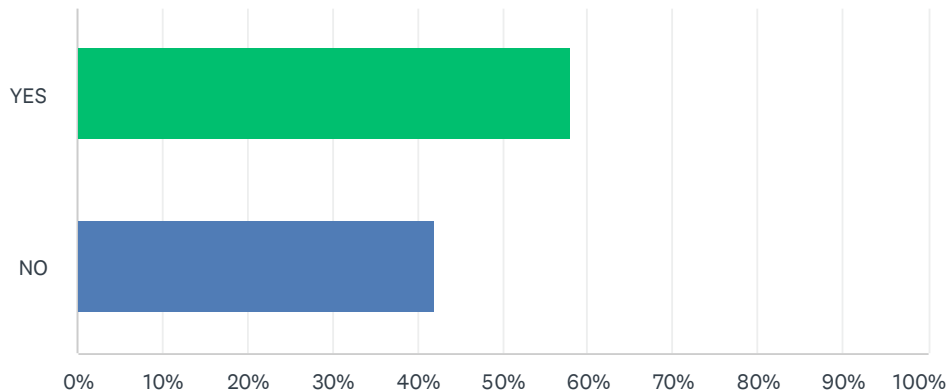


ANSWER CHOICES	RESPONSES	
Yes	40.00%	8
No	60.00%	12
TOTAL		20

#	IF YES, PLEASE PROVIDE DETAILS:	DATE
1	parking ticket, travel cost	9/26/2022 1:25 AM
2	All my bills, mortgage etc cannot be met by my allowance, however, I'm not able to claim a long term sick payment due to having an allowance	9/14/2022 7:09 PM
3	Childcare	9/13/2022 10:55 PM
4	Shoes, Travel, Phone, Home office (not major but moslty come out of own pocket).	9/13/2022 10:23 AM
5	Childcare for meetings is a massive cost	9/12/2022 11:43 PM
6	As LM you have to put in for Raffles, collections ect. BUT you take on the role knowing this.	9/12/2022 8:06 PM
7	Loss of earnings - I could earn more in the private sector if I relinquished my councillor role, but I believe in the role, which is why I do it.	9/12/2022 7:55 PM
8	more working from home has increased domestic heating and energy costs	9/12/2022 1:28 PM
9	I chose not to claim expenses	9/12/2022 12:22 PM

Q4 The present level of Basic Allowance payable to all Councillors is £13,900 (linked to the Real Living Wage). Do you think this is appropriate?

Answered: 19 Skipped: 1



ANSWER CHOICES	RESPONSES	
YES	57.89%	11
NO	42.11%	8
TOTAL		19

#	IF NO, SHOULD IT BE LOWER OR HIGHER? PLEASE GIVE A REASON FOR YOUR ANSWER:	DATE
1	higher	9/26/2022 1:25 AM
2	Higher. This is due to not being able to work full time or pick up over time in my day to day job.	9/23/2022 5:37 PM
3	higher, because although the number of hours spent at meetings and doing casework can be managed alongside other work, there are many emergencies, changes to meetings dates and additional meetings, plus phone calls and emails from constituents that make it impossible to earn money elsewhere.	9/15/2022 11:34 AM
4	Higher if you can prove you provide a sufficient level of work, meetings etc which warrants it.	9/14/2022 7:14 PM
5	I think it's very difficult as the Allowance has grown considerably in recent years, which is probably to a level where it shouldn't increase any further. However, it appears to be a challenge for all the political parties in the city to find people able and willing to be a councillor. I feel the size of the allowance may be part of this challenge.	9/13/2022 9:28 PM
6	HIGHER - Unfortunately this level means the requirement for younger members (not retired) to hold down a full time Job alongside their council work - some highly competent individuals have not managed this and have moved on.	9/13/2022 10:33 AM
7	I don't think I can judge this.	9/12/2022 11:44 PM
8	Higher, as there are weeks when you need to work a lot more hours	9/12/2022 2:51 PM
9	The member's basic allowance should be calculated on the basis of the medium wage hour rate annualised at 1,000 hours	9/12/2022 1:41 PM

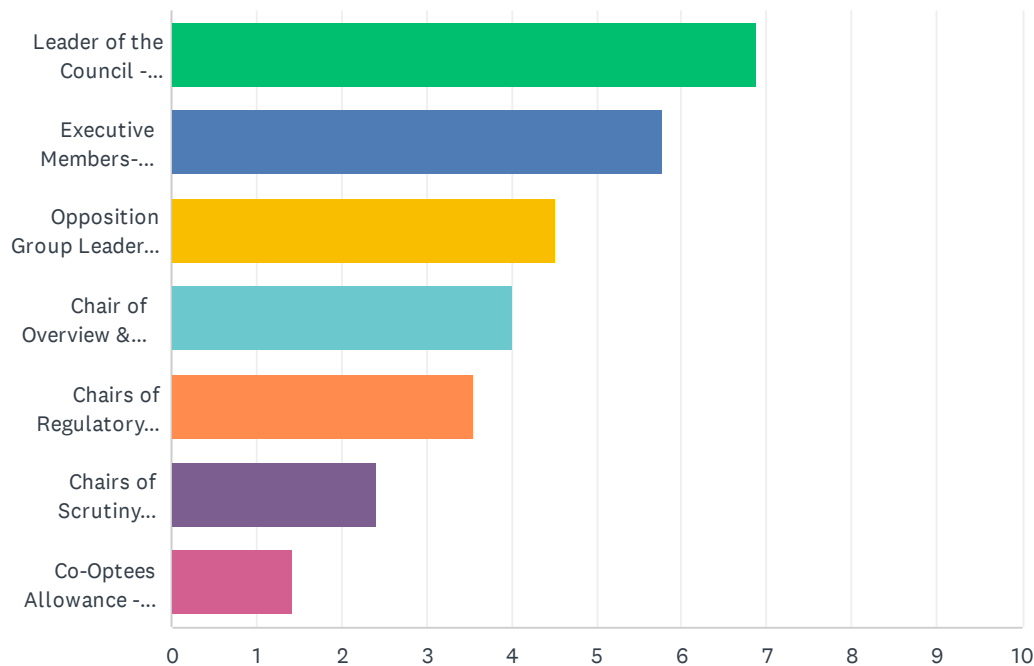
Q5 If you are able to, please indicate an appropriate level £:

Answered: 10 Skipped: 10

#	RESPONSES	DATE
1	20,000	9/26/2022 1:25 AM
2	16k	9/23/2022 5:37 PM
3	£15,000 (linked to Real Living Wage but calculated on more hours)	9/15/2022 11:34 AM
4	£15,500	9/14/2022 7:14 PM
5	£18'000 basic £36'000 cabinet £54'000 leader	9/13/2022 10:33 AM
6	When I started you never got an allowance, it should reflect an amount that does not encourage people to do it for the money yet be enough for people to not have to work full time.	9/12/2022 8:08 PM
7	£15,000	9/12/2022 2:51 PM
8	Calculations vary. Suggest using best and latest ONS data (probably in the range of £14 per hour)	9/12/2022 1:41 PM
9	£20,000. I won't be standing for election again because I can't justify the amount of hours I put into it for the reward. Being a councillor is an honour and a privilege and we should try and attract the city's most talented people and create a path for them to become an MP, should they so wish. I think the allowance should be higher to allow councillors to work part-time and spend more time in the council offices or seeing residents in their wards.	9/12/2022 12:28 PM
10	I believe the current level is appropriate for the role.	9/12/2022 12:22 PM

Q6 Special Responsibility Allowances (SRAs) are currently paid as follows: [To assist the Panel to produce a more consistent group of allowances, please can you score each role / position in respect of importance and impact, with 1 being the most important.

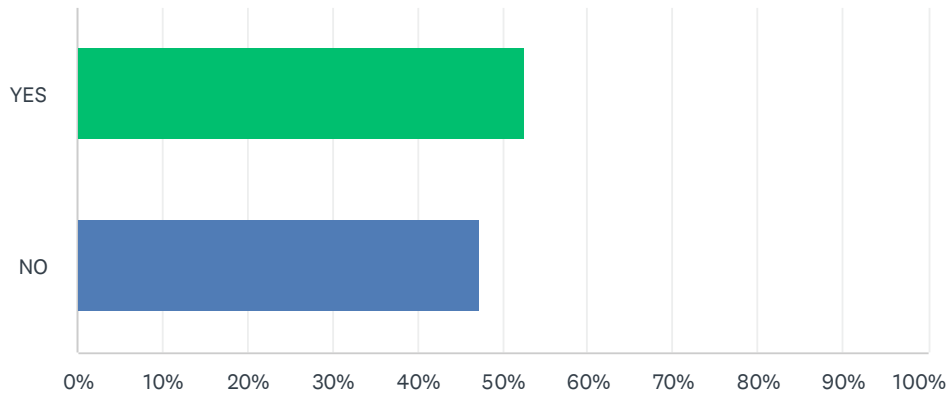
Answered: 19 Skipped: 1



	1	2	3	4	5	6	7	TOTAL	SCORE
Leader of the Council - £27,900	89.47% 17	10.53% 2	0.00% 0	0.00% 0	0.00% 0	0.00% 0	0.00% 0	19	6.89
Executive Members- £13,900	5.56% 1	72.22% 13	16.67% 3	5.56% 1	0.00% 0	0.00% 0	0.00% 0	18	5.78
Opposition Group Leader (per member rate)- £12,163, current rate	5.88% 1	17.65% 3	41.18% 7	5.88% 1	17.65% 3	11.76% 2	0.00% 0	17	4.53
Chair of Overview & Scrutiny Management Committee- £6,950	0.00% 0	0.00% 0	16.67% 3	66.67% 12	16.67% 3	0.00% 0	0.00% 0	18	4.00
Chairs of Regulatory Panels, Committees and Sub Committees- £6,950	0.00% 0	0.00% 0	22.22% 4	16.67% 3	55.56% 10	5.56% 1	0.00% 0	18	3.56
Chairs of Scrutiny Panels, Committees and Sub Committees- £3,475	0.00% 0	0.00% 0	5.26% 1	5.26% 1	15.79% 3	73.68% 14	0.00% 0	19	2.42
Co-Optees Allowance - £719 per annum	0.00% 0	5.26% 1	0.00% 0	5.26% 1	0.00% 0	0.00% 0	89.47% 17	19	1.42

Q7 Would you like to see any of these changes made to these allowances?

Answered: 19 Skipped: 1

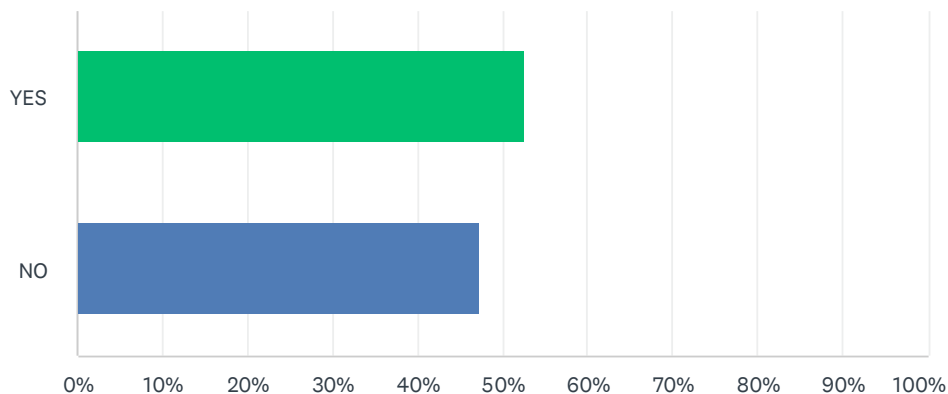


ANSWER CHOICES	RESPONSES
YES	52.63% 10
NO	47.37% 9
TOTAL	19

#	IF YES, PLEASE PROVIDE DETAILS:	DATE
1	higher allowance and all cllrs get free parking in ward they represent. All cabinet get free parking in all wards.	9/26/2022 1:27 AM
2	Leader should get more. It's a full time job.	9/15/2022 11:37 AM
3	Leader, Exec Members and Chair of OSMC should be higher. The time involved to be Leader/Cab Member effectively is a barrier for people in jobs which are not flexible and low paid. To go to part time involves a sacrifice of both salary and pension contribution. Chair of OSMC is a really important role to hold executives to account that takes up a couple of days a month to prepare properly,	9/14/2022 7:25 AM
4	Should be re-based from basic allowance	9/13/2022 10:37 AM
5	Need to benchmark what other LAs provide leader and executive members with in terms of SRA.	9/13/2022 12:52 AM
6	The workload of the planning and licensing committees is more than the standards and childrens scrutiny panels, so planning and licensing should carry more weighting. Also, it would make more sense if the leader of the council was paid twice the amount of an executive member (or three times the amount of a backbencher).	9/12/2022 7:59 PM
7	I would increase them by £1,100 each for the same reason as the previous question	9/12/2022 2:53 PM
8	SRA should reflect the amount of time committed to the role. In the case of the Leader (and Deputy Leader if appointed) the SRA paid to Executive Members will not suffice so additional annual supplements should be applied at c. £10k p.a for the Leader and £5k p.a. for the Deputy Leader	9/12/2022 1:49 PM
9	Chairs of panels, scrutiny inquiries etc should all have the same allowance	9/12/2022 12:33 PM
10	not in present economic climate even with increase in Council size and population of city	9/12/2022 12:30 PM
11	The leader should have a higher allowance.	9/12/2022 12:23 PM

Q8 Would you like to see any new SRAs introduced?

Answered: 19 Skipped: 1

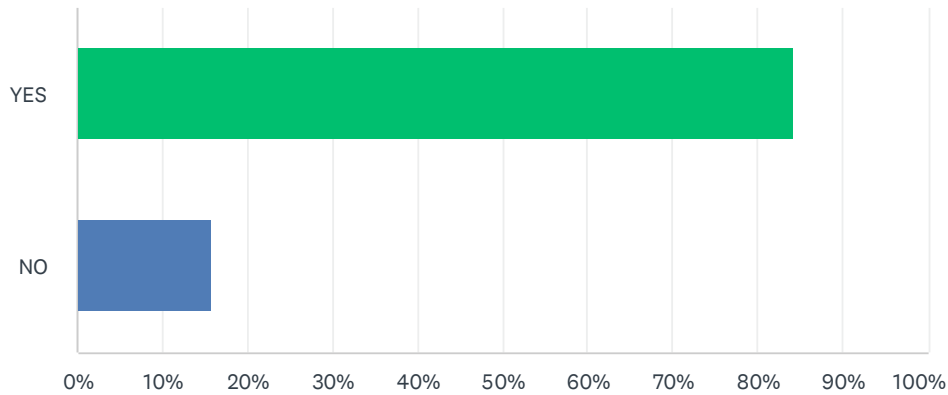


ANSWER CHOICES	RESPONSES
YES	52.63% 10
NO	47.37% 9
TOTAL	19

#	IF YES, PLEASE PROVIDE DETAILS:	DATE
1	The lord mayor	9/23/2022 5:41 PM
2	Group Whips who are asked to manage council business and liaise cross-party. Plus Vice-Chairs of Committees and Panels.	9/15/2022 11:37 AM
3	I think the Council should consider an additional allowance for the Mayor. It is probably the most demanding council appointment other than the Leader, and although an allowance would slightly change the neutral status of the role, it may make it an option for more people to consider becoming mayor.	9/13/2022 9:31 PM
4	for large statutory outside bodies e.g. PCP	9/13/2022 10:37 AM
5	The mayor should receive at least the same as an executive member. They are the face of the city and it is a virtually full time role. A lack of SRA (generally) prevents younger people from being able to take on the role.	9/12/2022 11:46 PM
6	Having been Deputy leader for a number of years with no SRA, I do feel it would be appropriate for them to receive a small extra SRA maybe around 3.5k	9/12/2022 8:10 PM
7	An SRA for the Lord Mayor. The reason I wouldn't do this job, and refused it once before, is that I cannot afford to be economically inactive for the year. At present, it only suits single people, and pensioners, not working family people.	9/12/2022 7:59 PM
8	Some group exec positions that are considerably time consuming.	9/12/2022 4:39 PM
9	A new role of Deputy Leader should be considered who will receive a differential SRA. Consideration should also be given to extending SRAs to committee/ panel vice chairs, the Mayor and Sherriff in respect of their non ceremonial roles in chairing council meetings. Finally thought should be given to providing SRAs or honoraria (£1000 p.a) to backbench member 'champions' and (where appropriate) honorary aldermen	9/12/2022 1:49 PM
10	Maybe one for all members of the planning panel because it's the committee that probably requires the most time in preparation and meeting length. I think there should also be a pension contribution to the basic allowance but understand that this may be an issue because it's an allowance not employment.	9/12/2022 12:33 PM
11	not in present economic climate	9/12/2022 12:30 PM

Q9 Dependent Carers' Allowance - Reimbursed at rate upto the Real Living Wage, £9.50 per hour. Do you support the allowance?

