

Governance Committee

Monday, 13th January, 2025
at 5.00 pm

PLEASE NOTE TIME OF MEETING

Conference Room 3 - Civic Centre

This meeting is open to the public

Members of the Committee

Councillor Rayment (Chair)
Councillor Mrs Blatchford
Councillor Cooper
Councillor Denness
Councillor Gravatt
Councillor Harwood
Councillor McCreanor

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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 2022-2030 sets out the four key outcomes:

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

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:

2024	2025
10 June	10 February
22 July	14 April
23 September	
4 November	
9 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 3.

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 IMPROVEMENT BOARD ANNUAL REPORT (Pages 1 - 14)

To consider the report of the Leader and Chief Executive of the Council and note the report of the Councils independent Improvement Board.

Friday, 3 January 2025

Director Governance Legal and HR

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Agenda Item 4

DECISION-MAKER:	Joint meeting of the Governance and Audit Committees		
SUBJECT:	Improvement Board annual report		
DATE OF DECISION:	13 January 2025		
REPORT OF:	Leader of the Council – Councillor Fielker Chief Executive		
<u>CONTACT DETAILS</u>			
AUTHOR:	Name:	David Courcoux, Head of Policy and Strategic Partnerships	Tel: 023 8083 2477
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STATEMENT OF CONFIDENTIALITY	
A sentence in Appendix 1 has been redacted in accordance with Category 5 of the Council's Access to Information Procedure Rules as contained in the Council's Constitution. It is not considered to be in the public interest to disclose this information in respect of which a claim to legal privilege could be maintained in legal proceedings.	
BRIEF SUMMARY	
This report sets out updates from the interim Chief Executive on progress made against key objectives since his appointment, and an annual report from the council's independent Improvement Board.	
RECOMMENDATIONS:	
	(i) Note the contents of the Chair of the independent Improvement Board's report and the Chief Executive's related progress update.
REASONS FOR REPORT RECOMMENDATIONS	
1.	The updates set out in this report provide insight to help guide and shape the council's continuing transformation and improvement. Given the focus on performance and governance improvement the reports are tabled for consideration by Audit and Governance committees in joint session.
ALTERNATIVE OPTIONS CONSIDERED AND REJECTED	
2.	To not publish the report.
DETAIL	
3.	During 2023, despite measures to radically reduce spending, such as a mandatory cost control panel chaired by the then Chief Executive, the council was at risk of being unable to achieve a balanced budget, and as result having to issue a Section 114 notice. In such a situation the appointment of commissioners is a common feature of Government intervention.

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

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

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

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

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

Documents In Members' Rooms

1.	None
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)	
1.	None

SOUTHAMPTON CITY COUNCIL

IMPROVEMENT BOARD

REPORT OF THE CHAIR OF THE BOARD

October 2024

In 2023 Southampton City Council then Leader Satvir Kaur and their S151 Officer, Mel Creighton, in realising the scale of the financial and cultural challenges facing the organisation, instigated the establishment of a Voluntary Improvement Board.

The Board was established and met for the first time in October 2023. Throughout its first year, the Improvement Board has been well supported, originally by Mike Harris CEO until December 2023, and since February 2024 by Andrew Travers, Interim CEO.

Board membership has seen some changes during the first year and we are grateful to those who served as the Children's and Adults representatives for the first few months. At this point, the Board Membership is of a high calibre, made up of expert individuals representing specific areas that are most challenged in the organisation, such as Children's Services, Adult Social Care, Housing, Finance, with a Political Advisor and an experienced Chair. (A list of Board Members is included at the end of the report)

The Council has also seen dramatic changes over the 12 months, with a new Leader appointed in December 2023, Cllr Lorna Fielker, an Interim CEO appointed in February 2024, followed by an election in May 2024 which seen further changes to the Cabinet; and several members of the Senior Management Team have also left and post are currently being recruited to.

At the commencement of the Board in October 2023, the financial challenges of the organisation were such that the issuing of a S114 Notice was imminent. There was no credible budget set for 2024/25 and the in-year position was running at a substantial overspend, with a high continuing dependency on the use of rapidly depleting reserves.

During the first quarter of 2024, the organisation secured Exceptional Financial Support (EFS) of £123m from the Government to enable a balanced budget to be set for 2024/25, to support the development of a Transformation Programme [REDACTED]

In tandem with the financial support from Government, the Senior Management Team and the new Interim CEO, and with some strong input from the Improvement Board and directly from the Leader, focused their efforts and working as a team set a credible budget for 2024/25 with the 2023/24 year-end position coming down to a £1m overspend – much reduced from the original prediction. However, it was dependent on the planned use of £20m of the organisation's reserves.

Whilst the financial challenges of the organisation remain substantial, the current in-year position is predicting a healthy underspend for 2024/25. However, there is a risk that in appearing that the worst is over, the organisation could take its foot off the pedal. There is still high risk within the Adults and Children's services that they will overspend. Also, the in-year budget is heavily dependent on a large contribution of EFS, which is not free money and will need to be repaid to Government with interest.

