

COUNCIL

Wednesday, 14th July, 2010
at 6.00 pm

PLEASE NOTE TIME

Council Chamber, Civic Centre

Members of the Council

The Mayor – Chair

The Sheriff – Vice-chair

Leader of the Council

Members of the Council (See overleaf)

Contacts

Solicitor to the Council

Mark Heath

Tel 023 8083 2371

Email: mark.heath@southampton.gov.uk

Council Administrator

Sandra Coltman

Tel. 023 8083 2718

Email: sandra.coltman@southampton.gov.uk

The agenda and papers are available via the Council's Website

WARD	COUNCILLOR	WARD	COUNCILLOR
Bargate	Bogle Mrs Damani Willacy	Millbrook	Furnell Norris Wells
Bassett	Samuels Hannides Harris	Peartree	Drake Jones Slade
Bevois	Barnes-Andrews Burke Rayment	Portswood	Capozzoli Sollitt Vinson
Bitterne	Fuller Letts Stevens	Redbridge	Holmes Marsh-Jenks McEwing
Bitterne Park	Baillie P Williams White	Shirley	Matthews Dean Mead
Coxford	Morrell Thomas Walker	Sholing	Dick Fitzgerald Kolker
Freemantle	Ball Moulton Parnell	Swaythling	Odgers Osmond Turner
Harefield	Daunt Fitzhenry Smith	Woolston	Cunio Payne Dr R Williams

PUBLIC INFORMATION

Role of the Council

The Council comprises all 48 Councillors. The Council normally meets six times a year including the annual meeting, at which the Mayor and the Council Leader are elected and committees and sub-committees are appointed, and the budget meeting, at which the Council Tax is set for the following year.

The Council approves the policy framework, which is a series of plans and strategies recommended by the Executive, which set out the key policies and programmes for the main services provided by the Council.

It receives a summary report of decisions made by the Executive, and reports on specific issues raised by the Overview and Scrutiny Management Committee.

The Council also considers questions and motions submitted by Council Members on matters for which the Council has a responsibility or which affect the City.

Public Involvement

Representations

At the discretion of the Mayor, members of the public may address the Council on any report included on the agenda in which they have a relevant interest.

Petitions

Any Councillor may present a petition, on behalf of the signatories, about issues relating to Southampton. If you have such a petition you need to ask a Councillor to present it to the meeting.

The following opportunities also exist for the public to raise matters at Council meetings, but seven clear days' notice must be given before the meeting.

Deputations

A deputation of up to three people can apply to address the Council. A deputation may include the presentation of a petition.

Questions

People who live or work in the City may ask questions of the Mayor, Chairs of Committees and Members of the Executive.

Southampton City Council's Six Priorities

- Providing good value, high quality services
- Getting the City working
- Investing in education and training
- Keeping people safe
- Keeping the City clean and green
- Looking after people

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

Mobile Telephones – Please turn off your mobile telephone whilst in the meeting.

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

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

Dates of Meetings

2010	2011
12 May	16 February
14 July	16 March
15 September (SPECIAL)	18 May
15 September	
17 November	

CONDUCT OF MEETING

FUNCTIONS OF THE COUNCIL

The functions of the Council are set out in Article 4 of Part 2 of the Constitution

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 16.

DISCLOSURE OF INTERESTS

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

PERSONAL INTERESTS

A Member must regard himself or herself as having a personal interest in any matter:

- (i) if the matter relates to an interest in the Member's register of interests; or
- (ii) if a decision upon a matter might reasonably be regarded as affecting to a greater extent than other Council Tax payers, ratepayers and inhabitants of the District, the wellbeing or financial position of himself or herself, a relative or a friend or:-
 - (a) any employment or business carried on by such person;
 - (b) any person who employs or has appointed such a person, any firm in which such a person is a partner, or any company of which such a person is a director;
 - (c) any corporate body in which such a person has a beneficial interest in a class of securities exceeding the nominal value of £5,000; or
 - (d) any body listed in Article 14(a) to (e) in which such a person holds a position of general control or management.

A Member must disclose a personal interest.

/continued.....

PREJUDICIAL INTERESTS

Having identified a personal interest, a Member must consider whether a member of the public with knowledge of the relevant facts would reasonably think that the interest was so significant and particular that it could prejudice that Member's judgement of the public interest. If that is the case, the interest must be regarded as "prejudicial" and the Member must disclose the interest and withdraw from the meeting room during discussion on the item.

It should be noted that a prejudicial interest may apply to part or the whole of an item.

Where there are a series of inter-related financial or resource matters, with a limited resource available, under consideration a prejudicial interest in one matter relating to that resource may lead to a member being excluded from considering the other matters relating to that same limited resource.

There are some limited exceptions.

Note: Members are encouraged to seek advice from the Monitoring Officer or his staff in Democratic Services if they have any problems or concerns in relation to the above.

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.

SOLICITOR TO THE COUNCIL
M R HEATH
Civic Centre, Southampton, SO14 7LY

Tuesday, 6 July 2010

TO: ALL MEMBERS OF THE SOUTHAMPTON CITY COUNCIL

You are hereby summoned to attend a meeting of the COUNCIL to be held on WEDNESDAY, 14TH JULY, 2010 in the COUNCIL CHAMBER, CIVIC CENTRE at 6.00 pm when the following business is proposed to be transacted:-

1 APOLOGIES

To receive any apologies.

2 MINUTES

To authorise the signing of the minutes of the Council Meeting held on 12th May 2010, attached.

3 ANNOUNCEMENTS FROM THE MAYOR AND LEADER

Matters especially brought forward by the Mayor and the Leader.

4 DEPUTATIONS, PETITIONS AND PUBLIC QUESTIONS

To receive any requests for Deputations, Presentation of Petitions or Public Questions.

5 ELECTION OF THE LEADER

To elect a Leader of the Council for the remainder of the municipal year.