Answered: 19 Skipped: 1

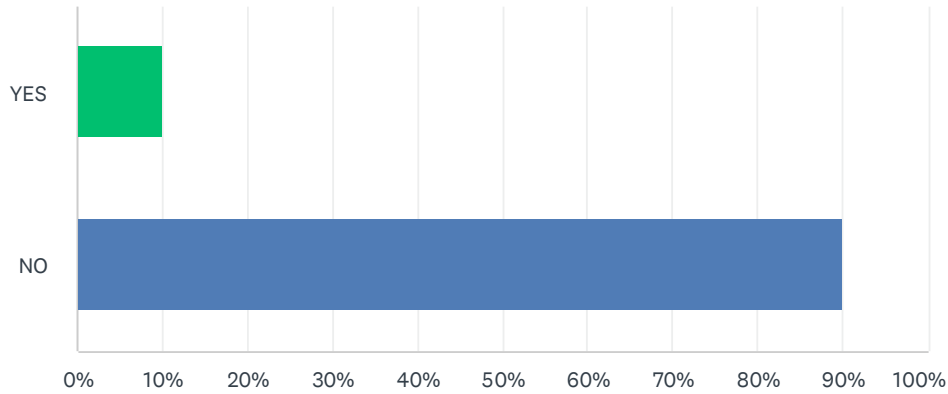


ANSWER CHOICES	RESPONSES	
YES	84.21%	16
NO	15.79%	3
TOTAL		19

#	IF YES, PLEASE INDICATE RATE AND SEASON:	DATE
1	As a Carer, I have been quoted £27 per hour by a care agency. I realise this is because the agency puts their costs and profits on top of what they pay the carers, but it seems the going rate is more like £11 per hour for carers locally.	9/15/2022 11:38 AM
2	I'm not sure how easy it would be for the Council to work out how many hours were worked, it could be a challenge logistically, although I support removing this potential barrier to stand for council.	9/13/2022 9:33 PM
3	£15	9/13/2022 10:38 AM
4	For members to do the role properly, they should not have to worry how they pay for caring responsibilities.	9/12/2022 8:11 PM
5	This is an important allowance and ensures carers can also serve as cllrs	9/12/2022 2:55 PM
6	This should be higher (e.g. £15 per hour) and reflect the true cost of providing care	9/12/2022 1:50 PM

Q10 The current scheme of travel allowances are linked to those recommended by HMRC. Do you have any comments on the current scheme for Councillors?

Answered: 20 Skipped: 0

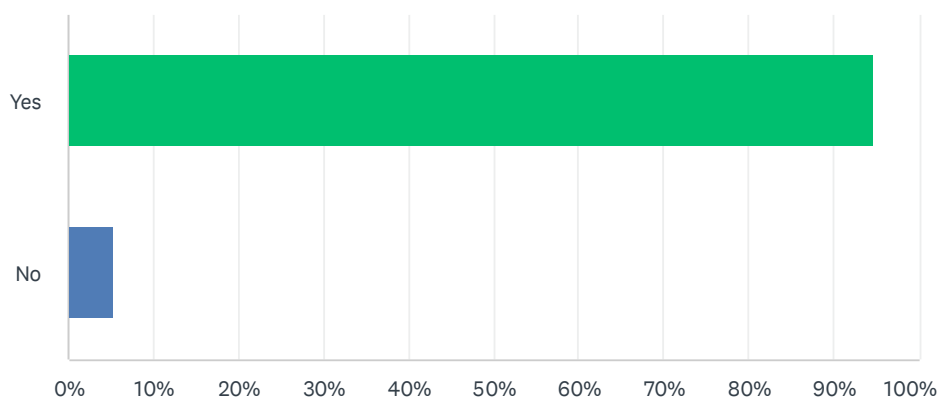


ANSWER CHOICES	RESPONSES
YES	10.00% 2
NO	90.00% 18
TOTAL	20

#	IF YES, PLEASE PROVIDE DETAILS:	DATE
1	All Councillors should be equipped with annual bus passes to enable them to go about Council business using public transport	9/12/2022 1:54 PM
2	I choose not to claim travel expenses	9/12/2022 12:33 PM

Q11 Parental Leave Policy for Councillors. Are you supportive of the current Parental Leave Policy for Councillors?

Answered: 19 Skipped: 1



ANSWER CHOICES	RESPONSES	
Yes	94.74%	18
No	5.26%	1
TOTAL		19

Q12 If you have any other comments on Members' Allowances, please detail below:

Answered: 10 Skipped: 10

#	RESPONSES	DATE
1	there should be recognition of additional work done by Members who are not on the Cabinet, without taking allowances from the Leader or Cabinet members.	9/15/2022 11:39 AM
2	If you are a portfolio holder I feel you should be given an additional allowance. There is a lot more work to undertake, along with your casework, committees. I want to do everything which is assigned to me to the best of my ability, research it well, visit each area which has a problem, learn about the people and the problems before trying to resolve the issue. Some Cllr's do not have any portfolios, no committees, and don't answer any casework.	9/14/2022 7:23 PM
3	The Parental LEave policy is good, but has not been properly thought through. When a Cabinet Member goes on Parental Leave there is no ability to pay someone else to take on that role. In this case other Cabinet Members had to take on additional work which is unfair. The MA scheme should include a clause to pay for Parental Leave Cover for roles which attract an allowance.	9/14/2022 7:29 AM
4	The allowance needs to compensate for loss of earnings and be pegged to something independent so the current arrangement works.	9/13/2022 11:00 PM
5	No further concerns.	9/13/2022 9:33 PM
6	Wasn't really sure on the dependent carers allowance as I don't know much about it. Best ignore my answer there!	9/12/2022 11:48 PM
7	Some members who have not held a Mayors position are advocating an allowance. I strongly feel this is not appropriate as to take the role you know what the job entails you can claim for a limited number of extra things cloths allowance. If it came with a SRA the wrong people would put them selves forward just for the SRA.	9/12/2022 8:15 PM
8	Some (but not all) of the executive roles for either political party (EG Chair, Sec, Whip) can be quite time consuming yet no roles carry any SRA. This can make recruiting good people for the necessarily exec roles that allow the groups to function difficult, and even if people sign up, they may not feel they can devote the time to it if its not paid. Despite declaring an interest as one of these roles, I objectively and pragmatically feel that it may be time to have a conversation about whether key exec. roles should get some small form of SRA (and even the conversation would raise awareness of the amount of work that goes into these roles).	9/12/2022 4:40 PM
9	Any member receiving a SRA should be expected to complete an annual statement outlining the work undertaken in the year, relevant meetings attended, specialist training (including conferences) accessed. This informatiin should be collated into an annual report which will also provide details of members allowances paid which should be presented in terms of the relevant municipal year as well as financial year etc	9/12/2022 1:54 PM
10	I don't know the details of the policy but glad to see there is one.	9/12/2022 12:33 PM

Q13 Name:

Answered: 16 Skipped: 4

#	RESPONSES	DATE
1	Cllr Sally Goodfellow	9/23/2022 5:45 PM
2	Vivienne Windle	9/15/2022 11:39 AM
3	Cllr Sarah M Vaughan	9/14/2022 7:23 PM
4	Lorna Fielker	9/14/2022 7:29 AM
5	Sarah Bogle	9/13/2022 11:00 PM
6	Alex Houghton	9/13/2022 9:33 PM
7	Jeremy Moulton	9/13/2022 3:08 PM
8	Matt Renyard	9/13/2022 10:38 AM
9	Cllr Darren Paffey	9/13/2022 12:52 AM
10	James Baillie	9/12/2022 11:48 PM
11	Lord Mayor Rayment	9/12/2022 8:15 PM
12	Cllr Warwick Payne	9/12/2022 8:01 PM
13	Cllr Hannah Coombs	9/12/2022 2:55 PM
14	Dave Shields	9/12/2022 1:54 PM
15	Cllr Prior	9/12/2022 12:33 PM
16	David Fuller	9/12/2022 12:24 PM

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Agenda Item 8

Appendix 3



Previous years' data
- did not submit
2022 return

MINIMUM MAXIMUM AVERAGE			
Council name	Type of council	County area	Population
Bracknell Forest Council	Unitary	Berkshire	120377
Brighton & Hove City Council	Unitary	East Sussex	270,000
Buckinghamshire Council	Unitary	Buckinghamshire	551560
Isle of Wight Council	Unitary	Isle of Wight	141606
Medway Council	Unitary	Kent	277855
Milton Keynes Council	Unitary	Buckinghamshire	265000
Portsmouth City Council	Unitary	Hampshire	208100
Reading Borough Council	Unitary	Berkshire	161780
Royal Borough of Windsor and Maidenhead	Unitary	Berkshire	145000
Slough Borough Council	Unitary	Berkshire	164000
Southampton City Council	Unitary	Hampshire	261729
West Berkshire Council	Unitary	Berkshire	158527
Wokingham Borough Council	Unitary	Berkshire	174000

£7,697.00 £0.00 £13,900.00 £2,008,293.00 £10,092.08 £735,742.00			
Basic Allowance for 2020/2021	Overall budget for Member Allowances	Total number of councillors	Percentage of Public Service Discount*, if applicable (%)
£8,687.00	£579,310.00	42	30-40%
£13,360.00	£270,000.00	48	54
£13,260.00	£2,008,293.00	147	N/A
£8,377.00	£625,190.00	39	N/A
£10,585.00	£949,663.00	55	N/A
£11,165.00	£899,000.00	57	0
£11,684.00	£649,400.00	42	N/A
£8,447.08	£598,200.00	48	N/A
£8,472.00	£550,000.00	41	49
£7,779.00	£473,600.00	41	33%
£13,900.00	£860,500.00	48	N/A
£7,697.00	£488,000.00	43	50%
£7,784.00	£613,490.00	54	50

Comments on Basic Allowance

The Basic Allowance is a flat rate allowance that must be paid equally to all Members so the time assessment is typically taken to be that which is deemed necessary at a minimum to carry out all those duties for which the Basic Allowance is paid.

The Basic Allowance is indexed linked to the agreed salary increase for Council employees and is increased

N/A

N/A

The Basic Allowance is intended to recognise the time commitment of all Councillors, including meetings with officers and constituents and attendance at political group meetings. It is also intended to cover incidental costs such as the use of their homes, including IT consumables, paper, telephone line rental and

None

The basic allowance is index linked to any annual pay adjustment that may be awarded to local government

N/A

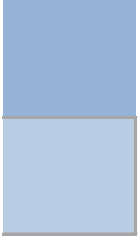
None

It is currently being reviewed and will be increased during 2020

IRP in 2018 recommended the Basic Allowance should continue to be linked to the Living Wage as determined by the Living Wage Foundation. Basic Allowance is based on a non-Executive Member undertaking up to 27 hours on Council and group business.

the level of indexation for the Basic Allowance and Special Responsibility Allowances is linked to that used for West Officers unless Members choose to forgo index linked increases in a particular year.

A Basic Allowance is payable to all Councillors monthly. The current Basic Allowance is an annual amount of –£7,784 which comprises: a) –£600 for out of pocket expenses b) –£6,684 for time contributed c) –£500 for IT, communication and home office The overall budget excluding travel and subsistence is –£599,860



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Agenda Item 9

DECISION-MAKER:	GOVERNANCE COMMITTEE		
SUBJECT:	REVIEW OF PRUDENTIAL LIMITS AND TREASURY MANAGEMENT MIDYEAR 2022/23		
DATE OF DECISION:	14 NOVEMBER 2022		
REPORT OF:	EXECUTIVE DIRECTOR FINANCE & COMMERCIALISATION (S151 Officer)		
<u>CONTACT DETAILS</u>			
AUTHOR:	Name:	Steve Harrison	Tel: 023 8083 4153
	E-mail:	steve.harrison@southampton.gov.uk	
Director	Name:	John Harrison	Tel: 023 8083 4897
	E-mail:	john.harrison@southampton.gov.uk	

STATEMENT OF CONFIDENTIALITY	
NOT APPLICABLE	
BRIEF SUMMARY	
<p>The purpose of this report is to inform Governance Committee of the Treasury Management activities and performance for 2022/23 to date against the approved Prudential Indicators for External Debt and Treasury Management.</p> <p>This report:</p> <ol style="list-style-type: none"> a) is prepared in accordance with the revised CIPFA Treasury Management Code and the revised Prudential Code; b) presents details of capital financing, borrowing, debt rescheduling and investment transactions; c) reports on the risk implications of treasury decisions and transactions; d) gives details of the midyear position on treasury management transactions in 2022/23; and e) confirms compliance with treasury limits and Prudential Indicators. <p>The report highlights the increasingly difficult economic climate being operated in, with record high levels of inflation and rising interest rates. The Bank of England increased the official Bank Rate to 2.25% over the period, up from 0.75% in March. The Monetary Policy Committee (MPC) has noted that domestic inflationary pressures are expected to remain strong and so given ongoing strong rhetoric around tackling inflation further Bank Rate rises should be expected. These factors are reflected in the borrowing strategy detailed within the report.</p>	
RECOMMENDATIONS:	
It is recommended that Governance committee:	
	(i) Notes the Treasury Management (TM) activities for 2022/23 and performance against Prudential Indicators.
	(ii) Notes that the continued proactive approach to TM has led to reductions in borrowing costs and safeguarded investment income during the year.

	(iii)	Continues to delegate authority to the S151 Officer to make any future changes which benefit the authority and to report back at the next Treasury update.
REASONS FOR REPORT RECOMMENDATIONS		
1.	The Treasury Management Code requires public sector authorities to determine an annual TM Strategy and formally report on their treasury activities and arrangements to Governance Committee mid-year and after the year-end. These reports enable those tasked with implementing policies and undertaking transactions to demonstrate they have properly fulfilled their responsibilities and enable those with ultimate responsibility/governance of the TM function to scrutinise and assess its effectiveness and compliance with policies and objectives.	
ALTERNATIVE OPTIONS CONSIDERED AND REJECTED		
2.	No alternative options are relevant to this report.	
DETAIL (Including consultation carried out)		
CONSULTATION		
3.	Not applicable.	
BACKGROUND		
4.	The Local Government Act 2003 introduced a system for borrowing based largely on self-regulation by local authorities. The basic principle is that local authorities are free to borrow as long as their capital spending plans are affordable, prudent and sustainable.	
5.	The Chartered Institute of Public Finance and Accountancy's Treasury Management Code (CIPFA's TM Code) requires that authorities report on the performance of the treasury management function at least twice a year (mid-year and at year end).	
6.	<p>The Authority's TM Strategy for 2022/23 was approved at Governance Committee on 14 February 2022.</p> <p>The 2017 Prudential Code includes a requirement for local authorities to produce a Capital Strategy, a summary document approved by full Council covering capital expenditure and financing, treasury management and non-treasury investments. The Authority's Capital Strategy, complying with CIPFA's requirement, was approved by full Council on 23 February 2022.</p>	
7.	Overall responsibility for treasury management remains with the Council. No TM activity is without risk; the effective identification and management of risk are integral to the Council's treasury management objectives. The Authority has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. This report covers treasury activity and the associated monitoring and control of risk.	
8.	The report and appendices highlight that:	
	a)	Borrowing activities have been undertaken within the borrowing limits approved by Governance Committee on 14 February 2022.