EFS provision is for one financial year and even if the Council does not utilise the full amount, there is currently no EFS provision for future years.

There is an ambitious Transformation Programme in place, with a target of £50m savings for the period of the MTFS up to 2027/28. Whilst a large portion of the Transformation savings have been identified, there is still a substantial amount of Transformation savings to be identified. It is essential that this programme is delivered in full and at pace, if the Council is to become sustainable and this will require a doubling down of efforts of both Officers and Members and the right resources to see it through.

Apart from the financial status of the organisation, some of the individual service areas are also struggling to perform, with Housing being a major concern with particularly poor performance in some areas of the service.

Also of concern to the Board is the recent departure of the Director of Adult Social Services (DASS). This role is currently being covered by the Director of Children's Services (DAS), who is already managing a major service with high savings targets and it could be up to 12 months before the DASS role is filled. Whilst the DAS was appointed to the joint role through a competitive process, the Board considers the lack of a single focused Director on Adults Social Care to be high risk for the organisation.

Whilst there has been some good progress made on areas such as Financial Management, with clear accountability for budgets now in place and improvements in transparency and Member engagement, there is still some way to go in terms of Governance and the culture of the organisation. These are areas that will require some focus going forward, if the organisation wishes to get itself into a sustainable position.

Culturally there is evidence to suggest that the fragile financial position the organisation finds itself in is not fully accepted by some Members - an example of which is a unilateral decision reversing a budget decision which was agreed by Cabinet and published in the budget, which raises cause for concern.

More recently, the decision to bring the management of Elections back into the control of the organisation, which should have been a straightforward decision and one that shows the new Leadership's confidence in the organisation's ability to manage its own affairs, was heavily challenged by some Members – this shows a lack of maturity in the

organisation's governance, with a focus on political point scoring, rather than the stability and survival of a much challenged Council.

As the organisation looks to Devolution and a potential deal with Isle of Wight, Portsmouth and Hampshire, providing a major opportunity to stimulate growth and prosperity for the region, it will need to create a stable environment and put its own house in order so it can ensure its residents are well placed to reap the benefits.

Whilst there has been substantial positive change and good outcomes delivered over the past 12 months, with the Leader and Interim CEO providing real stability and leadership throughout a tumultuous year, there is still much to do and the required changes needed to the culture and good governance of the organisation, both from a political and officer perspective, are a long way from being realised.

The Improvement Board is very aware that the financial position is still very fragile with equal pay claims still to be settled, reserves still being precariously low and a large number of assets needing to be disposed of to repay the Exceptional Financial Support.

The Council and the Board cannot afford to take its eye off the ball and the entirety of the organisation, both Members and Officers, need to keep a laser focus on the improvement journey so it can turn the Council around and provide a stable environment where its residents can thrive and receive the services they deserve.

View from Cllr P Marland, Political Representative on the Improvement Board:

The political understanding, leadership and grip of the overall scale of the financial problems facing Southampton City Council have vastly improved over the past twelve months. The Leader of the Council has been fundamental to this shift. However, work remains to be done to ensure that all the executive and members of the council have a single version of the truth regarding the precarious state of the finances and to understand work to remedy the problem has only just started rather than nearing completion.

Politically there are some significant concerns that still need to be addressed. The clarity and timeliness of information, appointment of permanent senior officers, the scale of the equal pay problem and the long-term capacity to embed change in the organisation remain as areas of significant risk, and despite some early positive improvements to the overall trajectory, the pace of the work now needs to accelerate with improvements needed on the content of transformation plans and grip on financial detail across the organisation. The leader must continue to push for whole corporate ownership of the challenges as senior appointments are made and that they work to clear and unambiguous political direction

Theresa Grant OBE
Chair

Board Attendance:

Number of Meetings held during 2023/24: 11

Board Member Attendance Record

Chair, Theresa Grant: 11

Leader of the Council, Councillor Lorna Fielker: 11

Deputy Leader of the Council, Councillor Simon Letts: 4

Chief Executive Andrew Travers: 7 (commenced in February 2024)

Rob Whiteman, Finance rep: 8

Councillor Peter Marland: 10

Trevor Doughty, Children's rep: 3 (served part-year)

Craig McCardle, Adult's rep: 3 (served part-year)

Anna Earnshaw, Adult's rep: 6 (commenced in February 2024)

Annie Hudson, Children's rep: 6 (commenced in March 2024)

Gerri Scott, Housing rep: 2 (commenced in July 2024)

Mike Harris (ex Chief Executive SCC): 4 (served part-year)

Satvir Kaur (ex Leader SCC): 3 (served part-year)

Briefing paper

Subject	Chief Executive Progress Report
Date	14 th October 2024
Recipient	Improvement Board

1. I started as Chief Executive on 29 January 2024 under a fixed-term contract until April 2025. On commencement I benefited from a comprehensive handover from the previous Chief Executive, and a clear briefing from the Chair of the Improvement Board. During February 2024 I identified to the Leader and the Cabinet three immediate priority areas: the financial position, transformation and capacity, and City growth and prosperity.