6 EXECUTIVE BUSINESS

Report of the Leader of the Council, attached.

7 MOTIONS

A. Councillor R Williams to move:

Southampton City Council re-affirms its constitutional arrangements that Full Council may remove a sitting Leader by a simple majority vote of the Full Council.

B. Councillor Drake to move:

Council deplores the Executive's inept handling of the new voluntary sector grants process, whereby organisations were given inadequate notice of proposals to reduce or cease grants, and Cabinet decisions regarding the award of grants were

made without reasonable time to adequately consider representations. Council therefore requests the Cabinet Member for Housing and Local Services to consult with voluntary sector organisations on a revised schedule for future years.

C. Councillor Payne to move:

This council recognises the good work of the estate regeneration scheme and reaffirms its efforts to provide affordable housing to meet the overwhelming need in the city. As a result, the Council Executive will write to the Government to ask for sufficient funding to keep the estate regeneration programme going in the long term and provide cash to meet our housing needs.

D. Councillor Vinson to move:

This Council is concerned at possible erosion of the new planning powers to manage the spread of Houses in Multiple Occupation introduced by the last Government, and agrees that a robust response to the recently announced further consultation be submitted, supporting an opt-out strategy as proposed by the National HMO Lobby.

Council also expresses its concern that the recent extension of Permitted Development Rights under the previous Government is having an adverse effect on areas within the city and urges the new Government to review this legislation at the earliest opportunity.

E. Councillor Slade to move:

This council should write to the Government and ask that minimum numbers be reinstated on planning in respect of car parking standards rather than maximum numbers as introduced by the previous government.

8 QUESTIONS FROM MEMBERS TO THE CHAIRS OF COMMITTEES OR THE MAYOR

To consider any question of which notice has been given under Council Procedure Rule 11.2.

9 APPOINTMENTS TO COMMITTEES, SUB-COMMITTEES AND OTHER BODIES

To deal with any appointments to Committees, Sub-Committees or other bodies as required.

10 STATEMENT OF ACCOUNTS 2009/10

Report of the Cabinet Member for Resources and Workforce Planning, concerning the statement of accounts for 2009/10, attached.

11 GENERAL FUND REVENUE OUTTURN 2009/10

Report of the Cabinet Member for Resources and Workforce Planning, concerning the general fund revenue outturn for 2009/10, attached.

12 GENERAL FUND CAPITAL OUTTURN 2009/10

Report of the Cabinet Member for Resources and Workforce Planning, concerning the general fund capital outturn for 2009/10, attached.

13 HOUSING REVENUE ACCOUNT REVENUE AND CAPITAL OUTTURN 2009/10

Report of the Cabinet Member for Housing and Local Services, concerning the housing revenue account and capital outturn for 2009/10, attached.

14 REVIEW OF PRUDENTIAL LIMITS AND TREASURY MANAGEMENT OUTTURN 2009/10

Report of the Cabinet Member for Resources and Workforce Planning, concerning the treasury management activities for 2009/10, attached.

15 COLLECTION FUND OUTTURN 2009/10

Report of the Cabinet Member for Resources and Workforce Planning, concerning the actual payments made to and from the collection fund during the 2009/10 financial year, attached.

16 CHANGES TO EXISTING REVENUE AND CAPITAL BUDGETS

Report of the Cabinet Member for Resources and Workforce Planning, detailing changes to existing Revenue and Capital budgets, attached.

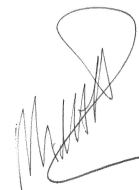
17 CORPORATE PLAN 2010/11

Report of the Leader of the Council, setting out the priorities of the Corporate Plan 2010/11, attached.

18 APPOINTMENT OF CHIEF EXECUTIVE AND HEAD OF PAID SERVICE

Report of the Head of Organisational Development, recommending a successor to the Chief Executive and Head of Paid Service, who will be retiring in November 2010, attached.

NOTE: There will be prayers by the Mayor's Chaplain, Father Vincent, accompanied by David Vane, the Mayor's Buddhist Faith Advisor, in the Mayor's Reception Room at 5.45 pm for Members of the Council and Officers who wish to attend.



M R HEATH
SOLICITOR TO THE COUNCIL

SOUTHAMPTON CITY COUNCIL

MINUTES OF THE COUNCIL MEETING HELD ON
12 MAY 2010

Present:

The Mayor, Councillor Cunio
The Sheriff, Councillor Matthews
Councillors Baillie, Ball, Barnes-Andrews, Bogle, Burke, Capozzoli, Mrs Damani, Daunt, Dean, Dick, Drake, Fitzgerald, Fitzhenry, Fuller, Furnell, Hannides, Harris, Holmes, Jones, Kolker, Letts, Marsh-Jenks, McEwing, Mead, Morrell, Moulton (Minute Number 13 onwards), Norris, Odgers, Osmond, Parnell, Payne, Rayment, Samuels, Slade, Smith, Sollitt, Stevens, Thomas, Turner, Vinson, Walker, Wells, White, Willacy, P Williams and Dr R Williams

1. ELECTION OF MAYOR

RESOLVED upon the motion of Councillor Dr R, Williams, seconded by Councillor Smith and supported by Councillor Drake, that Councillor Cunio be elected to the Office of 788th Mayor of Southampton and Chair of the Council for the ensuing year.

The Mayor (Councillor Cunio) then made and subscribed to the Declaration of Acceptance of Office.

THE MAYOR (COUNCILLOR CUNIO) IN THE CHAIR

2. MAYOR'S CHARITIES

The Mayor announced that she would be supporting the Southampton Sunday Lunch Project and the St Mary's Titanic Memorial Window Appeal.

3. APPOINTMENT OF SHERIFF

RESOLVED upon the motion of Councillor Moulton, seconded by Councillor Dr R. Williams and supported by Councillor Vinson, that Councillor Matthews be appointed the 573rd Sheriff of the City of Southampton and Vice-Chair of the Council for the ensuing year.