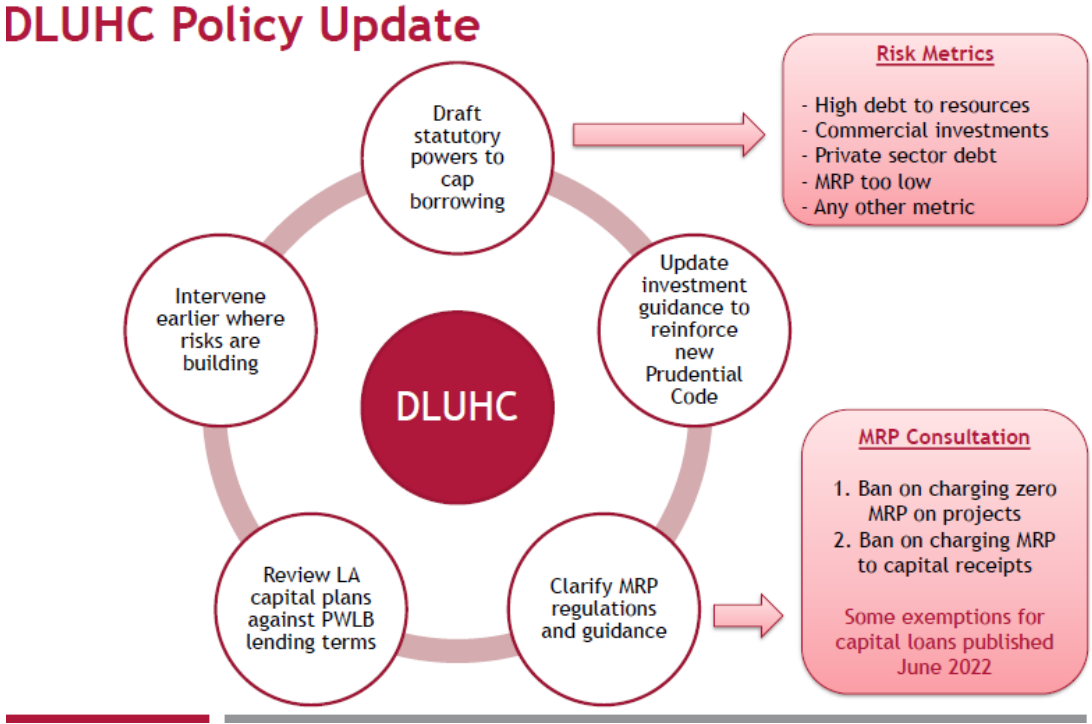
	b)	With an increasing borrowing requirement, our overall treasury strategy is to minimise both external borrowing and investments and to only borrow to the level of the net borrowing requirement. This will reduce credit risk, take pressure off the Council's lending list, and avoid the cost of carry existing in the current interest rate environment. Throughout the year, capital expenditure levels, market conditions and interest rate levels are monitored to minimise borrowing costs over the medium to longer term and to maintain stability.
	c)	For longer term investments the Council will continue to hold assets in more secure and/or higher yielding asset classes. Total investment returns are estimated to be £1.7M during 2022/23 which is £0.6M higher than budgeted and reflects the current financial environment of increased interest rates.
	d)	The differential between debt costs and investment earnings continued to be acute, resulting in the use of internal resources in lieu of borrowing often being the most cost effective means of financing capital expenditure. The average rate for repayment of debt, (the Consolidated Loans & Investment Account Rate – CLIA), is 2.88%, in line with budget. We do not currently have any short-term debt, but it is the intention to borrow in the short-term markets during 2022/23.
	e)	Since 2012, the Council has pursued a strategy of internal borrowing – minimising external borrowing by running down its own investment balances and only borrowing short term to cover cash flow requirements. This has both reduced the credit risk exposure and saved the Council money in terms of net interest costs. Rates are monitored and if opportunities arise long term borrowing is considered in consultation with our treasury advisors. In order to add more certainty a £10M, 25 year PWLB maturity loan was taken May. Rates have continued to rise since then as can be seen in Appendix 2, paragraphs 11 to 17.
	f)	In achieving interest rate savings, the Council is exposed to interest rate risk by taking out variable debt. This was and continues to be very financially favourable but does mean that close monitoring of the markets is required to ensure that the Council can act quickly should the situation change.
	g)	Net loan debt is expected to increase during 2022/23 from £209M to £299M (£90M) as detailed in Appendix 2, paragraph 5. As at September 2022 the balance is £254M, due to higher than expected cash balances at this point in year and deferral of majority of new borrowing to later in year.
	h)	As part of the creation of the authority, assets and liabilities were transferred from Hampshire as the predecessor authority. This forms part of the net loan debt and was £13M at end of quarter 2.
	i)	The forecast cost of financing the council's loan debt is £16.71M at an average interest rate of 2.82%, of which £5.49M relates to the HRA.

		This will be subject to movement as the need for further borrowing for the remainder of the year becomes more certain.
	j)	During the first half of the financial year PWLB rates have risen dramatically, particular in late September after the Chancellor's 'mini-budget' prompted a fall in sterling and rise in market interest rate expectations. Interest rates rose by over 2%. As a result, a review of the capital programme was undertaken during quarter 2, which has resulted in a reduction in borrowing overall and a re-profiling of schemes to move borrowing into later years.
	k)	The Authority holds significant invested funds, representing income received in advance of expenditure plus balances and reserves. During the year investment balances have ranged between £109.37M and £66.45M and are currently £67.27M but are expected to reduce to £48M by year end. Appendix 2, paragraphs 21 to 26, gives further detail. Forecast income is now £1.63M, £0.61M higher than originally budgeted, reflecting higher market rates on interest.
9.	Appendix 1 summarises the economic outlook and events in the context of which the Council operated its treasury function during 2022/23.	
10.	Appendix 2 summarises treasury activity during the year and covers: <ul style="list-style-type: none"> • Borrowing Requirement and Debt Management • Investment Activity • Non – Treasury Investments 	
11.	Appendix 3 summarises quarterly benchmarking produced by our advisors, showing the breakdown of our investments and how we compare to their other clients and other English Unitary authorities. It shows the average return on our internal investments at 1.91% is higher than the unitary average of 1.74% and our overall return including the Local Authority Property Fund (income only) is 2.74% as opposed to the average of 2.13%. This has been achieved without impacting on our average credit rating which at AA- is in line with than both other Local Authorities and Unitary Authorities.	
COMPLIANCE WITH PRUDENTIAL INDICATORS AND AMENDMENT TO 2022/23 TREASURY STRATEGY		
12.	It can be confirmed that the Council has complied with its Prudential Indicators for 2022/23, approved by Governance Committee on 14 February 2022.	
13.	In compliance with the requirements of the CIPFA Code of Practice this report provides members with a summary report of TM activity during 2022/23. None of the Prudential Indicators has been breached and a prudent approach has been taken in relation to investment activity with priority being given to security and liquidity over yield. The table below summarises the Key Indicators, further details can be seen in appendix 4.	

14.	<p>Table1: Key Prudential Indicators</p> <table border="1" data-bbox="304 237 1326 656"> <thead> <tr> <th data-bbox="304 237 970 387">Indicator</th> <th data-bbox="970 237 1118 387">Limit</th> <th data-bbox="1118 237 1326 387">Actual at 30/9/2022</th> </tr> </thead> <tbody> <tr> <td data-bbox="304 387 970 432">Authorised Limit for external debt</td> <td data-bbox="970 387 1118 432">£975M</td> <td data-bbox="1118 387 1326 432">£319M</td> </tr> <tr> <td data-bbox="304 432 970 477">Operational Limit for external debt</td> <td data-bbox="970 432 1118 477">£850M</td> <td data-bbox="1118 432 1326 477">£319M</td> </tr> <tr> <td data-bbox="304 477 970 521">Maximum external borrowing year to date</td> <td data-bbox="970 477 1118 521">£785M</td> <td data-bbox="1118 477 1326 521">£266M</td> </tr> <tr> <td data-bbox="304 521 970 566">Limit of fixed interest debt</td> <td data-bbox="970 521 1118 566">100%</td> <td data-bbox="1118 521 1326 566">83%</td> </tr> <tr> <td data-bbox="304 566 970 611">Limit of variable interest debt</td> <td data-bbox="970 566 1118 611">50%</td> <td data-bbox="1118 566 1326 611">17%</td> </tr> <tr> <td data-bbox="304 611 970 656">Limit for long term investments</td> <td data-bbox="970 611 1118 656">£100M</td> <td data-bbox="1118 611 1326 656">£28M</td> </tr> </tbody> </table>	Indicator	Limit	Actual at 30/9/2022	Authorised Limit for external debt	£975M	£319M	Operational Limit for external debt	£850M	£319M	Maximum external borrowing year to date	£785M	£266M	Limit of fixed interest debt	100%	83%	Limit of variable interest debt	50%	17%	Limit for long term investments	£100M	£28M
Indicator	Limit	Actual at 30/9/2022																				
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REVISION TO CIFPA CODES																						
15.	<p>CIPFA published revised Prudential and Treasury Management Codes in December 2021. The Prudential Code took immediate effect although detailed reporting requirements could be deferred until the 2023/24 financial year. We are reviewing the impact of the proposed changes.</p>																					
16.	<p>The main changes from previous codes include:</p> <ul style="list-style-type: none"> • Additional reporting requirements for the Capital Strategy. • For service and commercial investments, in addition to assessments of affordability and prudence, an assessment of proportionality in respect of the Authority’s overall financial capacity (i.e., whether plausible losses could be absorbed in budgets or reserves without unmanageable detriment to local services). • Forward looking prudential code indicators must be monitored and reported to members at least quarterly. • A new indicator for net income from commercial and service investments to net revenue stream. • Inclusion of the liability benchmark as a treasury management prudential indicator. CIPFA recommends this is presented as a chart of four balances – existing loan debt outstanding; loans CFR, net loans requirement, liability benchmark – over at least 10 years and ideally cover the authority’s full debt maturity profile. • Excluding investment income from the definition of financing costs. • Credit and counterparty policies should set out the Authority’s policy and practices relating to Environmental, Social and Governance (ESG) investment considerations. • Additional focus on the knowledge and skills of officers and elected members involved in decision making. • Future long-term investments, such as CCLA will be prohibited as we are net borrower, but we will not need to unwind existing investments. 																					
DLUHC POLICY UPDATE																						
17.	<p>DLUHC published a policy paper in November 2021 outlining the ways it feels that the current framework is failing and potential changes that could be made. The paper found that “while many authorities are compliant with the</p>																					

framework, there remain some authorities that continue to engage in practices that push the bounds of compliance and expose themselves to excessive risk”.

18. The consultation closed on 8 February 2022 and results are yet to be published but the following diagram highlights the probable outcome.



RESOURCE IMPLICATIONS

Capital/Revenue

19. This report is a requirement of the TM Strategy, which was approved at Governance Committee on 14 February 2022 and as part of the Capital Strategy by Council on 23 February 2022.

20. The interest cost of financing the Authority’s long term and short term loan debt is charged corporately to the Income and Expenditure account. The cost is estimated at £8.7M for 2022/23, which is lower than budgeted (£9.6M), despite increased interest rates. This is as a result of a review of the capital programme, borrowing needs and deferral of most of the borrowing to the later part of the year.

21. In addition, interest earned on temporary balances invested externally is credited to the Income and Expenditure account. The current forecast for 2022/23 is £1.6M, £0.6M higher than budgeted due to higher interest rates.

22. The expenses of managing the Authority’s loan debt consist of brokerage and internal administration charges. These are pooled and borne by the HRA and General Fund proportionately to the related loan debt. Debt management expenses are expected to be £0.2M in 2022/23 in line with budget.

Property/Other

23. None.

LEGAL IMPLICATIONS	
<u>Statutory power to undertake proposals in the report:</u>	
24.	Local Authority borrowing is regulated by Part 1, of the Local Government Act 2003, which introduced the new Prudential Capital Finance System. From 1 April 2004, investments are dealt with, not in secondary legislation, but through guidance. Similarly, there is guidance on prudent investment practice, issued by the Secretary of State under Section 15(1)(a) of the 2003 Act. A local authority has the power to invest for "any purpose relevant to its functions under any enactment or for the purposes of the prudent management of its financial affairs". The reference to the "prudent management of its financial affairs" is included to cover investments, which are not directly linked to identifiable statutory functions but are simply made in the course of treasury management. This also allows the temporary investment of funds borrowed for the purpose of expenditure in the reasonably near future; however, the speculative procedure of borrowing purely in order to invest and make a return remains unlawful.
<u>Other Legal Implications:</u>	
25.	None.
RISK MANAGEMENT IMPLICATIONS	
26.	Not Applicable
POLICY FRAMEWORK IMPLICATIONS	
27.	This report has been prepared in accordance with the CIPFA Code of Practice on TM.
KEY DECISION?	Yes/No
WARDS/COMMUNITIES AFFECTED:	NONE
<u>SUPPORTING DOCUMENTATION</u>	
Appendices	
1.	2022/23 Economic Background
2.	Treasury Activity during 2022/23
3.	Southampton Benchmarking 30th September 2022
4.	Compliance with Prudential Indicators
5.	Glossary of Treasury Terms
Documents In Members' Rooms	
1.	None.
Equality Impact Assessment	
Do the implications/subject of the report require an Equality and Safety Impact Assessments (ESIA) to be carried out.	Yes/No
Privacy Impact Assessment	
Do the implications/subject of the report require a Privacy Impact Assessment (PIA) to be carried out.	Yes/No

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

Title of Background Paper(s)	Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)
1.	The Medium Term Financial Strategy, Budget & Capital Programme 2022/23 to 2024/25 – reported to Council 23 February 2022

External Factors Impacting on Treasury during 2022/23

A summary of the external factors in 2022-23 is provided by the council's treasury advisor, Arlingclose Ltd, and is detailed below.

Economic background: The ongoing conflict in Ukraine has continued to put pressure on global inflation and the economic outlook for UK and world growth remains weak. The UK political situation towards the end of the period following the 'fiscal event' increased uncertainty further.

The economic backdrop during the April to September period continued to be characterised by high oil, gas and commodity prices, ongoing high inflation and its impact on consumers' cost of living, no imminent end in sight to the Russia-Ukraine hostilities and its associated impact on the supply chain, and China's zero-Covid policy.

Central Bank rhetoric and action remained robust. The Bank of England, Federal Reserve and the European Central Bank all pushed up interest rates over the period and committed to fighting inflation, even when the consequences were in all likelihood recessions in those regions.

UK inflation remained extremely high. Annual headline CPI hit 10.1% in July, the highest rate for 40 years, before falling modestly to 9.9% in August. RPI registered 12.3% in both July and August. The energy regulator, Ofgem, increased the energy price cap by 54% in April, while a further increase in the cap from October, which would have seen households with average energy consumption pay over £3,500 per annum, was dampened by the UK government stepping in to provide around £150 billion of support to limit bills to £2,500 annually until 2024.

The labour market remained tight through the period but there was some evidence of easing demand and falling supply. The unemployment rate 3m/year for April fell to 3.8% and declined further to 3.6% in July. Although now back below pre-pandemic levels, the recent decline was driven by an increase in inactivity rather than demand for labour. Pay growth in July was 5.5% for total pay (including bonuses) and 5.2% for regular pay. Once adjusted for inflation, however, growth in total pay was -2.6% and -2.8% for regular pay.

With disposable income squeezed and higher energy bills still to come, consumer confidence fell to a record low of -44 in August, down -41 in the previous month. Quarterly GDP fell -0.1% in the April-June quarter driven by a decline in services output, but slightly better than the 0.3% fall expected by the Bank of England.

The Bank of England increased the official Bank Rate to 2.25% over the period. From 0.75% in March, the Monetary Policy Committee (MPC) pushed through rises of 0.25% in each of the following two MPC meetings, before hiking by 0.50% in August and again in September. August's rise was voted by a majority of 8-1, with one MPC member preferring a more modest rise of 0.25%. The September vote was 5-4, with five votes for an 0.5% increase, three for an 0.75% increase and one for an 0.25% increase. The Committee noted that domestic inflationary pressures are expected to remain strong and so given ongoing strong rhetoric around tackling inflation further Bank Rate rises should be expected.

On 23rd September the UK government, following a change of leadership, announced a raft of measures in a 'mini budget', loosening fiscal policy with a view to boosting the UK's trend growth rate to 2.5%. With little detail on how government borrowing would be returned to a sustainable path, financial markets reacted negatively. Gilt yields rose dramatically by between 0.7% - 1% for all maturities with the rise most pronounced for shorter dated gilts. The swift rise in gilt yields left pension funds vulnerable, as it led to margin calls on their interest rate swaps and risked triggering large scale redemptions of assets across their portfolios to meet these demands. It became necessary for the Bank of England to intervene to preserve market stability through the purchase of long-dated gilts, albeit as a temporary measure, which has had the desired effect with 50-year gilt yields falling over 100bps in a single day.

Bank of England policymakers noted that any resulting inflationary impact of increased demand would be met with monetary tightening, raising the prospect of much higher Bank Rate and consequential negative impacts on the housing market.

After hitting 9.1% in June, annual US inflation eased in July and August to 8.5% and 8.3% respectively. The Federal Reserve continued its fight against inflation over the period with a 0.5% hike in May followed by three increases of 0.75% in June, July and September, taking policy rates to a range of 3% - 3.25%.

