

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