The Sheriff (Councillor Matthews) then made and subscribed to the Declaration of Acceptance of Office.

4. VOTE OF THANKS TO RETIRING MAYOR

RESOLVED upon the motion of Councillor Sollitt, seconded by Councillor Hannides and supported by Councillor Burke, that the Council places on record its appreciation for the distinguished manner in which Councillor Mizon had discharged the duties of the Mayor of the City during the period of her term of office.

5. CITY OF SOUTHAMPTON AWARDS

RESOLVED upon the motion of the Mayor (Councillor Cunio) and seconded by the Sheriff (Councillor Matthews) that the City of Southampton Award be presented to Pamela De Grouchy, Bob Pearce and John Read.

**AT THE RECONVENED MEETING OF THE SOUTHAMPTON CITY COUNCIL HELD
IN THE COUNCIL CHAMBER, CIVIC CENTRE ON 12TH MAY, 2010**

6. APOLOGIES

It was noted that no apologies had been received.

7. MINUTES

RESOLVED that the minutes of the Council Meeting held on 17th March, 2010 be approved and signed as a correct record.

8. ANNOUNCEMENTS FROM THE MAYOR

- (i) The Mayor thanked all Members for their support in electing her as Mayor. In order for the meeting to run efficiently and effectively she asked Members to keep in mind throughout the year the basic courtesies needed to be adhered to for this to happen; timeliness both in arriving at the meeting and when speaking: speaking to the point, and listening carefully to the arguments. She also asked Members to remember the courtesies they would like from members when they were speaking and to extend those to others. She also reminded members to switch off their mobile phones and that any ring would incur an instant fine.
- (ii) The Mayor announced that the Council's Fleet Transport Service, in partnership with Southampton Solent University, Bag It Up Limited and the support of local residents and Central Baptist Church, Polygon, had won the Local Government Chronicle Award 2010 for Community Involvement. This was in connection with work undertaken to manage student waste over the summer in Polygon.

9. ELECTION OF THE LEADER

The nomination of Councillor Samuels was moved and seconded.

UPON BEING PUT TO THE VOTE IT WAS:

RESOLVED that Councillor Samuels be elected as Leader of the Council for the ensuing year.

Following his election as Leader, Councillor Samuels informed the Council of his Cabinet and their Portfolio responsibilities.

Adult Social Care and Health – Councillor White
 Children’s Services and Learning – Councillor Holmes
 Economic Development – Councillor Smith
 Environment and Transport – Councillor Dean
 Housing and Local Services – Councillor P Williams
 Leisure, Culture and Heritage – Councillor Hannides
 Resources and Workforce Planning – Councillor Moulton
 Safeguarding Children and Youth Services – Councillor Walker

The Leader then confirmed that the contents of each of the Portfolios would be unchanged and would be incorporated into the scheme of Executive Delegation in the Constitution.

10. APPOINTMENTS TO COMMITTEES, SUB-COMMITTEES AND OTHER BODIES

(a) APPOINTMENT OF MEMBERS

Political Group	Seats on Council	%
Conservative	28	58.33
Labour	15	31.25
Liberal Democrats	5	10.42

Committees	Lib Dem	Labour	Con	Number of Seats to Groups
Overview and Scrutiny Management(10)	1 Cllr Vinson	3 Cllr Barnes-Andrews Cllr Stevens Cllr R Williams	6 Cllr Baillie Cllr Dick Cllr Fitzgerald Cllr Jones Cllr Kolker Cllr Norris	10
Planning and Rights of Way (7)	1 Cllr Slade	2 Cllr Letts Cllr Thomas	4 Cllr Fitzhenry Cllr Jones Cllr Mead Cllr Osmond	7
Employment and Appeals Panel (7)		3 Cllr McEwing Cllr Marsh-Jenks Cllr Rayment	4 Cllr Baillie Cllr Fitzhenry Cllr Mead Cllr Norris	7
Chief Officer Employment Panel (7)	1 Cllr Vinson	2 Cllr Rayment Cllr R Williams	4 Cllr Moulton Cllr Norris Cllr Samuels Cllr Smith	7

Licensing Committee (13)	1 Cllr Drake	4 Cllr Letts Cllr McEwing Cllr Rayment Cllr Thomas	8 Cllr Baillie Cllr Fitzgerald Cllr Harris Cllr Norris Cllr Odgers Cllr Osmond Cllr Parnell Cllr Willacy	13
Sub-Committees	Lib Dem	Labour	Con	
Scrutiny Panel A (safer communities) (7)	1 Cllr Turner	2 Cllr Damani Cllr Morrell	4 Cllr Ball Cllr Kolker Cllr Odgers Cllr Parnell	7
Scrutiny Panel B (health) (7)	1 Cllr Drake	2 Cllr Marsh-Jenks Cllr Payne	4 Cllr Capozzoli Cllr Daunt Cllr Harris Cllr Willacy	7
Scrutiny Panel C (7)		3 Cllr Bogle Cllr Furnell Cllr Thomas	4 Cllr Fitzgerald Cllr Fitzhenry Cllr Jones Cllr Odgers	7
Audit Committee (7)	1 Cllr Sollitt	2 Cllr Bogle Cllr Letts	4 Cllr Ball Cllr Daunt Cllr Fuller Cllr Wells	7
Licensing General Sub-Committee (7) (Membership must come from membership of Licensing Committee)	1 Cllr Drake	2 Cllr McEwing Cllr Thomas	4 Cllr Fitzgerald Cllr Norris Cllr Parnell Cllr Willacy	7
TOTAL	8	25	46	79

2. Appointment to Committees / Sub-Committees and other Bodies NOT subject to political proportionality and therefore not included in the above calculations.