Eurozone CPI inflation reached 9.1% y/y in August, with energy prices the main contributor but also strong upward pressure from food prices. Inflation has increased steadily since April from 7.4%. In July the European Central Bank increased interest rates for the first time since 2011, pushing its deposit rate from -0.5% to 0% and its main refinancing rate from 0.0% to 0.5%. This was followed in September by further hikes of 0.75% to both policy rates, taking the deposit rate to 0.75% and refinancing rate to 1.25%.

Financial markets: Uncertainty remained in control of financial market sentiment and bond yields remained volatile, continuing their general upward trend as concern over higher inflation and higher interest rates continued to dominate. Towards the end of September, volatility in financial markets was significantly exacerbated by the UK government's fiscal plans, leading to an acceleration in the rate of the rise in gilt yields and decline in the value of sterling.

Due to pressure on pension funds, the Bank of England announced a direct intervention in the gilt market to increase liquidity and reduce yields.

Over the period the 5-year UK benchmark gilt yield rose from 1.41% to 4.40%, the 10-year gilt yield rose from 1.61% to 4.15%, the 20-year yield from 1.82% to 4.13% and the 50-year yield from 1.56% to 3.25%. The Sterling Overnight Rate (SONIA) averaged 1.22% over the period.

Credit review: In July Fitch revised the outlook on Standard Chartered from negative to stable as it expected profitability to improve thanks to the higher interest rate environment. Fitch also revised the outlook for Bank of Nova Scotia from negative to stable due to its robust business profile.

Also in July, Moody's revised the outlook on Bayerische Landesbank to positive and then in September S&P revised the GLA outlook to stable from negative as it expects the authority to remain resilient despite pressures from a weaker macroeconomic outlook coupled with higher inflation and interest rates.

Having completed its full review of its credit advice on unsecured deposits at UK and non-UK banks, in May Arlingclose extended the maximum duration limit for five UK banks, four Canadian banks and four German banks to six months. The maximum duration for unsecured deposits with other UK and non-UK banks on Arlingclose's recommended list is 100 days. These recommendations were unchanged at the end of the period.

Arlingclose continued to monitor and assess credit default swap levels for signs of credit stress but made no changes to the counterparty list or recommended durations. Nevertheless, increased market volatility is expected to remain a feature, at least in the near term and, as ever, the institutions and durations on the Authority's counterparty list recommended by Arlingclose remains under constant review.

Outlook for remainder of 2022/23: Arlingclose expects Bank Rate to rise further during 2022/23 to reach 5% by the end of the year. The MPC is particularly concerned about the demand implications of fiscal loosening, the tight labour market, sterling weakness and the willingness of firms to raise prices and wages.

The MPC may therefore raise Bank Rate more quickly and to a higher level to dampen aggregate demand and reduce the risk of sustained higher inflation. Arlingclose now expects Bank Rate to peak at 5.0%, with 200bps of increases this calendar year.

This action by the MPC will slow the economy, necessitating cuts in Bank Rate later in 2024. Gilt yields will face further upward pressure in the short term due to lower confidence in UK fiscal policy, higher inflation expectations and asset sales by the BoE. Given the recent sharp rises in gilt yields, the risks are now broadly balanced to either side. Over the longer term, gilt yields are forecast to fall slightly over the forecast period.

Background:

Monetary policymakers are behind the curve having only raising rates by 50bps in September. This was before the “Mini-Budget”, poorly received by the markets, triggered a rout in gilts with a huge spike in yields and a further fall in sterling. In a shift from recent trends, the focus now is perceived to be on supporting sterling whilst also focusing on subduing high inflation.

There is now an increased possibility of a special Bank of England MPC meeting to raise rates to support the currency. Followed by a more forceful stance over concerns on the looser fiscal outlook. The MPC is therefore likely to raise Bank Rate higher than would otherwise have been necessary given already declining demand. A prolonged economic downturn could ensue.

Uncertainty on the path of interest rates has increased dramatically due to the possible risk from unknowns which could include for instance another Conservative leadership contest, a general election, or further tax changes including implementing windfall taxes.

The government's blank cheque approach to energy price caps, combined with international energy markets priced in dollars, presents a fiscal mismatch that has contributed to significant decline in sterling and sharp rises in gilt yields which will feed through to consumers' loans and mortgages and business funding costs.

UK government policy has mitigated some of the expected rise in energy inflation for households and businesses flattening the peak for CPI, whilst extending the duration of elevated CPI. Continued currency weakness could add inflationary pressure.

The UK economy already appears to be in recession, with business activity and household spending falling. The short- to medium-term outlook for the UK economy is relatively bleak.

Global bond yields have jumped as investors focus on higher and stickier US policy rates. The rise in UK government bond yields has been sharper, due to both an apparent decline in investor confidence and a rise in interest rate expectations, following the UK government's shift to borrow to loosen fiscal policy. Gilt yields will remain higher unless the government's plans are perceived to be fiscally responsible.

The housing market impact of increases in the Base Rate could act as a “circuit breaker” which stops rates rising much beyond 5.0%, but this remains an uncertainty.

Forecast interest Rates

The following forecast interest forecast are set against a background of:

- Arlingclose expects Bank Rate to rise further during 2022/23 to reach 5% by the end of the year.
- The MPC is particularly concerned about the demand implications of fiscal loosening, the tight labour market, sterling weakness and the willingness of firms to raise prices and wages.
- The MPC may therefore raise Bank Rate more quickly and to a higher level to dampen aggregate demand and reduce the risk of sustained higher inflation. Arlingclose now expects Bank Rate to peak at 5.0%, with 200bps of increases this calendar year.

- This action by the MPC will slow the economy, necessitating cuts in Bank Rate later in 2024.
- Gilt yields will face further upward pressure in the short term due to lower confidence in UK fiscal policy, higher inflation expectations and asset sales by the BoE. Given the recent sharp rises in gilt yields, the risks are now broadly balanced to either side. Over the longer term, gilt yields are forecast to fall slightly over the forecast period.

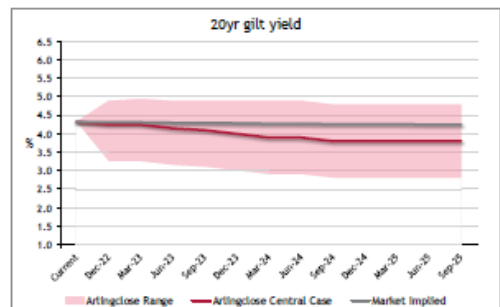
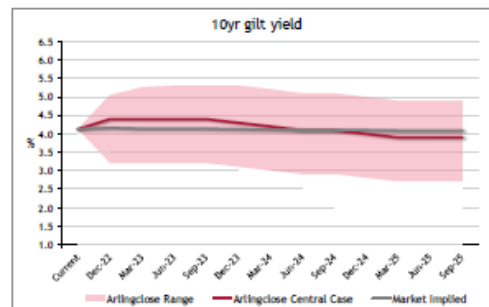
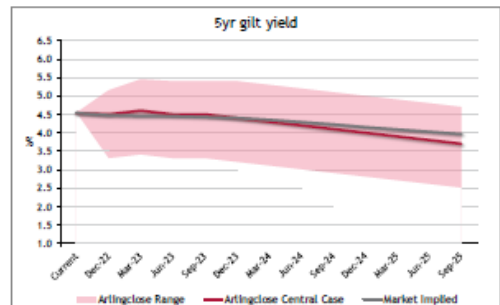
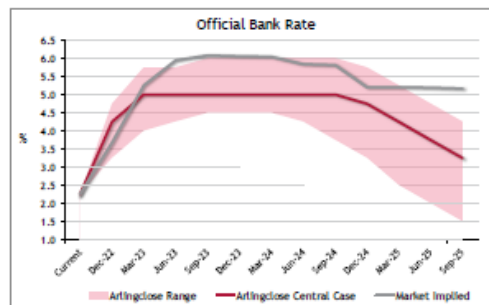
	Current	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25
Official Bank Rate													
Upside risk	0.00	0.50	0.75	0.75	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Arlingclose Central Case	2.25	4.25	5.00	5.00	5.00	5.00	5.00	5.00	5.00	4.75	4.25	3.75	3.25
Downside risk	0.00	-1.00	-1.00	-0.75	-0.50	-0.50	-0.50	-0.75	-1.25	-1.50	-1.75	-1.75	-1.75
3-month money market rate													
Upside risk	0.00	0.25	0.75	0.75	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Arlingclose Central Case	2.25	4.25	5.25	5.25	5.25	5.25	5.25	5.25	5.25	4.75	4.25	3.75	3.25
Downside risk	0.00	-1.00	-1.00	-0.75	-0.50	-0.50	-0.50	-0.75	-1.25	-1.50	-1.75	-1.75	-1.75
5yr gilt yield													
Upside risk	0.00	0.65	0.85	0.90	0.90	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Arlingclose Central Case	4.53	4.50	4.60	4.50	4.50	4.40	4.30	4.20	4.10	4.00	3.90	3.80	3.70
Downside risk	0.00	-1.20	-1.20	-1.20	-1.20	-1.20	-1.20	-1.20	-1.20	-1.20	-1.20	-1.20	-1.20
10yr gilt yield													
Upside risk	0.00	0.65	0.85	0.90	0.90	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Arlingclose Central Case	4.12	4.40	4.40	4.40	4.40	4.30	4.20	4.10	4.10	4.00	3.90	3.90	3.90
Downside risk	0.00	-1.20	-1.20	-1.20	-1.20	-1.20	-1.20	-1.20	-1.20	-1.20	-1.20	-1.20	-1.20
20yr gilt yield													
Upside risk	0.00	0.65	0.70	0.75	0.80	0.90	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Arlingclose Central Case	4.32	4.25	4.25	4.15	4.10	4.00	3.90	3.90	3.80	3.80	3.80	3.80	3.80
Downside risk	0.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00
50yr gilt yield													
Upside risk	0.00	0.65	0.70	0.75	0.80	0.90	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Arlingclose Central Case	3.95	3.90	3.90	3.80	3.80	3.70	3.60	3.60	3.50	3.50	3.50	3.50	3.50
Downside risk	0.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00

Charts show the Arlingclose central case along with upside and downside risks: Arlingclose judges that the risks around its Bank Rate forecast is to the upside. The risks around the gilt yield forecasts are broadly balanced.

PWLB Standard Rate (Maturity Loans) = Gilt yield + 1.00%
 PWLB Certainty Rate (Maturity Loans) = Gilt yield + 0.80%
 UKIB Rate (Maturity Loans) = Gilt yield + 0.60%

Arlingclose forecast:
 26th September 2022

Market forward curves:
 26th September 2022



BORROWING REQUIREMENT AND DEBT MANAGEMENT

1. Based on the latest capital programme and resources available to the authority there is an estimated net reduction in the borrowing need as at 31 March 2023 of £90M. The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR) while useable reserves and working capital represent the underlying resources available for investments. These are the core drivers of TM Activity and the year-on-year change is summarised in table 1 below.
2. The Authority's current strategy is to maintain borrowing and investments below underlying levels in order to reduce risk and interest costs. There is a forecast decrease of internal borrowing of £48.19M as a result of anticipated lower useable reserves and other resources.

Table 1 – Balance Sheet Summary

	31-Mar-22 Actual	31-Mar-23 Strategy	31-Mar-23 Forecast	31-Mar-23 Forecast Movement in year £M
	£M	£M	£M	£M
General Fund CFR	339.15	410.84	371.96	32.81
Housing CFR	168.73	190.85	183.95	15.22
Total CFR	507.88	601.69	555.91	48.03
Less Other Debt Liabilities*	(60.62)	(57.11)	(57.11)	3.51
Loans CFR	447.26	544.58	498.80	51.54
Less External Borrowing**	(255.30)	(248.19)	(258.65)	(3.35)
Internal (over) Borrowing	191.96	296.39	240.15	48.19
Balance sheet Resources	(303.08)	(175.86)	(257.42)	45.66
Treasury Investments	111.12	0.00	48.01	(63.11)
New Borrowing or (Investments)	(0.00)	120.53	30.74	30.74

** finance leases, PFI liabilities and Transferred debt that form part of the authority's total debt*

3. The forecast movement in the CFR is one of the Prudential Indicators (PIs). When the strategy was last updated in February 2022, the forecast CFR for 31st March 2023 was £601.69M, the current forecast is £555.91M, a net reduction of £48.03M. This decrease reflects changes in borrowing for the capital programme, £32.81M General Fund and £15.22M HRA.
 During quarter 2 a review of the capital programme was undertaken which has resulted in a reduction in borrowing overall and a re-profiling of schemes to move borrowing into later years. Further details can be seen in the General Fund and HRA capital monitoring reports being reported to Council in November.
 The forecast movement in year is shown in table 2 below.

Table 2 – Capital Financing Requirement Movement in year

Capital Financing Requirement	General Fund £M	HRA £M	Total £M
Balance Brought forward	339.15	168.73	507.88
New Borrowing	43.93	15.22	59.15
MRP	(7.61)	0.00	(7.61)
Appropriations (to) from HRA	0.00	0.00	0.00
Movement in Other Liabilities	(3.51)		(3.51)
Estimated CFR 31 March 2023	371.96	183.95	555.91

4. The movement in actual external debt and usable reserves combine to identify the Authority's borrowing requirement and potential investment strategy in the current and future years. This is shown in the tables below together with activity in the year.

5. **Table 3: Borrowing and Investment Position**

	31-Mar-22 Actual £M	31-Mar-22 Average Yield / Rate %	30-Sep-22 Actual £M	30-Sep-22 Average Yield / Rate %	31-Mar-23 Forecast £M	31-Mar-23 Forecast Average %
Long Term Borrowing						
Public Works Loan	246.30	2.88	252.74	2.75	279.99	2.91
LOBO Loans from Banks	9.00	4.89	9.00	4.86	9.00	4.87
	255.30	2.95	261.74	2.88	288.99	2.82
Short Term Borrowing						
Other	0.36	0.38	0.44	1.84	0.44	2.91
Total External Borrowing	255.66	2.83	262.18	2.86	289.43	2.78
Other Long Term Liabilities						
PFI Schemes	47.52	9.01	45.95	10.20	44.37	10.20
Deferred Debt Charges (HCC)	13.10	2.66	12.92	2.56	12.73	2.56
Total Gross External Debt	316.28	3.87	321.04	4.08	346.53	3.89
Investments:						
Managed In-House						
Government & Local Authority	(24.41)	0.00	(22.44)	1.80		
Cash (Instant access)	(54.50)	0.51	(16.82)	2.12	(20.00)	5.00
Cash (Notice Account)	0.00	0.00	0.00	0.00	0.00	0.00
Long Term Bonds	(1.06)	5.27	(1.01)	5.27	(1.01)	5.27
Managed Externally						
Pooled Funds (CCLA) & Shares	(27.25)	3.81	(27.00)	3.76	(27.00)	3.00
Total Investments	(107.22)	3.46	(67.27)	3.44	(48.01)	3.88
Net Debt	209.06		253.77		298.52	

6. **Table 4: Forecast Movement in Gross External Debt during the year**

Movement during the year	2021/22		2022/23
	Actual £M	Movement £M	Forecast £M
Long-term borrowing Carried Forward	231.60		255.30
Maturities in year	(9.30)		(7.11)
New borrowing in year	33.00		40.80
Net Long Term Borrowing	255.30	33.69	288.99
Short-term borrowing Carried Forward	10.36		0.36
Net Maturities in year	(10.36)		(0.36)
Net new borrowing in year	0.36		0.44
Net Short Term Borrowing	0.36	0.08	0.44
Total Borrowing at 31st March	255.66	33.77	289.43
Other Debt Liabilities	60.62	(3.52)	57.10
Total Debt at 31st March	316.28	30.25	346.53

7. The maturity analysis of the Council's actual debt at 30th September 2022 is shown in table 5 below. Debt due in one year includes both short term and long-term loans due in year, LOBO loans are shown as uncertain as they are within the call option.

8. **Table 5: Maturity Structure of Borrowing**

Analysis of Loans by Maturity	Lower Limit	Upper Limit	Compliance with Limit	Outstanding 30/09/2022	% of Debt	
Less than 1 Year		0	50	Yes	6.83	3
Between 1 and 2 years		0	50	Yes	6.83	3
Between 2 and 5 years		0	50	Yes	20.50	8
Between 5 and 10 years		0	55	Yes	34.15	13
Between 10 and 20 years		0	60	Yes	34.58	13
Between 20 and 40 years		0	60	Yes	149.85	57
Over 40		0	75	Yes	0.00	0
Uncertain Date**		0	5	Yes	9.00	3
					261.74	100

Borrowing Update

9. Local authorities can borrow from the PWLB provided they can confirm they are not planning to purchase 'investment assets primarily for yield' in the current or next two financial years, with confirmation of the purpose of capital expenditure from the Section 151 Officer. Authorities that are purchasing or intending to purchase investment assets primarily for yield will not be able to access the PWLB except to refinance existing loans or externalise internal borrowing.