2. Financial position

Upon joining, the Council was discussing with government a package of Exceptional Financial Support (EFS) of £122m covering an anticipated 2024/25 budget gap (£39m), transformation and restructuring costs (£31m), and equal pay liabilities (£52m). There was also a projected overspend against the 2023/24 budget, which itself was based on a contribution from reserves of £21m. The immediate focus was on the restoration of clarity, confidence and urgency in respect of basic financial management. The previously established Cost Control Panel continued to operate through the remainder of the 2023/24 financial year; the actual year-end position was an overspend of £1m, a significant reduction from the earlier projection. The EFS package was agreed in-principle by government enabling a budget for 2024/25 to be set, and this was accompanied by a detailed programme of work on budget accountability. Rigorous budgetary control was instituted, enabling projected overspending to be immediately tackled and resolved. Budget management reporting is now showing a projected underspend for 2024/25. Alongside this, a simple business planning process was instituted, with single-year corporate and service business plans. This has allowed basic performance management processes to be re-introduced, including quarterly reporting to the Cabinet.

3. Transformation and Capacity

In parallel to this, work began on a Transformation Programme, the core objectives of which were to reform services, remove the underlying budget deficit, and create a platform for financial sustainability in the medium-term. A simple strategy and operating model was proposed, based on a Council which could drive growth and prosperity for the City and residents, and work with partners to build resilience in the community and manage service demand. Work also began on a new City Plan to enable the Council, through the Transformation Programme, to evolve into a effective and progressive local authority at the heart of a thriving City. The Adapt–Grow–Thrive programme (a name given to convey meaning and intent, rather than a vacuous slogan) was agreed by the Cabinet in July with a target saving of £50m. The ambition of the AGT Programme requires us to consider our capacity for change and delivery. At Executive Board level, we have created two new roles, one wholly focused on our Growth and Prosperity agenda, and the other in respect of Resident Services covering several areas with perhaps the most

demanding of reform challenges. To support our corporate transformation capacity, we have appointed a temporary Transformation Director, and signed a significant contract with Newton Europe which will focus on social care, but also provide overall support. The position the Council found itself in towards the end of 2023, with the inability to set a legal budget and the risk of government intervention, was, by definition, a failure of governance. We are working to understand this with the support of the Institute for Governance. A broad initial conclusion is that we have the form of good governance, but lack substance particularly in regard to strategic planning, Member/officer relations, decision-making, and performance accountability.

4. Growth and Prosperity

In terms of economic success and the life-chances of residents, Southampton underperforms in relation to its potential. Although the benefits of improvement will be medium and long-term, it was in my view essential to position the Council's ability to drive growth and prosperity as an immediate priority. More than ever over the coming period, economic success will be driven by and from City-regions, but that will only happen with strong local authority and civic leadership. Our work with partners to develop a City Prosperity Plan and platform for public and private investment has progressed well. But potentially of most significance is the drive to establish a devolution deal, the absence of which is both a symptom and cause of economic underperformance. The joint expressions of interest by Southampton, the Isle of Wight, Portsmouth and Hampshire constitute an important first step.

5. Next steps

Good progress has been made over recent months, but the next steps will be much more challenging.

- Despite identifying potential transformation savings of £50m, the path to setting a legal budget for 2025/26 without further government support is extremely narrow. This is a function of a challenging one-year settlement for local government, delivering the transformation programme in full, further budget savings over and above those currently identified, the crystallisation of equal pay liabilities in this financial year, and potential council tax increases. Many difficult decisions will be involved, but the alternative of remaining in the EFS discussion with government will be equally painful.
- In this period, we will need to finalise our approach to dealing with the challenges relating to equal pay.
- We must make progress on the most challenging aspects of the AGT programme, in order of magnitude and urgency:
 - Our housing service which is the most challenged in the country in respect of housing quality and landlord performance
 - Our ability to deliver capital receipts from asset disposals to finance our use of EFS, which is not progressing with sufficient pace
 - Our plans to transform City Services, which are significantly underdeveloped
 - Our ability to devise and resource delivery plans for Growth and Prosperity, as part of a

regional devolution deal

- Our work on prevention and demand management, which does not yet have the traction or credibility necessary for success.

On this last point and more widely, whilst the Renaissance Board is developing well, our partnerships for health and care and a safer City are in need of major reinvention if they are to support our key performance aspirations as well as the imperative to manage service demand.

- Lastly, we must complete our work on understanding and improving governance if major crises are to be avoided in the future.
- All of this taking place alongside continued change in the senior leadership team as we recruit a new CEO and DASS, and in due course a permanent ED for Resident Services.

6. Our plans are credible if challenging, but the real test will be how well we work together to deliver change. This will be in terms of senior officer leadership through a period of continued change, the collective political and officer leadership of the Executive Team and Cabinet, and perhaps most importantly the degree to which we can enthuse, empower and motivate our teams. Our theme for this organisational development work is 'connections' – staff to purpose, staff across Council departments, senior leadership to staff, and staff to the City and residents. Alongside this, without becoming complacent or appearing deluded, we must develop a narrative of purpose and confidence for our Council and City.

Andrew Travers
Chief Executive

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