Committee/Sub-Committee	Lib Dem	Labour	Con	Number of Seats to Groups
Standards and Governance ((10) including the Mayor and 3 independent members) (requirement to appoint	2 Cllr Slade Cllr Sollitt	2 Cllr Barnes-Andrews Cllr Burke	2 Cllr Osmond Cllr Parnell	6

3 Independent Members but 4 appointed Full Council 7/08)				
Assessment Sub-Committee (4) 1 Independent (Chair) plus 3 Members appointed from S&G	1	1	1	3
Assessment Appeals Sub-Committee (4) 1 Independent (Chair) plus 3 Members appointed from S&G)	1	1	1	3
Local Determinations Hearing Panel (5) 2 Independent (1 as Chair) plus 3 Members from S&G	1	1	1	3
Licensing and Gambling Sub-Committee (3) (Any 3 Members drawn from the Licensing Committee membership on rotation basis)	1	1	1	3
Local Government and Public Involvement In Health Working Group (6)	2 Cllr Drake Cllr Turner	2 Cllr Letts Cllr Marsh-Jenks	2 Cllr Osmond Cllr P Williams	6

Other bodies	Lib Dem	Labour	Con	
Hampshire Fire and Rescue Authority (3)		1 Cllr Marsh- Jenks	2 Cllr Moulton Cllr Smith	3
South East Employers (3 + 3)	1+Deputy Cllr Slade Cllr Sollitt	1+Deputy Cllr Stevens Cllr Payne (D)	1+Deputy Cllr Norris	6
South East Employers Scrutiny Network (2)	1 Cllr Slade	1 Cllr Letts		2
Police Joint Committee (Police Authority) (1) <i>(Overall proportionality is calculated across the County. This may require a change in appointment)</i>				Vacancy
Partnership for Urban Southampton – Overview and Scrutiny Committee	1 Cllr Vinson			1

(b) APPOINTMENT OF CHAIRS AND VICE-CHAIRS

RESOLVED that the following Chairs be elected for the 2010/2011 municipal year and the Vice-Chairs be elected at their first meetings of the municipal year: -

<u>Committee</u>	<u>Chair</u>
Overview and Scrutiny Management	Councillor Barnes-Andrews
Planning and Rights of Way	Councillor Fitzhenry
Employment and Appeals	Councillor Norris
Chief Officer Employment Panel	Councillor Samuels
Licensing Committee	Councillor Parnell
Scrutiny Panel A (Safer Communities)	Councillor Ball
Scrutiny Panel B (Health)	Councillor Capozzoli
Scrutiny Panel C	Councillor Fitzgerald
Audit Committee	Councillor Ball
Licensing General Sub-Committee	Councillor Parnell

11. CALENDAR OF COUNCIL MEETINGS

The Council considered the dates for meetings of the Council for the 2010/11 municipal year. It was noted that following the Council meeting held on 17th February 2010 the January meeting had been deleted from the meeting cycle.

Amendment moved by Councillor Vinson and seconded by Councillor R. Williams:

Add:

That the schedule of dates for the meetings of the Council in the 2010/11 Municipal Year be approved as listed, with the exception that the meeting here scheduled for 11th May 2011 be rescheduled for 18th May 2011.

UPON BEING PUT TO THE VOTE THE AMENDMENT WAS DECLARED CARRIED

UPON BEING PUT TO THE VOTE THE MOTION AS AMENDED WAS DECLARED CARRIED

RESOLVED that the following dates for meetings of the Council in the 2010/11 Municipal Year be agreed:

- 14th July 2010
- 15th September 2010
- 17th November 2010
- 16th February 2011
- 16th March 2011
- 18th May 2011

12. DEPUTATIONS, PETITIONS AND PUBLIC QUESTIONS

It was noted that no requests to present deputations, petitions or public questions had been received.

13. EXECUTIVE BUSINESS

The report of the Leader of the Council was submitted, setting out the details of the business undertaken by the Executive (copy of report circulated with agenda and appended to signed minutes).

The Leader and the Cabinet made statements and responded to Questions.

The following question was then submitted in accordance with Council Procedure Rule 11.1:-

1 Question from Councillor Payne to Councillor P. Williams.

Could the Cabinet Member inform the Council what he has done with the petition - signed by around 200 people - calling for urgent action at the Kingsclere Close and Somborne House flats in Weston (where part of the building collapsed) since he received it on 27 April 2010?

Answer

The immediate priority has been to deal with the incident, so officers have concentrated on removing the debris safely which has now been achieved. The scaffolding has been removed and most of the fencing and the local housing office has now reopened.

Officers have kept residents informed by face to face visits and letters both before and after removal of the debris on 22nd April and 6th May.

I received a petition from Mrs. Warren. There have been discussions about this. We would like to roll out the programme in the future, this is dependent on public finances and we wait to see what support is available for ambitions to regenerate our housing estates in the future.

14. MOTIONS

It was noted that no motions had been received.

15. QUESTIONS FROM MEMBERS TO THE CHAIRS OF COMMITTEES OR THE MAYOR

It was noted that no questions to the Chairs of Committees or the Mayor had been received.

16. CHANGES TO THE CONSTITUTION

The report of the Solicitor to the Council was submitted seeking approval for changes to the City Council's Constitution (copy of report circulated with agenda and appended to signed minutes).

Amendment moved by Councillor Vinson and seconded by Councillor Drake :

Add at end: 'except that:

- (a) the definition of the financial threshold for a Key Decision (paragraph 14 (a) and throughout) be set at £300,000;
- (b) the definition of a Key decision be amended as follows: '*To be significant in policy or strategic terms as regards its effect on substantial communities living or working in one or more wards or electoral divisions...*'
- (c) paragraph 26 concerning implementation of Policy Framework plans under delegated powers be withdrawn.'

AMENDED RECOMMENDATION (i) TO READ:

- (i) to agree the changes to the Constitution as set out in this report, except that:
 - (a) the definition of the financial threshold for a Key Decision (paragraph 14 (a) and throughout) be set at £300,000;
 - (b) the definition of a Key decision be amended as follows: '*To be significant in policy or strategic terms as regards its effect on substantial communities living or working in one or more wards or electoral divisions...*'
 - (c) paragraph 26 concerning implementation of Policy Framework plans under delegated powers be withdrawn.'