Acceptable use of PWLB borrowing includes service delivery, housing, regeneration, preventative action, refinancing and treasury management.

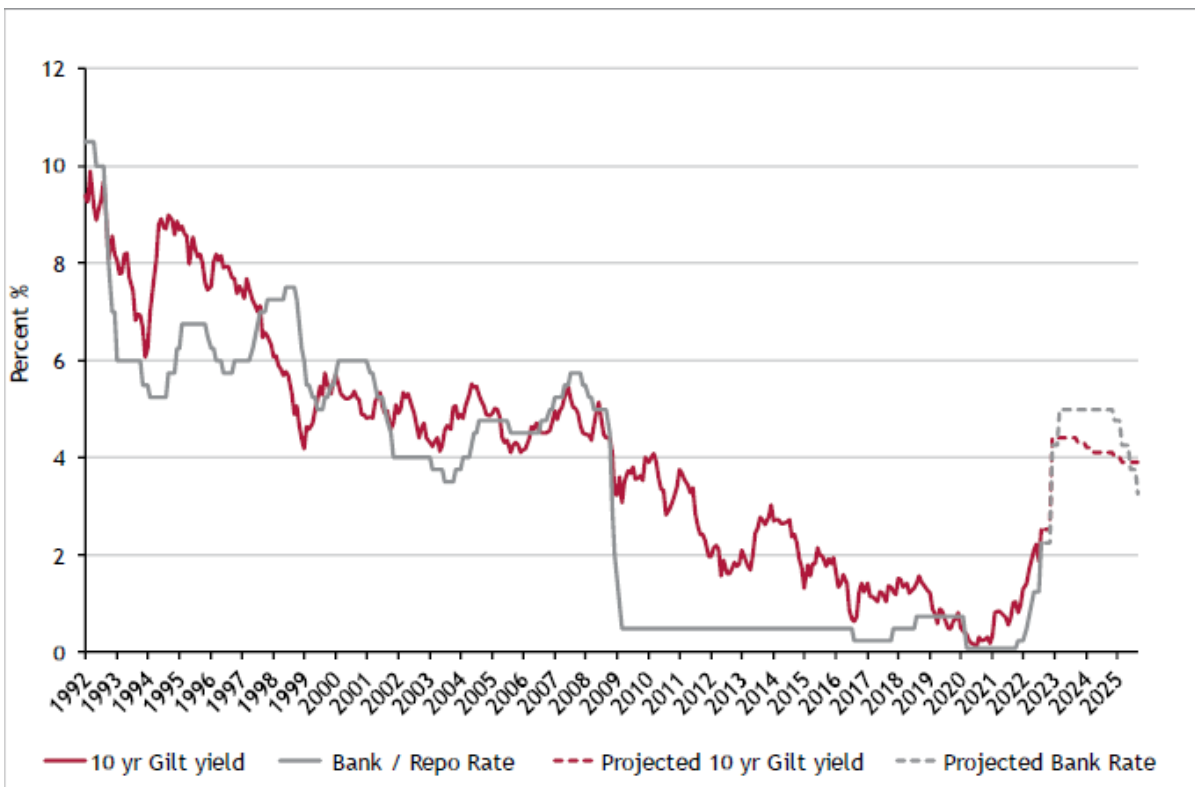
Competitive market alternatives may be available, however the financial strength of the individual authority and borrowing purpose will be scrutinised by commercial lenders. Further changes to the CIPFA Prudential Code expected in December 2022

	<p>are likely to prohibit borrowing for the primary purpose of commercial return even where the source of borrowing is not the PWLB.</p> <p>The Authority is not planning to purchase any investment assets primarily for yield within the next three years and so is able fully access the PWLB.</p>															
10.	<p>The Authority currently holds £114.14M in commercial property that was purchased prior to the change in the CIPFA Prudential Code. This is made up of 3 properties that were purchased between 2016 and 2017 for £27M, when SCC implemented a strategy to invest in commercial properties with the expected return on the investments being used to fund council services, known as the Property investment fund (PIF) and a historic portfolio.</p> <p>Before undertaking further additional borrowing the Authority will review options for exiting these investments, but this needs to be considered in conjunction with the loss of income generated by these properties, £6.25M for 2021/22.</p>															
<p><u>Borrowing Strategy and Activity during Period</u></p>																
11.	<p>On 30th September 2022 the Authority held £262.18M of loans, (a increase of £6.52M since 31st March 2022), as part of its strategy for funding previous and current years' capital programmes. Outstanding loans are summarised in Table 3 and 5 above.</p>															
12.	<p>The Authority's chief objective when borrowing has been to strike an appropriately low risk balance between securing low interest costs and achieving cost certainty over the period for which funds are required, with flexibility to renegotiate loans should the Authority's long-term plans change being a secondary objective.</p> <p>The Authority's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio.</p>															
13.	<p>Over the April-September period short term PWLB rates rose dramatically, particular in late September after the Chancellor's 'mini-budget' prompted a fall in sterling and rise in market interest rate expectations. Interest rates rose by over 2% during the period in both the long and short term. As an indication the 5-year maturity certainty rate rose from 2.30% on 1st April to 5.09% on 30th September; over the same period the 30-year maturity certainty rate rose from 2.63% to 4.68%.</p> <p>Although interest rates across the board have risen, short-term borrowing from other local authorities remains at lower interest rates than long term borrowing.</p> <p>In keeping with these objectives, new borrowing was kept to a minimum resulting in reduced net borrowing costs (despite foregone investment income) and reduced overall treasury risk.</p>															
14.	<p>The authority has an increasing CFR (see table 1) due to the capital programme and an estimated borrowing requirement as determined by the Liability Benchmark which takes into account usable reserves and working capital.</p> <p>Rates are on an upward trajectory and are currently above the rate used for setting budget. Further borrowing will be required during the year and rates will be monitored to determine the appropriate time; current advice is to take small amounts over regular period due to interest volatility, to date we have taken one new long-term loan as detailed below.</p> <table border="1" data-bbox="252 1877 1407 2033"> <thead> <tr> <th>Long Term Loans</th> <th>Date</th> <th>Amount £M</th> <th>Rate %</th> <th>Period (Years)</th> </tr> </thead> <tbody> <tr> <td>PWLB Maturity Loan</td> <td>12/05/2022</td> <td>10,000</td> <td>2.94%</td> <td>25</td> </tr> <tr> <td>Total Borrowing</td> <td></td> <td>10,000.00</td> <td></td> <td></td> </tr> </tbody> </table>	Long Term Loans	Date	Amount £M	Rate %	Period (Years)	PWLB Maturity Loan	12/05/2022	10,000	2.94%	25	Total Borrowing		10,000.00		
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PWLB Maturity Loan	12/05/2022	10,000	2.94%	25												
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15. The PWLB were the Council's preferred source of long-term borrowing given the transparency and control that its facilities continue to provide, but PWLB funding margins have lurched quite substantially in the last year and there remains a strong argument for diversifying funding sources, particularly if rates can be achieved on alternatives which are below gilt yields plus 0.80. The Authority will evaluate and pursue these lower cost solutions and opportunities with its advisor Arlingclose, when there is a need to borrow.

16. The Authority's borrowing decisions are not predicated on any one outcome for interest rates and a balanced portfolio of short and long-term borrowing will be maintained.

17. The charts below show the pattern of the 25 year PWLB rate since 1992, the rise in November 2019 is where the 1% over gilts was implemented, but otherwise it had generally been a downward trend until the recent turmoil in markets.



Lender's Option Borrower's Option Loans (LOBOs)

18. The council continues to hold £9M of LOBO loans where the lender has the option to propose an increase in the interest rate at set dates, following which the council has the option to either accept the new rate or to repay the loan at no additional cost. All of these LOBOS had options during the year, none of which were exercised by the lender, but if they were to then they would be replaced by a PWLB loan. Due to higher interest rates, the likelihood of a lender calling the loan has increased.

Other Debt Activity

19. Although not classed as borrowing the Council has previously raised capital finance via Private Finance Initiative (PFI). The mid-year balance was £45.95M and will fall to £44.37M after further repayment in year.

20.	In addition, the Authority holds debt in relation to debt transferred from Hampshire County Council on the 1 st April 1997 when we became a unitary authority which is being repaid over 50 years at £0.4M per annum, the balance at 30 th September was £12.92M.																																																	
INVESTMENT ACTIVITY																																																		
21.	Both the CIPFA and government guidance requires the council to invest prudently and have regard to the security and liquidity of investments before seeking the optimum yield. The Authority's 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 income returns.																																																	
22.	CIPFA revised TM Code defines treasury management investments as those which arise from the Authority's cash flows or treasury risk management activity that ultimately represents balances which need to be invested until the cash is required for use in the course of business.																																																	
23.	The Authority holds significant invested funds, representing income received in advance of expenditure plus balances and reserves held. During the year, the Authority's investment balances ranged between £109.37M and £66.45M and are currently £67.27M but are expected to reduce to £48M by year end. This is due to timing differences between income and expenditure.																																																	
24.	This supports our decision to only borrow for cash flow purposes at this stage as savings on borrowing costs more than offset the loss on short term investments. Movement in year is summarised in table 6 below:																																																	
25.	<p>Table 6: Investment activity during the year</p> <table border="1" data-bbox="248 1093 1453 1469"> <thead> <tr> <th></th> <th>Balance on 01/04/2022</th> <th>Investments Repaid</th> <th>New Investments</th> <th>Balance on 30/09/2022</th> <th>(Increase)/ Decrease in Investment for Year</th> <th>Average Life of Investments</th> </tr> <tr> <th></th> <th>£M</th> <th>£M</th> <th>£M</th> <th>£M</th> <th>£M</th> <th>Life</th> </tr> </thead> <tbody> <tr> <td>Multi- National Bonds (not subject to bail in)</td> <td>(1.06)</td> <td>(0.05)</td> <td>0.00</td> <td>(1.01)</td> <td>0.05</td> <td>3 years</td> </tr> <tr> <td>Money Market Funds and Call Account</td> <td>(54.50)</td> <td>188.57</td> <td>(150.89)</td> <td>(16.82)</td> <td>37.68</td> <td>on day notice</td> </tr> <tr> <td>Government & Local Authority</td> <td>(24.41)</td> <td>101.92</td> <td>(99.95)</td> <td>(22.44)</td> <td>1.97</td> <td>45 days</td> </tr> <tr> <td>Managed Externally (CCLA Pooled funds)</td> <td>(27.25)</td> <td>(0.25)</td> <td></td> <td>(27.00)</td> <td>0.25</td> <td>Unspecified</td> </tr> <tr> <td>Total Investments</td> <td>(107.22)</td> <td>290.18</td> <td>(250.84)</td> <td>(67.27)</td> <td>39.96</td> <td></td> </tr> </tbody> </table>		Balance on 01/04/2022	Investments Repaid	New Investments	Balance on 30/09/2022	(Increase)/ Decrease in Investment for Year	Average Life of Investments		£M	£M	£M	£M	£M	Life	Multi- National Bonds (not subject to bail in)	(1.06)	(0.05)	0.00	(1.01)	0.05	3 years	Money Market Funds and Call Account	(54.50)	188.57	(150.89)	(16.82)	37.68	on day notice	Government & Local Authority	(24.41)	101.92	(99.95)	(22.44)	1.97	45 days	Managed Externally (CCLA Pooled funds)	(27.25)	(0.25)		(27.00)	0.25	Unspecified	Total Investments	(107.22)	290.18	(250.84)	(67.27)	39.96	
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26.	<p>The increases in Bank Rate over the period under review, and with the prospect of more increases to come, short-dated cash rates, rose by around 1.5% for overnight/7-day maturities and by nearly 3.5% for 9-12 month maturities. By end September, the rates on DMADF deposits ranged between 1.85% (overnight) and 3.5% (6 months). The return on the Council's sterling low volatility net asset value (LVNAV) Money Market Funds ranged between 0.48% - 0.54% in early April and between 1.95% and 2.13% at the end of September.</p> <p>Forecast income is now £1.63M, £0.61M higher than originally budgeted.</p>																																																	

27. Security of capital has remained the council's main investment objective. This has been maintained by following the Authority's counterparty policy as set out in its TM Strategy Statement for 2023/24. The council has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average credit rating of its investment portfolio, which is supplied by our advisors. 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.

	Target	Actual
Portfolio average credit rating	A	AA-

28. Counterparty credit quality was assessed and monitored with reference to credit ratings (the Authority's minimum long-term counterparty rating is A-) across rating agencies Fitch, S&P and Moody's); for financial institutions analysis of funding structure and susceptibility to bail-in, credit default swap prices, financial statements, information on potential government support and reports in the quality financial press. The authority also used secured investments products that provide collateral in the event that the counterparty cannot meet its obligations for repayment.

Credit Developments and Credit Risk Management

29. Having completed its full review of its credit advice on unsecured deposits at UK and non-UK banks, in May Arlingclose extended the maximum duration limit for five UK banks, four Canadian banks and four German banks to six months. The maximum duration for unsecured deposits with other UK and non-UK banks on Arlingclose's recommended list is 100 days. These recommendations were unchanged at the end of the period.

Arlingclose continued to monitor and assess credit default swap levels for signs of credit stress but made no changes to the counterparty list or recommended durations. Nevertheless, increased market volatility is expected to remain a feature, at least in the near term and, as ever, the institutions and durations on the Authority's counterparty list recommended by Arlingclose remains under constant review. Further information on the background to this is available in Appendix 1.

30. **Benchmarking:** Our advisors Arlingclose produce quarterly benchmarking which shows the breakdown of our investments and how we compare to their other clients and other English Unitary Authorities. Details can be seen in Appendix 3.

Investments managed internally are currently averaging a return of 1.91% which is higher than the average unitary authority at 1.74% whilst maintaining the same credit rating at AA-.

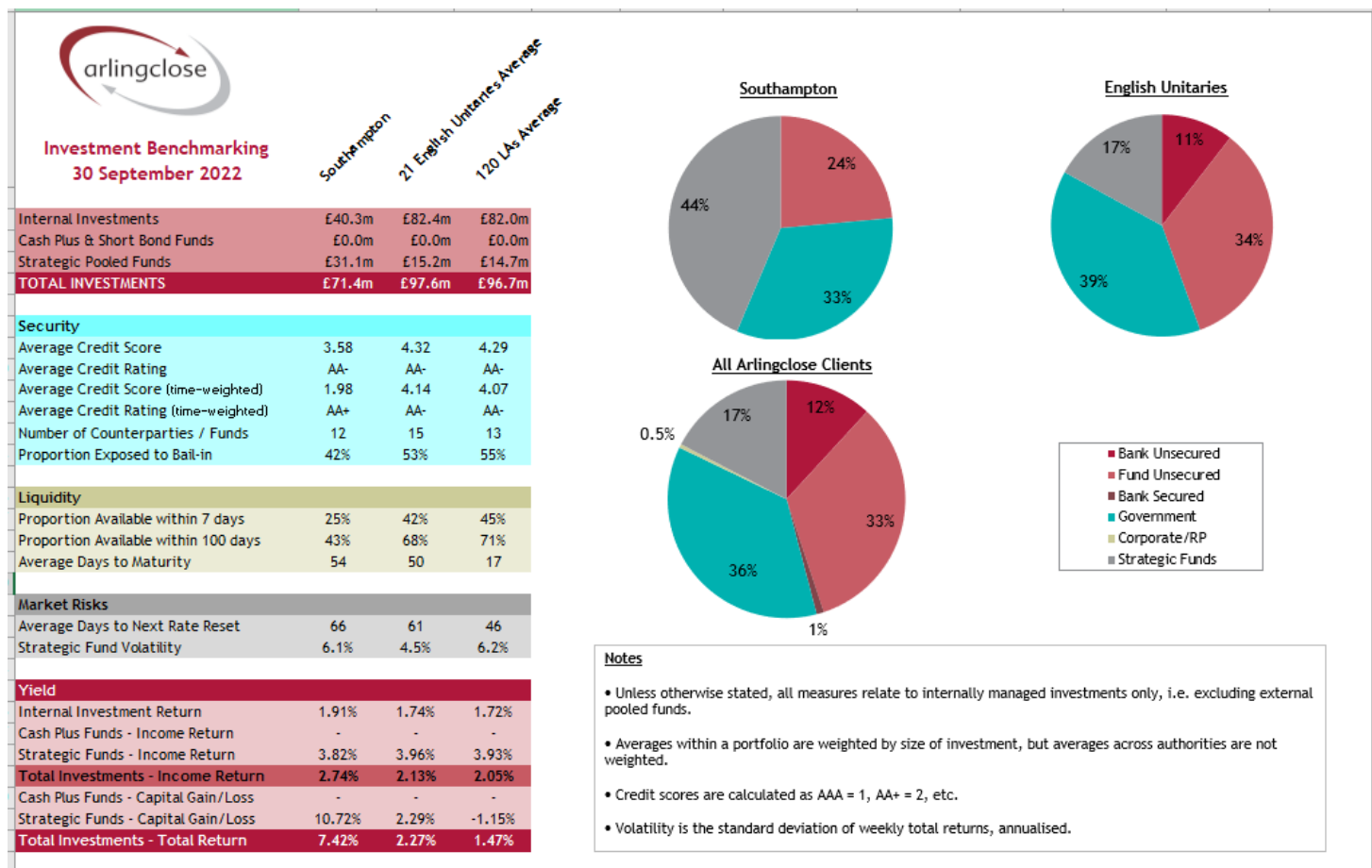
Total income returns at 2.74% is also higher than the average for both unitary (2.13%) and LA's (2.05%), this is primarily due to historic investment in EIB bonds which return 5.27%, although on a small balance of £1M, since maturities cannot be replaced at the same level.

We hold 44% of our investments in strategic funds which offer higher return over the long term as detailed in paragraphs 15 to 18 below. This is higher than the average but in line with our strategy.

In addition, due to the increase in the capital value of our external funds of +10.72% our total investment return at 7.42% is significantly higher than the average LA's at 1.47% and the average unitary at 2.27% across Arlingclose's client base but as previously reported, it is the income return that was the driver to invest and they were deemed less risky than buying individual properties and do not constitute capital spend. This is kept currently under review and advice sought from advisors.

Liquidity Management	
31.	In keeping with the DLUHC Guidance on Investments, the Council maintained a sufficient level of liquidity through the use of Money Market Funds and call accounts. There is no perceived risk that the Council will be unable to raise finance to meet its commitments. The Council also has to manage the risk that it will be exposed to replenishing a significant proportion of its borrowing at a time of unfavourable interest rates. The Council would only borrow in advance of need where there is a clear business case for doing so and will only do so for the current capital programme or to finance future debt maturities.
Externally Managed Funds	
32.	The Council has invested £27M in pooled property funds which offer the potential for enhanced returns over the longer term but will be more volatile in the shorter term. These funds 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.
33.	Because these funds have no defined maturity date, but are available for withdrawal after a notice period (90 days), their performance and continued suitability in meeting the Authority's investment objectives is regularly reviewed. Strategic fund investments are made in the knowledge that capital values will move both up and down on months, quarters and even years; but with the confidence that over a three to five-year period total returns will exceed cash interest rates. In light of their performance over the long-term and the Authority's latest cash flow forecasts, investment in these funds has been maintained.
34.	The market improved since year end when the value was reported as £30.89M and this improvement continue into the first quarter when the value was reported at £32.51M but has now fallen back to £31.13M a decrease of £1.38M since June but is still £4.13M above the initial investment of £27M. The dividend for April to June was £0.26M and has been estimated at £0.30M for July to September, 3.98% against the original investment, this is in line with 2021/22. If rates remain at this level the total forecast dividend for the year is £1.07M.
Non – Treasury Investments	
35.	The definition of investments in CIPFA's revised Treasury Management Code now covers all the financial assets of the Authority as well as other non-financial assets which the Authority holds primarily for financial return. This is replicated in DLUHC Investment Guidance, in which the definition of investments is further broadened to also include all assets held partially for financial return.
36.	Between 2016 and 2017, SCC implemented a strategy to invest in 3 commercial properties with the expected return on investment being used to fund council services, known as the Property investment fund (PIF).
37.	All of the properties remain fully let and the tenants are meeting their financial obligations under the leases. The rate of return on these investments in 2022/23 is expected to be 5.74% gross and 2.03% net (after borrowing costs of £1.2M) which represents a contribution to the revenue account of around £0.54M.
38.	The Council also maintains an historic stock of investment properties within the City.

Southampton Benchmarking Scores 30th September 2021



The above highlights:

- Our internal investment balances have fallen to offset the need for borrowing and are 50% below the average.
- Internal investments average yield at 1.91% is slightly above average,
- We have maintained an average credit rating of AA- in line with the average English Unitary and other Local Authorities whilst achieving a higher income return at 2.74% compared to 2.13% and 2.05%.
- Our Strategic Investments at 44% is higher than the average at 17% and the income yield on these is 3.82% which is slightly below average Ununitary at 3.96% but due to the recovery of the value of the fund over the period, total return is higher at 10.72% compared 2.29% and -1.15%.

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Agenda Item 9

COMPLIANCE WITH PRUDENTIAL INDICATORS DURING 2022/23 Appendix 4

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 a number of indicators that must be set and monitored each year.

The Council complied with all of its Prudential Indicators. Details of the performance against key indicators are shown below:

1. Gross Debt and the Capital Financing Requirement (CFR)

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 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. If in any of these years there is a reduction in the CFR, this reduction is ignored in estimating the cumulative increase in the CFR which is used for comparison with gross external debt.

The S151 Officer reports that the Authority had no difficulty in meeting this requirement in 2022/23 to date, nor are there any concerns for future years. This view takes into account current commitments and existing plans in the approved budget.

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 reasons for this are to reduce credit risk, take pressure off the Council's lending list and to avoid the cost of carry existing in the current interest rate environment. The tables below detail expected and actual debt position. Details of the CFR movement can be seen in Appendix 2, table 2.

Due to rising interest rates and the impact on borrowing costs, a review of the capital programme was undertaken during quarter 2, which has resulted in a reduction in borrowing overall and a re-profiling of schemes to move borrowing into later years plus available internal resource have been reassessed in line CIPFA guidance on benchmark liability.

Gross Debt	31/03/2022 Actual	31/03/2023 Forecast Last Reported	31/03/2023 Current Forecast	Movement since last reported position
	£M	£M	£M	£M
Borrowing (Long Term GF)	90.03	195.73	106.82	(88.91)
Borrowing (Long Term HRA)	165.27	187.77	182.17	(5.60)
Borrowing (Short Term)	0.36	10.35	0.44	(9.91)
Total Borrowing	255.66	393.85	289.43	(104.42)
Finance leases and Private Finance Initiatives	47.52	44.37	44.37	0.00
Transferred Debt	13.10	12.73	12.73	0.00
Total Other Debt	60.62	57.11	57.11	0.00
Total Debt	316.28	450.96	346.54	(104.42)

2. Authorised Limit and Operational Boundary for External Debt

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 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 in the year to date; borrowing at its peak was £266M plus other deferred liabilities of £60.6M.

2022/23	Authorised Limit £M	Operational Boundary £M
Borrowing	910	785
Other Long-term Liabilities	65	65
Total	975	850

3. Upper Limits for Fixed Interest Rate Exposure and Variable Interest Rate Exposure

These indicators allow the Council to manage the extent to which it is exposed to changes in interest rates. The upper limit for variable rate exposure allows for the use of variable rate debt to offset exposure to changes in short-term rates on our portfolio of investments.

	Limits for 2022/23 (%)	Maximum during 2022/23 (%)	Compliance with Limits
Upper Limit for Fixed Rate Exposure	100	83.2	Yes
Upper Limit for Variable Rate Exposure	50	16.8	Yes

4. Total Principal Sums Invested for Longer Than a Year

This indicator allows the Council to manage the risk inherent in investments longer than a year and the limit is set at £100M. The actual principal sum invested to date has peaked at £28M and is made up of the £27M in Property funds (CCLA) and Bonds of £1M. This is lower than that reported previously and reflects the withdrawal from the Bonds market, following maturity, where the return is no longer attractive.

5. Ratio of Financing Costs to Net Revenue Stream

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 strategy model. The upper limit for this ratio is currently set at 15% and will remain so for the General Fund to allow for known borrowing decision in the next two years and to allow for additional borrowing affecting major schemes. The table below shows the likely position based on the proposed capital programme (including cost of long term liabilities).

Under CIPFA’s revised reporting requirements this indicator now excludes income earned on investments and the impact this would have on the indicator is also included. This shows that costs would still be within the 15% limit.

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 should any 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	2021/22 Actual %	2022/23 Strategy %	2022/23 Forecast %	Variance %	2022/23 CIPFA %
General Fund	9.69	10.05	8.96	(1.09)	10.23
HRA	6.38	7.09	7.27	0.18	7.30
Total	11.52	10.34	9.61	(0.73)	10.23

6. HRA Limit on Indebtedness

Following the Chancellor’s announcement in the 2018 Autumn Budget, restrictions relating to HRA borrowing have been lifted. This means that the previous HRA debt cap of £199.6m has been technically removed, and there is now the emphasis for councils to plan their new build strategy and financing at a local level incorporating affordability and prudence. As such it has been agreed that the limit will remain for existing stock and that as part of the new build strategy relevant Prudential Indicators will be agreed.

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GLOSSARY OF TREASURY TERMS

<p>Authorised Limit (Also known as the Affordable Limit):</p> <p>A statutory limit that sets the maximum level of external borrowing on a gross basis (i.e., not net of investments) for the Council. It is measured on a daily basis against all external borrowing items on the Balance Sheet (i.e. long and short-term borrowing, overdrawn bank balances and long term liabilities).</p>
<p>Balances and Reserves:</p> <p>Accumulated sums that are maintained either earmarked for specific future costs or commitments or generally held to meet unforeseen or emergency expenditure.</p>
<p>Bail - in (Risk):</p> <p>Following the financial crisis of 2008 when governments in various jurisdictions injected billions of dollars into banks as part of bail-out packages, it was recognised that bondholders, who largely remained untouched through this period, should share the burden in future by making them forfeit part of their investment to "bail in" a bank before taxpayers are called upon.</p> <p>A bail-in takes place before a bankruptcy and under current proposals, regulators would have the power to impose losses on bondholders while leaving untouched other creditors of similar stature, such as derivatives counterparties. A corollary to this is that bondholders will require more interest if they are to risk losing money to a bail-in.</p>
<p>Bank Rate:</p> <p>The official interest rate set by the Bank of England's Monetary Policy Committee and what is generally termed at the "base rate". This rate is also referred to as the 'repo rate'.</p>
<p>Bond:</p> <p>A certificate of debt issued by a company, government, or other institution. The bond holder receives interest at a rate stated at the time of issue of the bond. The repayment date is also set at the onset but can be traded during its life, but this will affect the price of a bond which may vary during its life.</p>
<p>Capital Expenditure:</p> <p>Expenditure on the acquisition, creation or enhancement of capital assets.</p>
<p>Capital Financing Requirement (CFR):</p> <p>The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's underlying borrowing need.</p>
<p>CD's:</p> <p>Certificates of Deposits with banks and building societies</p>
<p>Capital Receipts:</p> <p>Money obtained on the sale of a capital asset.</p>

Constant Net Asset Value (CNAV)

These are Money Market Funds which maintain a stable price of £1 per share when investors redeem or purchase shares which mean that that any investment will not fluctuate in value.

Corporate Bonds:

Corporate bonds are bonds issued by companies. The term is often used to cover all bonds other than those issued by governments in their own currencies and includes issues by companies, supranational organisations and government agencies.

Cost of Carry:

The "cost of carry" is the difference between what is paid to borrow compared to the interest which could be earned. For example, if one takes out borrowing at 5% and invests the money at 1.5%, there is a cost of carry of 3.5%.

Counterparty List:

List of approved financial institutions with which the Council can place investments with.

Covered Bond:

Covered bonds are debt securities backed by cash flows from mortgages or public sector loans. They are similar in many ways to asset-backed securities created in securitisation, but covered bond assets remain on the issuer's consolidated balance sheet (usually with an appropriate capital charge). The covered bonds continue as obligations of the issuer (often a bank); in essence, the investor has recourse against the issuer and the collateral, sometimes known as "dual recourse."

CPI :

Consumer Price Index – the UK's main measure of inflation.

Credit Rating:

Formal opinion by a registered rating agency of a counterparty's future ability to meet its financial liabilities; these are opinions only and not guarantees.

Diversify /diversified exposure:

The spreading of investments among different types of assets or between markets in order to reduce risk.

DLUHC:

The Department for Levelling Up, Housing and Communities (DLUHC), formerly the Ministry for Housing, Communities and Local Government (MHCLG), is the UK Government department for housing, communities, local government in England and the levelling up policy.

Federal Reserve:

The US central bank. (Often referred to as "the Fed").

FTSE 100 Index:

The FTSE 100 Index is a share index of the 100 companies listed on the London Stock Exchange with the highest market capitalisation. It is one of the most widely used stock indices and is seen as a gauge of business prosperity for business regulated by UK

company law. The index is maintained by the FTSE Group, a subsidiary of the London Stock Exchange Group.

General Fund:

This includes most of the day-to-day spending and income.

Gilts:

Gilts are bonds issued by the UK Government. They take their name from 'gilt-edged': being issued by the UK government, they are deemed to be very secure as the investor expects to receive the full face value of the bond to be repaid on maturity.

Gross Domestic Product (GDP):

Gross Domestic Product measures the value of goods and services produced within a country. GDP is the most comprehensive overall measure of economic output and provides key insight as to the driving forces of the economy.

The G7:

The G7, is a group consisting of the finance ministers of seven industrialised nations: namely the US, UK, France, Germany, Italy, Canada and Japan. They are seven of the eight (China excluded) wealthiest nations on Earth, not by GDP but by global net wealth. The G7 represents more than the 66% of net global wealth (\$223 trillion), according to Credit Suisse Global Wealth Report September 2012.

IFRS:

International Financial Reporting Standards.

LIBID:

The London Interbank Bid Rate (LIBID) is the rate bid by banks on Eurocurrency deposits (i.e. the rate at which a bank is willing to borrow from other banks). It is "the opposite" of the LIBOR (an offered, hence "ask" rate, the rate at which a bank will lend). Whilst the British Bankers' Association set LIBOR rates, there is no correspondent official LIBID fixing.

LOBO:

Stands for Lender Option Borrower Option. The underlying loan facility is typically very long-term - for example 40 to 60 years - and the interest rate is fixed. However, in the LOBO facility the lender has the option to call on the facilities at pre-determined future dates. On these call dates, the lender can propose or impose a new fixed rate for the remaining term of the facility and the borrower has the 'option' to either accept the new imposed fixed rate or repay the loan facility. The upshot of this is that on the option exercise date, the lender could propose an extreme fixed rate, say 20 per cent, which would effectively force the repayment of the underlying facility. The borrower's so called 'option' is only the inalienable right to accept or refuse a new deal such as a fixed rate of 20 per cent.

Maturity:

The date when an investment or borrowing is repaid.

LUHC - Department for Levelling Up, Housing and Communities

Formally Ministry for Housing, Communities and Local Government (MHCLG) and the Department for Communities and Local Government (DCLG) which was created on 5 May 2006, replacing the Office of the Deputy Prime Minister (ODPM), with a remit to promote

community cohesion and equality, as well as responsibility for housing, urban regeneration, planning and local government.

Maturity Structure / Profile:

A table or graph showing the amount (or percentage) of debt or investments maturing over a time period. The amount or percent maturing could be shown on a year-by-year or quarter-by quarter or month-by-month basis.

Minimum Revenue Provision (MRP):

An annual provision that the Council is statutorily required to set aside and charge to the Revenue Account for the repayment of debt associated with expenditure incurred on capital assets.

Ministry for Housing, Communities and Local Government (MHCLG):

The Department for Communities and Local Government (DCLG) was created on 5 May 2006, replacing the Office of the Deputy Prime Minister (ODPM), with a remit to promote community cohesion and equality, as well as responsibility for housing, urban regeneration, planning and local government.

On 8 January 2018, the government announced that the Department for Communities and Local Government will be renamed as the Ministry for Housing, Communities and Local Government (MHCLG).