UPON BEING PUT TO THE VOTE THE AMENDMENT WAS DECLARED LOST

RESOLVED:

- (i) that the changes to the Constitution as set out in the report be approved;
- (ii) that the Petition Scheme set out in Appendix 8 to the report be approved and that delegated authority be granted to the Solicitor to the Council to amend the Scheme;
- (iii) that the Solicitor to the Council be authorised to finalise the arrangements as approved by Full Council and make any further consequential or minor changes arising from the decision(s) of Full Council; and
- (iv) that the City Council's Constitution be approved, as amended, including the Officer Scheme of Delegation for the municipal year 2010/11.

17. NEW MODELS OF GOVERNANCE FOR THE COUNCIL'S EXECUTIVE ARRANGEMENTS AND ELECTORAL CYCLE

The report of the Solicitor to the Council was submitted seeking authorisation to consult in respect of the two potential governance models, together with the options for changing the Council's electoral cycle (copy of report circulated with agenda and appended to signed minutes).

Amendment moved by Councillor Samuels and seconded by Councillor Smith

Delete:

- (ii) 'set out in paragraphs 8-17 be approved;'

Replace with:

- (ii) 'be delegated to the Solicitor to the Council following consultation with the Leader of the Council.'

AMENDED RECOMMENDATION (ii) TO READ:

- (ii) That the consultation process be delegated to the Solicitor to the Council following consultation with the Leader of the Council.

UPON BEING PUT TO THE VOTE THE AMENDMENT WAS DECLARED CARRIED

UPON BEING PUT TO THE VOTE THE MOTION AS AMENDED WAS DECLARED CARRIED

RESOLVED:

- (i) That the Solicitor to the Council be authorised to consult in respect of the two potential governance models together with the options for changing the Council's electoral cycle;
- (ii) That the consultation process be delegated to the Solicitor to the Council following consultation with the Leader of the Council.
- (iii) That a further report be submitted to the September Council meeting to determine the results of any consultations in respect of changes to the Council's Executive governance arrangements;
- (iv) That a Special meeting of the Council be convened before the September 2010 meeting in order for Council to consider the results of the consultation and determine proposals for any change in its electoral governance arrangements;
- (v) That the Local Government and Public Involvement in Health Act Working Group be re-established and that each of the political groups be asked to nominate two representatives to serve as members of the Group; and

- (vi) That the Local Government and Public Involvement in Health Act Working Group be requested to consider the results of the consultation and make recommendations on the options which should be approved by Council in September.

18. PARLIAMENTARY AND CITY COUNCIL ELECTIONS, 6TH MAY 2010

RESOLVED that the report of the Solicitor to the Council concerning the results of the Parliamentary and City Council Elections 2010 be received and noted (copy of report circulated at the meeting and appended to signed minutes.)

19. ANNUAL STANDARDS AND GOVERNANCE BUSINESS REVIEW

RESOLVED that the report of the Chair of Standards and Governance Committee giving an overview of the work of the Committee be received and noted (copy of report circulated with agenda and appended to signed minutes).

20. OVERVIEW AND SCRUTINY: SUMMARY OF CALL-IN ACTIVITY

RESOLVED that the report of the Assistant Chief Executive (Strategy) summarising the use of the call-in procedure over the last three months be received and noted (copy of report circulated with agenda and appended to signed minutes).

21. OVERVIEW AND SCRUTINY ANNUAL REPORT 2009/10

RESOLVED that the report of the Assistant Chief Executive (Strategy) detailing the Overview and Scrutiny Management Committee Annual Report 2009/10 in accordance with the Council's Constitution be received and noted (copy of the report circulated with the agenda and appended to signed minutes.)

ITEM NO: 6

DECISION-MAKER:	COUNCIL		
SUBJECT:	EXECUTIVE BUSINESS		
DATE OF DECISION:	14 JULY 2010		
REPORT OF:	LEADER OF THE COUNCIL		
AUTHOR:	Name:	Suki Sitaram	Tel: 023 8083 2060
	E-mail:	suki.sitaram@southampton.gov.uk	

STATEMENT OF CONFIDENTIALITY

None

SUMMARY

This report outlines the decisions made by the Executive since the May 2010 Council meeting. The report also provides an update on Traffic Regulation Order objections referred to the Executive and an update on the Southampton Partnership's activities since the last Executive Business report was presented to Full Council.

Six policy priorities were approved by the Council at the budget setting meeting in February 2009. This report sets out the decisions made by the Executive between the 7th June and the 5th July 2010 which will progress these priorities. For ease of reference the titles of the individual decision making items are highlighted in bold throughout this report.

RECOMMENDATIONS:

That the report be noted.

REASONS FOR REPORT RECOMMENDATIONS

This report is presented in accordance with Part 4 of the Council's Constitution.

CONSULTATION

Appropriate consultation has taken place on each of the decision items summarised in this report.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

Not applicable.

DETAIL

1. GETTING THE CITY WORKING

The following initiatives have been approved by the Executive to progress this priority:

- Cabinet received a **REPORT OF THE ECONOMIC WELLBEING SCRUTINY PANEL INTO DISTRICT CENTRES** to enable the Executive to formulate its response to the recommendations contained within it, in order to comply with the requirements set out in the Council's Constitution.
- Cabinet received a **REPORT OF THE ENVIRONMENT AND SUSTAINABILITY SCRUTINY PANEL LOOKING INTO SOUTHAMPTON NIGHT TIME ECONOMY** to enable the Executive to formulate its response to the

recommendations contained within it, in order to comply with the requirements set out in the Council's Constitution.