On the 20 September 2021 this has subsequently been rebranded to Department for Levelling Up, Housing and Communities (LUHC)

Money Market Funds (MMF):

An open-end mutual fund which invests only in money markets. These funds invest in short term debt obligations such as short-dated government debt, certificates of deposit and commercial paper. The main goal is the preservation of principal, accompanied by modest dividends. The fund's net asset value remains constant (e.g. £1 per unit) but the interest rate does fluctuate. These are liquid investments, and therefore, are often used by financial institutions to store money that is not currently invested. Risk is extremely low due to the high rating of the MMFs; many have achieved AAA credit status from the rating agencies:

- **Constant net asset value (CNAV)** refers to funds which use amortised cost accounting to value all of their assets. They aim to maintain a net asset value (NAV), or value of a share of the fund, at €1/£1/\$1 and calculate their price to two decimal places known as "penny rounding". Most CNAV funds distribute income to investors on a regular basis (distributing share classes), though some may choose to accumulate the income, or add it on to the NAV (accumulating share classes). The NAV of accumulating CNAV funds will vary by the income received.
- **Variable net asset value (VNAV)** refers to funds which use mark-to-market accounting to value some of their assets. The NAV of these funds will vary by a slight amount, due to the changing value of the assets and, in the case of an accumulating fund, by the amount of income received.

This means that a fund with an unchanging NAV is, by definition, CNAV, but a fund with a NAV that varies may be accumulating CNAV or distributing or accumulating VNAV.

Non Specified Investment:

Investments which fall outside the CLG Guidance for **Specified investments** (below).

Operational Boundary:

This linked directly to the Council's estimates of the CFR and estimates of other day to day cash flow requirements. This indicator is based on the same estimates as the Authorised Limit reflecting the most likely prudent but not worst case scenario but without the additional headroom included within the Authorised Limit.

Premiums and Discounts:

In the context of local authority borrowing,

- (a) the premium is the penalty arising when a loan is redeemed prior to its maturity date and
- (b) the discount is the gain arising when a loan is redeemed prior to its maturity date.

If on a £1 million loan, it is calculated that a £150,000 premium is payable on premature redemption, then the amount paid by the borrower to redeem the loan is £1,150,000 plus accrued interest. If on a £1 million loan, it is calculated* that a £50,000 discount receivable on premature redemption, then the amount paid by the borrower to redeem the loan is £950,000 plus accrued interest. PWLB premium/discount rates are calculated according to the length of time to maturity, current market rates (plus a margin), and the existing loan rate which then produces a premium/discount dependent on whether the discount rate is lower/higher than the coupon rate.

**The calculation of the total amount payable to redeem a loan borrowed from the Public Works Loans Board (PWLB) is the present value of the remaining payments of principal and interest due in respect of the loan being repaid prematurely, calculated on normal actuarial principles. More details are contained in the PWLB's lending arrangements circular.*

Property:

Investment property is property (land or a building or part of a building or both) held (by the owner or by the lessee under a finance lease) to earn rentals or for capital appreciation or both.

Prudential Code:

Developed by CIPFA and introduced on 01/4/2004 as a professional code of practice to support local authority capital investment planning within a clear, affordable, prudent and sustainable framework and in accordance with good professional practice.

Prudential Indicators:

Indicators determined by the local authority to define its capital expenditure and asset management framework. They are designed to support and record local decision making in a manner that is publicly accountable; they are not intended to be comparative performance indicators

Public Works Loans Board (PWLB):

This is a statutory body operating within the United Kingdom Debt Management Office, an Executive Agency of HM Treasury. The PWLB's function is to lend money from the National Loans Fund to local authorities and other prescribed bodies, and to collect the repayments.

Quantitative Easing (QE):

In relation to the UK, it is the process used by the Bank of England to directly increase the quantity of money in the economy. It *“does not involve printing more banknotes. Instead, the Bank buys assets from private sector institutions – that could be insurance companies, pension funds, banks or non-financial firms – and credits the seller's bank account. So the seller has more money in their bank account, while their bank holds a corresponding claim*

against the Bank of England (known as reserves). The end result is more money out in the wider economy". Source: Bank of England.

Regularity Method - MRP:

As detailed under MRP, this is a charge to revenue to repay capital expenditure financed by borrowing. There are a number of options for a prudent provision and this is for debt prior to 2008 which is supported by the Government through the RSG system. Although regulation 28 is revoked by regulation 4(1) of the 2008 Regulations, authorities are able to calculate MRP as if it were still in force.

Revenue Expenditure:

Expenditure to meet the continuing cost of delivery of services including salaries and wages, the purchase of materials and capital financing charges.

RPI:

Retail Prices Index is a monthly index demonstrating the movement in the cost of living as it tracks the prices of goods and services including mortgage interest and rent. Pensions and index-linked gilts are updated using the RPI index.

(Short) Term Deposits:

Deposits of cash with terms attached relating to maturity and rate of return (Interest).

Specified Investments:

Term used in the CLG Guidance and Welsh Assembly Guidance for Local Authority Investments. Investments that offer high security and high liquidity, in sterling and for no more than one year. UK government, local authorities and bodies that have a high credit rating.

Supported Borrowing:

Borrowing for which the costs are supported by the government or third party.

Temporary Borrowing:

Borrowing to cover peaks and troughs of cash flow, not to fund capital spending.

Treasury Management Code:

CIPFA's Code of Practice for Treasury Management in the Public Services, initially brought in 2003, subsequently updated in 2009 and 2011.

Treasury Management Practices (TMP):

Treasury Management Practices set out the manner in which the Council will seek to achieve its policies and objectives and prescribe how it will manage and control these activities.

Unsupported Borrowing:

Borrowing which is self-financed by the local authority. This is also sometimes referred to as Prudential Borrowing.

Variable Net Asset Value (VNAV):

Redemptions and investments in Money Market Funds (MMF's) are on the basis of the fund's Net Asset Value (NAV) per share. The NAV of any money market fund is the market value of the fund's assets minus its liabilities and is stated on a per share basis. The net value of the assets held by an

MMF can fluctuate, and the market value of a share may not always be exactly the amount that has been invested.

Yield:

The measure of the return on an investment instrument.

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ECISION-MAKER:	Governance Committee
SUBJECT:	Annual Review of Complaints 2021/22
DATE OF DECISION:	14 th November 2022
REPORT OF:	Director of Legal and Business Services

<u>CONTACT DETAILS</u>			
Executive Director	Title	Director of Legal and Business Services	
	Name:	Richard Ivory	Tel: 023 80 2794
	E-mail	richard.ivory@southampton.gov.uk	
Author:	Title	Manager, Complaints Resolution Team	
	Name:	Mark Naylor	Tel: 023 80 3154
	E-mail	Mark.naylor@southampton.gov.uk	

STATEMENT OF CONFIDENTIALITY

N/A

BRIEF SUMMARY

This report summarises the type and number of complaints received from the 1 April 2021 to the 31 March 2022. Overall complaints registered with the Council have increased this year (537 this year/ 432 last year).

	2021/22	2020/21
Non-Social Care Complaints	21% increase – 418	334
Adult Services Complaints	18% increase – 23	19
Children and Learning Complaints	18% increase - 96	79

The Complaints Resolution Team (CRT), based in the Legal Partnership administers and investigates complaints from all areas within the Council (stage 2) that the service area has been unable to resolve to the satisfaction of the complainant, at initial point of contact (Stage 1), alongside and responsible to the Head of Legal Partnerships who acts as the Council's single point of contact for Local Government and Social Care Ombudsman (LGSCO) and Housing Ombudsman (HO).

RECOMMENDATIONS:

- | | | |
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| | (i) | That the report be noted and to offer any feedback on governance or performance relating to the complaints function to inform future service delivery. |
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REASONS FOR REPORT RECOMMENDATIONS

- | | |
|----|--|
| 1. | To update the Committee on performance trends and any learning points arising out of complaints made by the public via the Council's complaints procedures during 2021/22. Identifying these issues assists the Council in understanding |
|----|--|

	where things have “gone wrong” in the past year in order to improve service delivery.
2.	This report is presented to Governance Committee for information, learning points and feedback purposes as required by the LGSCO as part of its guidance on the governance and oversight of a high performing (good) complaints process.
ALTERNATIVE OPTIONS CONSIDERED AND REJECTED	
3.	N/A. The LGSCO requires the Council to report and consider complaints trends and outcomes annually with members and senior management.
DETAIL (Including consultation carried out)	
4.	The effective and responsive management of complaints is a vital part of the Council’s overall approach to customer care. In addition, the customer feedback that valid complaints provide can be used to improve service delivery, facilitate Council-wide learning and demonstrate continuous improvement.
5.	At the conclusion of a complaint’s investigation, the complainant is advised that if they are not satisfied with the outcome achieved for them by the Council, they may pursue their complaint to the LGSCO or the HO. This provides the customer with an entirely independent source of advice and redress if they remain aggrieved. The Council has a good working relationship and works closely with the LGSCO or HO to resolve outstanding complaints where appropriate.
6.	<p>Overall complaints</p> <p>The council’s customer facing teams have continued with an “immediate service recovery” ethos adopted 6 years ago.</p> <p>Under the service recovery process, where immediate action is not possible or the issue is identified as a continuing failure within the service area, matters are moved out of a ‘business as usual’ response and recorded as complaints.</p> <p>By adopting this approach, a member of the public is receiving an immediate resolution to an issue for the significant majority of matters referred to the Council, which is generally what is required.</p> <p>The number of recorded complaints in all areas of the Council initially saw a sharp decrease since the introduction of the immediate service recovery ethos and has delivered significant improvements to the customer journey and satisfaction rates as demonstrated by the decreasing number of recorded complaints.</p> <p>The immediate recovery ethos is now embedded, and the complaints decreases seen in the early years of introduction have now levelled out..</p>
7.	<p>In this reporting year all areas have seen increases in complaints coming more into keeping with pre pandemic levels. The increases are small in each service area, but create a 20% increase in total across the whole council. Due to small changes across a number of service areas it is not possible to find an evidence reason for the increases.</p> <p>A larger increase was seen in the Revenue and Benefits areas of business as they saw 72 complaints in the reporting year, a large proportion of which were challenges to grants (both business and personal), in regard to the Covid 19 recovery period, given by the Government but administered by Local Authorities.</p> <p>The legislation brought in, did not offer a right of review of the Council’s decisions in respect of grants and support, and therefore any challenges to</p>

decisions were processed through the complaints policy to provide an effective 'appeal' process and evidence good governance and oversight of grant decisions.

Both Adults Social Care and Children and Learning Services experienced increases this reporting year bringing them both back to the level of the pre-pandemic era.

8. Non-social care areas

From 01/04/2021 to 31/03/22, the council recorded 418 corporate complaints at Stage 1, registered and dealt with by the service area affected:

Stage 1	2021/22	2020/21	2019/20	2018/19
Total	418	334	202	201
Responded in time (20 days)	76%	82%	65%	56%

In regard to outcomes of the stage one investigations:
145 were upheld, 70 were partially upheld and 203 were not upheld.

It should be noted that the 145 upheld complaints include a number of complaints where apologies were given for communication and complaint handling issues, rather than the substantive issue of the complaint.

Of those stage 1 complaints, the following were examined at Stage 2 by the Complaints Resolution Team, following a request from the complainant:

Stage 2	2021/22	2020/21	2019/20	2018/19
Total	79	73	77	49
Responded in time (20 days)	100%	100%	100%	100%

9. Adult Social Care

From 01/04/2021 to 31/03/22, the council recorded 23 adult social care complaints. Stage 1 registered and dealt with by the service area affected:

Stage 1	2021/22	2020/21	2019/20	2018/19
Total	23	19	37	75
Responded in time (20 days)	70%	90%	63%	47%

In regard to outcomes of the stage one investigations:
8 were upheld, 8 were partially upheld and 7 were not upheld.

20 matters that were referred to the service as complaints were not registered as such but dealt with by other means i.e., safeguarding process, dealt with by another lead agency (predominantly the NHS) or court process.

	<p>Of those stage 1 complaints, the following were examined at stage 2 by the Complaints Resolution Team, following a request from the complainant:</p> <table border="1"> <thead> <tr> <th>Stage 2</th> <th>2021/22</th> <th>2020/21</th> <th>2019/20</th> <th>2018/19</th> </tr> </thead> <tbody> <tr> <td>Total</td> <td>9</td> <td>2</td> <td>7</td> <td>9</td> </tr> <tr> <td>Responded in time (20 days)</td> <td>100%</td> <td>100%</td> <td>100%</td> <td>100%</td> </tr> </tbody> </table>	Stage 2	2021/22	2020/21	2019/20	2018/19	Total	9	2	7	9	Responded in time (20 days)	100%	100%	100%	100%															
Stage 2	2021/22	2020/21	2019/20	2018/19																											
Total	9	2	7	9																											
Responded in time (20 days)	100%	100%	100%	100%																											
10.	<p>Children and Learning Service</p> <p>From 01/04/2021 to 31/03/22, the council recorded 96 children and learning services complaints. Stage 1 registered and dealt with by the service area affected:</p> <table border="1"> <thead> <tr> <th>Stage 1</th> <th>2021/22</th> <th>2020/21</th> <th>2019/20</th> <th>2018/19</th> </tr> </thead> <tbody> <tr> <td>Total</td> <td>96</td> <td>79</td> <td>105</td> <td>66</td> </tr> <tr> <td>Responded in time (20 days)</td> <td>52%</td> <td>57%</td> <td>53%</td> <td>65%</td> </tr> </tbody> </table> <p>In regard to outcomes of the stage one investigations: 15 were upheld, 40 were partially upheld and 28 were not upheld.</p> <p>13 were registered as complaints but then after initial review were processed by other means i.e. safeguarding process, court process and referred to other agencies such as the police and the NHS.</p> <p>Of those stage 1 complaint, the following were examined at stage 2 by the Complaints Resolution Team, following a request from the complainant:</p> <table border="1"> <thead> <tr> <th>Stage 2</th> <th>2021/22</th> <th>2020/21</th> <th>2019/20</th> <th>2018/19</th> </tr> </thead> <tbody> <tr> <td>Total</td> <td>26</td> <td>12</td> <td>35</td> <td>20</td> </tr> <tr> <td>Responded in time (20 days)</td> <td>100%</td> <td>100%</td> <td>100%</td> <td>80%</td> </tr> </tbody> </table>	Stage 1	2021/22	2020/21	2019/20	2018/19	Total	96	79	105	66	Responded in time (20 days)	52%	57%	53%	65%	Stage 2	2021/22	2020/21	2019/20	2018/19	Total	26	12	35	20	Responded in time (20 days)	100%	100%	100%	80%
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Total	26	12	35	20																											
Responded in time (20 days)	100%	100%	100%	80%																											
11.	<p>Learning from complaints</p> <p>Communications. Timely and relevant communications, in all its forms remains a common thread throughout the majority of complaints registered and investigated.</p> <p>Many of the issues raised regarding communications is the time taken to respond to issues and enquires. The majority of these concerns are found to be unsubstantiated after investigation. This seemed to be as a result of the public not being aware of the timeframes in which the Council has set itself for responding to enquiries and contacts, thus members of the public expecting an unrealistic response time.</p> <p>The Council relied on the Customer Care Standards which were last reviewed in 2014. However, these have now been replaced (September 2022) with a wide-reaching strategy document relating, in part to communications and</p>																														

responses. The communication strategy can now be found on the prominent pages of the web site, an example of which can be found here [Contact us \(southampton.gov.uk\)](https://www.southampton.gov.uk/contact-us). Target times are prominently displayed on these pages.

The changes have been driven from feedback to complaints and comments made by the public and service users.

Housing Ombudsman Code

The HO brought in a new Code of Practice on 1st January 2022. The majority of changes were already part of SCC's complaint handling policies and needed no updating. However, the HO implemented a 10-day initial response target for complaints, the standard within SCC is 20 days. Housing Services adopted the code on the 1 January 2022 including the 10-day initial response target.

Tenants Panel

A number of complaints, related to Housing, suggested that tenants felt that their views were not considered during complaints processes and investigations. As a result of this, the offer of an informal review by a panel of tenants, instead of a stage two review by the CRT, which has always been available, has been made more prominent on stage one responses when they are sent out.

The Tenants Engagement panel has also reviewed the process, and information available to tenants regarding complaints review by Tenants Panel. Several suggestions have been implemented by Housing and the number of requests for Tenants Panel showed a small increase during this report year but has shown a sharper increase since April 2022 and will be reported on next year.

Covid Grant issues

As noted earlier in this report Revenue and Benefits administering the Government Covid Grant scheme, in the recovery phase, post pandemic had a substantial increase in complaints about their service. It should be noted that despite the challenges and some referrals to stage two and onward to the LGSCO, none of the complaints regarding Covid Grant handling were upheld at stage one, two or at the LGSCO stage. This is a positive result for a service under substantial pressure with the responsibilities placed on it in addition to its standard statutory responsibilities.