2. INVESTING IN EDUCATION AND TRAINING

The following initiatives have been approved by the executive to progress this priority:

- Approval of **FIRST YEAR REVIEW OF THE CHILDREN AND YOUNG PEOPLE'S PLAN 2009-12**
- Approval in the **REDUCTION IN SIZE OF PLOT FOR DISPOSAL AT HAREFIELD PRIMARY SCHOOL** previously approved by Cabinet on 17th March 2008 and noted the likely consequential reduction in the realisable capital receipt and the knock on impact to the funding of the Harefield Primary rebuild project. Delegated authority was given to the Executive Director of Children's Services and Learning in consultation with the Executive Director of Resources, following consultation with the Cabinet Member for Children's Services and the Cabinet Member for Resources, to determine the size of the plot ultimately declared surplus to educational requirement at Harefield Primary School, and following consultation with the Solicitor to the Council, to do anything necessary to give effect to the proposals set out in this report. This included but was not limited to the entering into and varying of contracts; submission of planning applications; and all other matters ancillary to, conducive to, or calculated to facilitate the completion of the Harefield Primary School project.
- Approval of the **SCHOOLS' DEFICIT BUDGETS 2010/11** for Sinclair Primary and Nursery School, Holy Family Catholic Primate School, Chamberlayne College of the Arts, Upper Shirley High School, St. George Catholic VA College and Vermont School.

3. KEEPING THE CITY CLEAN AND GREEN

The following initiatives have been approved by the executive to progress this priority:

- Approval of **HIGHWAYS SERVICE PARTNERSHIP CONTRACT** for a period of 10 years plus period of flexible extendibility with a company within the Balfour Beatty Group. Delegated authority was given to the Solicitor to the Council, following consultation with the Executive Director of Environment and Executive Director of Resources to finalise and enter into all necessary or ancillary contractual arrangements and documentation subject to the parameters set out within the report. Authority was given to the Executive Director of Resources and / or the Solicitor to the Council to take any further action necessary to give effect to the decisions of the Executive in relation to this matter
- Approval of the **WOOLSTON AND ST ANNE'S CONSERVATION AREAS APPRAISAL** setting out the changes to the Woolston and St. Anne's road Conservation areas (five in all) for development control purposes for all proposals within the conservation areas received after 01 August 2010. Cabinet also approved delegated authority to the Head of Planning & Sustainability following consultation with the Solicitor to the Council to make such amendments as may be necessary to give effect to the recommendations of Cabinet or as otherwise considered appropriate and to finalise the draft of the

'Woolston – Southampton Conservation Areas Appraisal' for publication.

LOOKING AFTER PEOPLE

The following initiatives have been approved by the executive to progress this priority since the last Council meeting:

- Cabinet received a **REPORT OF THE HEALTHY CITY SCRUTINY PANEL LOOKING INTO OBESITY IN SOUTHAMPTON** to enable the Executive to formulate its response to the recommendations contained within it, in order to comply with the requirements set out in the Council's Constitution.
- Consideration of the **HOUSING REVENUE ACCOUNT (HRA) CAPITAL PROGRAMME PROJECT APPROVAL** report and approval of approximately £5.49M to progress the Decent Homes Programme within the Holyrood, Northam, Kingsland, Millbrook/Maybush and Thornhill area of the City, and the communal areas within sheltered accommodation at Challis Court.

5. KEEP PEOPLE SAFE

This priority continues to be actively progressed with the Police and other organisations in the city to ensure that Southampton is a Safe City for residents and visitors alike.

- Cabinet also received a **REPORT OF THE SAFER COMMUNITIES SCRUTINY PANEL LOOKING INTO DOMESTIC VIOLENCE** to enable the Executive to formulate its response to the recommendations contained within it, in order to comply with the requirements set out in the Council's Constitution.

6. PROVIDING GOOD VALUE, HIGH QUALITY SERVICES

The following initiatives have been approved by the executive to progress this overarching priority since the last Council meeting:

- Approval of **THE INTRODUCTION OF NEW GOVERNANCE ARRANGEMENTS FOR THE COUNCIL'S REGISTRATION SERVICES** and authority was given to the Head of Environmental Health and Consumer Protection, following consultation with the Cabinet Members for Environment and Transport and Resources and Workforce Planning, to prepare a Scheme and apply to the General Register Office for approval of a new scheme of governance for the Council's Registration Service with the Solicitor for the Council to sign and seal the new scheme of governance. Authority was also given to the Head of Environmental Health & Consumer Protection to continue to act as the Proper Officer for the Registration Service under the new scheme of governance and following consultation with the Solicitor to the Council and the Executive Director of Resources, to do anything necessary to give effect to the proposals in this report including but not limited to the entering into of any required Code of Practice, establishment and management of any performance management arrangements, determination of any objections to the proposed new Scheme.
- Approval of the **2010/11 GRANTS TO VOLUNTARY ORGANISATIONS** to approve an increased allocation of £100,000 of the budget to fund the

Community Chest small grants scheme. Delegated authority was given to the Head of Stronger Communities and Equalities Team following consultation with the Cabinet Member for Housing and Local Services to allocate Community Chest grants in two rounds during the year. Delegated authority was also given to the Executive Director of Neighbourhoods following consultation with the Cabinet Member for Housing and Local Services and the Executive Director of Resources to determine any outstanding applications for grants for 2010/11 and to authorise grants to applicants subject to remaining within approved budgets develop criteria for the award of three year funding in 2011/12 do anything necessary to give effect to the review and allocation of grants for 2010/11. Approval was also given for the use of general fund contingencies up to a maximum of £100,000 in 2010/11 to fund recommendations in this report.