Training.

Routine complaints training held yearly, received mixed reaction from participants.

Following a review, a pilot was run with Children and Learning Services. The CRT delivered two complaints sessions, conducted during a week of CLS

	<p>dedicated training of new employees and new managers within the service. The content was targeted from suggestions from the CSL leadership Team, Quality Assurance Team, feedback from complainants and the CRT investigators (stage two reviews).</p> <p>The feedback to these two pilot days was extremely positive.</p> <p>Specific training for Adult Services and Corporate areas is now being developed, for roll out in Spring 2023.</p>
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RESOURCE IMPLICATIONS

Capital/Revenue

12. None

Property/Other

13. None

LEGAL IMPLICATIONS

Statutory power to undertake proposals in the report:

14. Section 111 Local Government Act 1972 and Section 1 Localism Act 2011.

Other Legal Implications:

15. Individual complaints touch on a wide variety of Council duties and powers which are taken into account (alongside pervasive legislation such as the Equalities Act 2010) when reviewing and responding to customer complaints and areas of service recovery or improvement.

RISK MANAGEMENT IMPLICATIONS

16. None in relation to this report. No major issues or areas of concern for the Council as a whole highlighted in this year's review however individual complaints are risk assessed on a case-by-case basis.

POLICY FRAMEWORK IMPLICATIONS

17. The complaints' function is exercised wholly in accordance with the Council's Policy Framework.

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

Documents In Members' Rooms

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

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DECISION-MAKER:	Governance Committee
SUBJECT:	Annual Risk Management Report 2022
DATE OF DECISION:	14 th November 2022
REPORT OF:	COUNCILLOR LEGGETT CABINET MEMBER FOR FINANCE AND CHANGE

<u>CONTACT DETAILS</u>			
Executive Director	Title	Executive Director for Finance and Commercialisation and Section 151 Officer	
	Name:	John Harrison	Tel: 023 8083 4879
	E-mail	john.harrison@southampton.gov.uk	
Author:	Title	Risk & Insurance Manager	
	Name:	Risk & Insurance Manager	Tel: 023 8083 2835
	E-mail	peter.rogers@southampton.gov.uk	

STATEMENT OF CONFIDENTIALITY	
Appendix 2 'Summary - Strategic Risks' is not for publication by virtue of category 5 paragraph 10.4 of the Access to Information Procedure Rules as set out in Council's Constitution. The information is exempt from publication as it includes information in respect of which a claim to legal professional privilege could be maintained in legal proceedings.	
BRIEF SUMMARY	
The Governance Committee is responsible for ensuring that an adequate and effective framework for the identification and management of risk is in place and that appropriate action is being taken to manage risk. The Annual Risk Management Report 2022 (Appendix 1) is intended to provide assurance that the council has in place effective risk management arrangements and that key risks are being managed and monitored appropriately.	
RECOMMENDATIONS:	
(i)	To review and comment on the Annual Risk Management Report 2022 (Appendix 1) and to note the 'Summary - Strategic Risks' (Appendix 2).
REASONS FOR REPORT RECOMMENDATIONS	
1.	This report is presented to the Governance Committee as the member body responsible for providing independent assurance on the adequacy of the risk management framework and the internal control and reporting environment.
2.	In addition, the Committee needs to satisfy itself that appropriate action is being taken on risk and internal control related issues identified by the internal and external auditors and other review and inspection bodies.
ALTERNATIVE OPTIONS CONSIDERED AND REJECTED	
3.	No alternative options have been considered.

DETAIL (Including consultation carried out)	
4.	The Annual Risk Management Report 2022 is intended to provide assurance to the Governance Committee that the Council has in place effective risk management arrangements and that key risks are being managed and monitored appropriately.
5.	The report is split into two main sections – Section A which provides a summary of the framework and overall arrangements in place across the council that are intended to ensure that proper consideration is taken of risk, and Section B which summarises the range of risk management activities that have been undertaken within the last 12 month period.
6.	Also included is a summary of the council’s Strategic Risks (Appendix 2), which are reviewed and updated on a quarterly basis and then presented to the Finance, Commercialisation and Performance Board for review.
7.	The Annual Risk Management Report 2022 report was presented to and reviewed by the Finance, Commercialisation and Performance Board on 1 st November 2022.
RESOURCE IMPLICATIONS	
<u>Capital/Revenue</u>	
8.	None
<u>Property/Other</u>	
9.	None
LEGAL IMPLICATIONS	
<u>Statutory power to undertake proposals in the report:</u>	
10.	The Accounts and Audit (England) Regulations 2015 Part 2 Section 3A(c) require the Council to have in place a ‘sound system of internal control which includes effective arrangements for the management of risk’.
<u>Other Legal Implications:</u>	
11.	None
RISK MANAGEMENT IMPLICATIONS	
12.	The report is intended to provide the Governance Committee with assurance regarding the arrangements in place to manage risk.
POLICY FRAMEWORK IMPLICATIONS	
13.	None

KEY DECISION?	No
WARDS/COMMUNITIES AFFECTED:	Not applicable
<u>SUPPORTING DOCUMENTATION</u>	
Appendices	
1.	Annual Risk Management Report 2022

2.	Summary - Strategic Risks (Confidential Item)
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Documents In Members' Rooms

1.	Not applicable
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Equality Impact Assessment

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

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

Other Background documents available for inspection at:

Title of Background Paper(s)	Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)
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1.	Not applicable	
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RISK MANAGEMENT ANNUAL REPORT 2022



Risk: 'the effect of uncertainty on objectives'

November 2022



Risk Management – Annual Report 2022

The purpose of this report is to provide assurance to the Governance Committee that the council has in place effective risk management arrangements and that key risks are being managed and monitored appropriately. This reflects the responsibilities of the Committee as set out in the Terms of Reference:

- *“To provide independent assurance on the adequacy of the risk management framework and the internal control and reporting environment...”*
- *“To be satisfied and provide assurance that appropriate action is being taken on risk and internal control related issues...”*

*This report is split into two main sections – **Section A** which provides a summary of the framework and overall arrangements in place across the council that are intended to ensure that proper consideration is taken of risk and **Section B** which summarises the range of risk management activities that have been undertaken within the 12 month period.*

ROLES AND RESPONSIBILITIES

The council's Risk and Insurance Service, which is part of Financial Planning and Management, is responsible for:

- Facilitating the continuing development of the council's risk management arrangements including developing appropriate guidance and information.
- Supporting services in the management of operational and strategic risk.
- Facilitating and supporting the 'Finance, Commercialisation and Performance Board' in respect of the identification, management, and review of the council's key strategic risks.
- Arranging appropriate risk financing measures and providing advice and guidance on the extent of insurance or self-insurance arrangements.
- Where appropriate, arranging the placement of cover with insurers including the negotiation of premium rates and policy terms.

SECTION A – RISK MANAGEMENT FRAMEWORK

The risk management framework comprises the overall arrangements in place across the council that are intended to ensure that proper consideration is taken of risk. The key components of this framework are:

- **Risk Management Policy**

This provides an overview of the operating framework, arrangements, and responsibilities for managing risk and is intended to assist officers, at all levels, in applying sound risk management principles and practices across their areas of responsibility. This policy, which is published on the council intranet, is subject to annual review and update as necessary.

- **Strategic Risk Register**

The Strategic Risk Register is a key document in terms of identifying, assessing, and managing the council's key strategic risks. The Strategic Risk Register is developed and managed in consultation with the 'Finance, Commercialisation and Performance Board' and individual Executive Directors. The Strategic Risk Register is updated and reviewed on a quarterly basis by the Board with new or emerging risks considered.

- **Corporate Report Templates**

The council's standard corporate report template, briefing template and EMB report template all include a 'Risk Management' section that requires a report author to consider and provide the 'decision taker/recipient' with relevant and proportionate information regarding the risks associated with the project, topic or initiative that is the subject of the report.

- **Project and Programme Risk Management**

The need to identify and manage risk runs throughout the project and programme management process with 'Risks, Assumptions, Issues, Dependencies ('RAID') Logs' embedded as part of project management governance. Template documents and associated guidance is available to assist both project managers and project sponsors/boards in understanding the importance of understanding and managing risk.

- **Partnerships**

All key service delivery partnerships (such as the Highways Service Partnership with Balfour Beatty Living Places) and major contracts have risk registers in place which are jointly reviewed with the supplier and includes any 'shared risk'. There is also guidance on the intranet in respect of managing risk in respect of non-commercial partnership working.

- **Medium Term Financial Forecast**

A 'Key Financial Risks' document identifies the key risks to the council's financial position over the short to medium term together with a summary of the mitigating actions in place and/or planned which is reviewed on a quarterly basis as part of financial monitoring.

- **Business Planning**

An annual business planning process is in place whereby plans are developed and reviewed to ensure that they reflect the key service delivery priorities and outcomes. Service Business Plans provide an overview of the services, the outcomes (and outputs) and actions or changes required to ensure delivery. The corporate business planning template includes a section on 'risk' which recognises the importance of services identifying and understanding the risks that may threaten or adversely impact delivery of their key priorities and outcomes.

- **Internal Audit**

Internal audit plays a vital role in advising the council that arrangements in relation to governance, risk and internal control are in place and operating effectively. Response to internal audit activity should lead to the strengthening of the internal control environment. The annual 'Internal Audit Plan' is informed by the council's Strategic Risks together with discussions with individual Executive Directors and EMB.

- **Fraud Risk Management**

An Anti-Fraud, Bribery and Corruption Policy is published on the intranet and applies to all employees, elected members and others who work for or on behalf of the Council. Internal control systems are intended to minimise the opportunity for fraud or misappropriation of assets.

- **Operational Risk Management**

The management of 'day to day' or 'operational risk' is the responsibility of individual service areas with support and guidance being provided by Risk and Insurance Services as required including, where necessary, access to specialist advice.

SECTION B - RISK MANAGEMENT ACTIONS AND INITIATIVES : Nov 2021- 2022

- **Quarterly reviews of the Strategic Risk Register**

The council's Strategic Risk Register was reviewed by the Finance, Commercialisation & Performance Board at End Q3 2021-22 (Jan 22), End Q4 2021-22 (May 22), End Q1 2022-23 (Sept 22) and End Q2 2022-23 (Nov 22). This Board, which comprises all members of EMB, receives a report in respect of the status of the council's Strategic Risks and information on any new or emerging risks for discussion.

The End Q1 22-23 review also included a summary of the 'Strategic Risk Registers' for those comparable councils who are members of the 'Key Cities' group. This was to enable the Board to consider how the council's strategic risks compare or contrast to those identified by other similar sized councils.

See Appendix 2 which is a summary of the Strategic Risks as at End Q2 2022-23.

- **External review of the Strategic Risk Register and Risk Management Policy** [Planned Action on 2021 Report]

A 'risk management consultant' from the council's liability and property insurers undertook a review of both the Strategic Risk Register and the council's Risk Management Policy. The purpose of the review, undertaken at no cost to the council, was to ensure that both are aligned with good practice and remain fit for purpose. The recommendations were considered and implemented as appropriate.

- **Revised and updated 'Risk Management Policy 2022/23-24/25'**

The council's previous Risk Management Policy was review and refreshed to ensure that it remains fit for purpose and aligned with the needs and business processes of the council. This policy provides an overview of the framework, arrangements, and responsibilities for managing risk within and across the Council. It is intended to assist officers, at all levels, in applying sound risk management principles, practices across their areas of responsibility.

- **Organisational risk management exercises**

Risk management is increasingly being used to assess the organisational impacts and risks to the council and its services arising from unforeseen events, for example the:

- Afghan refugee resettlement
- Conflict in Ukraine
- Cost of Living Crisis

In each case, the Risk & Insurance Team collated and drafted the key risks and impacts which were then subsequently used by cross council officer groups to better understand the issue and to inform subsequent actions.

- **ALARM National Risk Management Awards 2022 – Runner up**

The Council was shortlisted as a finalist in two categories ('Operational Risk' and 'Resilience Planning') of the ALARM Annual Risk Management awards. The award submission, made by council's 'Risk & Insurance Team and in collaboration with Property Services, referred to the significant programme of works that the council has undertaken in improving fire safety within its housing properties and, in particular, the retrofitting of sprinkler systems in the high rise housing blocks. ALARM is a national organisation with over 900 members within local government, blue light, education, housing and central government departments and agencies, and provides training, guidance and best practice, networking, and industry recognition for excellence across risk management.

- **Housing – Fire Safety**

The council's housing fire safety works programme, led by Property Services, continues. This programme has seen sprinklers installed into all 19 high rise housing blocks and over 2,400 accredited fire doors and frames fitted, as well as a range of associated passive fire safety works around fire stopping and compartmentation. Although the initial focus was on the high rise blocks there is an ongoing programme to replace fire doors and improve fire stopping in medium and low rise blocks which is being progressed on a risk based approach. Insurers have been kept informed of the actions being taken and, from a loss control perspective, recognise the benefits.

- **Representation on internal management boards**

The Risk & Insurance Manager is a member of the following Management Boards and is able to ensure that risk management issues are able to be raised and given proper consideration:

- Information Governance Board
- Health & Safety Board
- Fire Safety Programme Board
- Emergency Preparedness, Resilience and Response Board

- **Property Sums insured review programme [Planned Action on 2021 Report]**

An exercise, led by Property Services, was undertaken to review the approach in respect of the periodic review of the adequacy of property sums insured and also to take account of insurers expectations. An exercise has commenced to review of the sums insured of a selected number of properties with the expectation that a formal rolling programme will be developed and implemented.

- **Contracts – Indemnity and Insurance Clauses training [Planned Action on 2021 Report]**

A 'Contract - Insurance Terms and Clauses' training session was developed and presented to colleagues in the Supplier Management Team, Integrated Contracts Unit, Legal (Contracts Team) and Property Services. The sessions, which were intended to provide participants with 'a better understanding of insurance and indemnity clauses in contracts and their significance' were well received with over 65 participants attending the sessions that were held in January and September 2022.

- **Grounds Maintenance Depots – Security Surveys**

Following the theft of some Grounds Maintenance equipment and other incidents of vandalism and trespass, a security survey of the three depots was undertaken in conjunction with insurers. Recommendations arising out of the survey are to be considered by the service area.

- **Guidance and advice**

A range of guidance and advice was issued or published on the intranet including:

- A note to the council's Leadership Group regarding information governance and data breach claims with a separate communication to schools
- A 'Keeping you and your vehicle safe' bulletin, issued via Fleet Transport, to drivers of council commercial vehicles including a reminder not to leave a vehicle unlocked and unattended, and the importance of ensuring that the driver is aware of the type of handbrake on the vehicle and how it works
- Input in the development of new, or refreshed, corporate guidance (e.g. Health and Safety, HR etc) from a risk management and insurance perspective.

- **Risk Financing - review of self-insurance fund**

An external periodic review of the council's 'Self-Insurance Fund' was commissioned in order to assess the adequacy of the council's 'self-insurance' fund in terms of being able to meet current and future claims that fall within the insurance policy excesses (Liability claims below £125k, Property Claims below £40k and Motor Claims below £25k are all met from this fund). The review, undertaken via a specialist

division of the council's insurance broker Marsh, used various actuarial and statistical methods to assess the adequacy of the fund, with the subsequent report then used to inform decisions regarding future funding requirements.

- **Solent Unitaries Insurance Group**

Peer group meetings were held with colleagues from Portsmouth City Council, Isle of Wight Council and Bournemouth, Christchurch & Poole Council to share and discuss risk and insurance issues. The SCC Risk & Insurance Manager has chaired these meetings which have covered a range of subjects including:

- Insurance market insight
- Insurance programmes and renewal terms
- Covid risk and insurance issues
- Hybrid Working
- New or emerging claim trends

NEW RISK MANAGEMENT ACTIVITIES PLANNED OR BEING CONSIDERED

[Note: The following may need to be reprioritised or reconsidered subject to the business need]

- **Loss Reporting**

The existing insurance claims handling system has recently been upgraded which includes improved functionality in terms of loss reporting and analysis. Further work will be undertaken with key service areas in terms of how the insurance claims loss data may be used to inform their working practices.

- **Training – Insurance and Risk**

Look to develop further in-house operational risk management training sessions following on from the 'Contract – Indemnity and Insurance Clauses' training which was well received.

- **Property Sums Insured reviews**

Continue to work with Property Services in terms of the development of a consistent and sustainable approach to periodic review of property sums insured.

For further information please contact Peter Rogers, Risk & Insurance Manager 023 8083 2835 or insurance@southampton.gov.uk

Document is Confidential

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