- Endorsement of the **CORPORATE PLAN 2010-13** as part of the council's overall Policy Framework and to note the comments received from the Overview and Scrutiny Management Committee. Cabinet also delegated authority to the Chief Executive, following consultation with the Leader of the Council, to amend the draft Plan as necessary, to ensure that it reflects Member feedback and aligns with any new budgetary or policy developments which will have a significant impact on the council's activities in 2010/11.
- Agreement of the **SUSTAINABLE PROCUREMENT POLICY** as a framework within which to take forward future procurement activities across the Council. Cabinet also endorsed the Sustainable Procurement Resource Plan to achieve Level 2 of the UK Flexible Framework by April 2011, following a review, progress to Level 3 by April 2012 should there be no net financial implication and approved the Employment and Skills Statement, to communicate to Council suppliers how they can provide additional skills and learning benefits for the community through their contracts. Delegated authority was also given to the Head of Policy and Performance (Environment) to make any minor changes to the Policy and Resource plan following consultation with the Cabinet Member for Environment.
- Approval of the **CHANGES TO EXISTING REVENUE AND CAPITAL BUDGETS** arising from the Budget on 22 June that will have an impact on Local Government and delegated authority was given to the Executive Director of Resources following consultation with the Solicitor to the Council and the Cabinet Member for Resources and Workforce Planning to make any further changes to budgets during 2010/11 in response to the cuts in Government grants, subject to these being reported to Council at a later date.

7. **TRAFFIC REGULATION ORDERS**

The Executive received a report on **PROPOSALS TO EXTEND THE COXFORD AREA RESIDENTS' PARKING SCHEME IN WARREN CRESCENT, WARREN AVENUE, CHESTNUT ROAD, SYCAMORE ROAD, HOLLAND PLACE, STOKES ROAD AND BRACKEN LANE** and confirmed the proposals be approved.

The Executive received a report on **PROPOSED REVERSAL OF ONE-WAY SYSTEM, LYON STREET** and resolved to approve the proposals that the current one way system be reversed.

8. City Partnerships Update

Since the last Council meeting, the date of the next meeting of the **Southampton Partnership Policy Board** has been agreed for the 7th October 2010. Agenda planning will shortly commence and the outputs of that meeting will be reported to Council accordingly. Meanwhile, the **Southampton Partnership Delivery Board** continues to meet on a monthly basis and has received feedback from the inaugural meeting of **Marketing Southampton** (the single marketing entity for the city) held on the 30th June; agreed that wider environmental issues are integrated as appropriate into the work of the **Southampton Energy Partnership** and the **Joint Flood Management Board**; held a robust discussion on the **impact of the Coalition Government's programme on the Southampton Partnership, citywide partnership working and key partner agencies** leading to a proposal to revisit and confirm the key priorities facing the city over the next 5 years and to then ensure that our partnership arrangements are 'fit for purpose' to address those key priorities. The Southampton Partnership Delivery Board also considered the **2009/10 end of year performance position for the Local Area Agreement (LAA) targets** and the **City of Southampton Strategy targets**. Through the Southampton Partnership, '**A Vision for the City Centre**' conference was held on the 28th June to seek the views of a broad cross section of city partners to feed into the City Centre Master Plan and Action Plan process. Held in the Lecture Theatre and Art Gallery, with some 100 delegates in attendance, the input and interest from partners was extremely high. A report-back document is currently being prepared and will be uploaded on to the Southampton Partnership shortly.

Further information on the activities of the Southampton Partnership and its partnership family can be found at www.southampton-partnership.com or by contacting the relevant partnership manager direct whose contact details can be found on the SP website by clicking on the 'Our Partners' page and then the relevant partnership page.

FORTHCOMING BUSINESS

9. The Executive published its Forward Plan on the 15th June 2010 covering the period May to July to October and will publish its next plan on the 16th July 2010 covering the period August to November 2010. Details of all forthcoming executive decision items can be found at:
<http://sccwww1.southampton.gov.uk/decisionmaking/internet/forwardplanindex.asp>

FINANCIAL/RESOURCE IMPLICATIONS

Capital

Not applicable.

Revenue

Not applicable.

Property

Not applicable.

Other

None.

LEGAL IMPLICATIONS

Statutory power to undertake proposals in the report:

This report is brought forward in accordance with the Local Government Act 2000. The powers to undertake the proposals summarised in this report are detailed within the individual decision making reports presented to the executive over the past few months.

Other Legal Implications:

Not applicable

POLICY FRAMEWORK IMPLICATIONS

None

SUPPORTING DOCUMENTATION

Appendices

1.	None
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Documents In Members' Rooms

1.	None
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Background Documents

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.	None	
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Background documents available for inspection at: Not applicable

FORWARD PLAN No:

KEY DECISION?

Not Applicable

No

WARDS/COMMUNITIES AFFECTED:

None directly, since this report is presented for information purposes.

ITEM NO: 10

DECISION-MAKER:	COUNCIL		
SUBJECT:	STATEMENT OF ACCOUNTS 2009/10		
DATE OF DECISION:	14 JULY 2010		
REPORT OF:	EXECUTIVE DIRECTOR OF RESOURCES		
AUTHOR:	Name:	Rob Carr	Tel: 023 8083 2708
	E-mail:	Rob.Carr@southampton.gov.uk	

STATEMENT OF CONFIDENTIALITY

NOT APPLICABLE

SUMMARY

In accordance with the Accounts and Audit Regulations 2003 the Statement of Accounts 2009/10 was submitted to the Audit Committee on 23rd June and Standards & Governance on 24th June 2010. A copy of the draft unaudited accounts is available in the Members Room.

Presenting the accounts at this time means that the Annual Audit, carried out by the Audit Commission, will not have been completed. Any major changes to the Statement of Accounts arising from the annual audit will be reported to the Standards and Governance Committee after the completion of the audit on 30th September 2010.

RECOMMENDATIONS:

That Council:

- (i) Notes the approval of the Statement of Accounts 2009/10 by the Standards and Governance Committee on 24th June 2010, subject to any changes required after the completion of the Audit. Any such changes will be presented to the Audit Committee.

REASONS FOR REPORT RECOMMENDATIONS

1. It is a legal requirement to approve the Statement of Accounts by 30th June 2010.

CONSULTATION

2. Not Applicable.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

3. None as it is a legal requirement to approve the Statement of Accounts by 30th June 2010.

DETAIL

4. The Statement of Accounts is a complex document with the layout and information provided being defined by statutory requirements. The key issues that should be drawn to the committee's attention are detailed below.

CHANGES TO THE 2009/10 ACCOUNTS

5. There have been a number of changes to local authority accounting regulations in 2009/10 introduced by the 2009 Statement of Recommended Practice (SORP). The key changes are:
 - **PFI and IFRIC 12 Service Concessions** - In preparation for International Financial Reporting Standards (IFRS), the SORP requires some Private Finance Initiatives (PFI) and Service Concession arrangements to be accounted for in accordance with IFRIC12 (International Financial Reporting Interpretations Committee). That is they should be included on Balance Sheet where previously they were off Balance Sheet. The Balance Sheet has been adjusted to include Assets and Liabilities associated with the PFI type arrangements as if the schemes had always been accounted for on Balance Sheet.
 - **Collection Fund** - Council Tax and National Non Domestic Rate (NNDR) income, are now required to be accounted for on an agency basis. The Balance Sheet Collection Fund Debtors and Creditors, at the 31st March 2009 included in the Statement of Accounts for 2008/09, in respect of Council Tax and NNDR have been adjusted to accommodate the change in accounting treatment.
 - **Disclosure Note Changes** - A number of Disclosure Notes are no longer required within the Financial Statements and have therefore been removed, namely:
 - i) Section 137 Expenditure,
 - ii) Expenditure on Publicity,
 - iii) Building Control Trading Account,
 - iv) Business Improvement District Schemes; and
 - v) Local Authority (Goods and Services Act 1970)
6. These changes have had no effect on the General Fund balances available to the authority or on Council Tax.

CONTINUING IMPACT OF THE RECESSION

7. The current economic climate has continued to have a major impact on the Council's financial position during 2009/10, namely in three areas:-

- A loss of income from fees and charges which is expected to continue into 2010/11.
- A drop in income from investments due to sustained low interest rates.
- A reduction in capital receipts from the sales of land and property which continue to be less than forecast impacting on many key schemes in the City which have either been put on hold or abandoned.

Despite these issues, the Council was again able to approve a balanced budget for 2010/11 that took these losses into account. The Council has also continued with the policy decision taken last year to suspend the sale of any major assets until such time as the market picks up. The economic situation and the ongoing uncertainty in the banking sector have had an impact on the management of the Council's cash flow. In order to balance the fall in investment income a conscious decision was taken to switch to short term debt which is currently available at lower rates than long term debt due to the depressed market. As a result the average rate for repayment of debt, (the Consolidated Interest Rate – CRI), has reduced from 4.35% in 2008/09 to 1.95%. As this is a temporary arrangement, savings have been transferred to an Interest Equalisation Reserve, until the Council locks back into long term debt. In addition, due to the ongoing uncertainty the Council has continued to adopt a prudent approach to risk within its investment portfolio and its loan portfolio is structured to lessen its overall exposure in the investment market.

REVENUE EXPENDITURE AND INCOME

8. The Statement of Accounts presents the Income & Expenditure Account in a statutory format which includes notional costs that have no impact on the Council Tax charge.

The table on page 4 of the Statement of Accounts presents the Council's revenue and income in a format that shows the net impact on the General Fund Balance, compared to budget. This shows that the revised budget assumed a total contribution from reserves of £3.6M.

However, during the year, the Council has made changes to the revised budgets which were reported to Cabinet in February 2010. Compared to this working budget, the Council's actual expenditure for the year is £8.5M under budget and this is made up as follows:

	£M
Reductions in Portfolio Spending	3.3
Net Increase in Investment Income	0.7
Reduced Revenue Contribution to Capital Spend	1.5
One off Fleming Case Income (HMRC)	2.7
Unspent Contingencies	0.3
Re-phasing of Project Costs (Funded from within the Revenue Development Fund)	0.2
Other Variations	(0.2)
Total	8.5

9. Against this are requests to carry forward budget of £1.5M which will be subject to review before being submitted to Council for consideration. Further draws on the overall favourable position of £8.5M (subject to approval by Full Council) include:

- Revenue Development Fund (£110,000) –In recognition of the fact that there are uncertainties in relation to timing and speed of progress of complex and strategic projects, the funding for these revenue developments has been placed into a Revenue Development Fund from 2009/10 to enable the Council to retain flexibility in funding. The outstanding funding at the end of 2009/10 is £230,700 and It is proposed that £110,000 of this under spend is carried into 2010/11 and added to the Revenue Development Fund.
- Unspent Contingency (£25,000) – The general contingency of £250,000 was not required in 2009/10. However, as part of the 3rd Quarter Financial and Performance Monitoring report which went to Cabinet on 15th February 2010, it was approved that £25,000 of the unspent amount could be utilised to replace the windows at the Cobbett Road Library. This expenditure will be incurred in 2010/11.
- Organisational Development Reserve (£2,000,000) – Every year as part of the outturn position officers review the funding within the strategic reserve to deal with organisational change. It is proposed this year, given the overall under spend, to contribute an additional £2.0M into the Organisational Development Reserve which is used for restructuring, re-training, redeployment and redundancy costs in future years.

- Efficiency Programme (£700,000) – The Efficiency Strategy was approved by Council on 17th February 2010. The aim of the Efficiency Strategy is to ensure a robust and co-ordinated approach to determining the programme of change which will deliver fundamental changes in the ways the Council works, supporting its vision to become more customer focused by delivering services more efficiently using high quality data to make better decisions. The primary objective of the programme is to reduce complexity and costs through focus on customer outcomes, simplification and standardisation. In order to help provide capacity and investment where required to take these major pieces of work forward, it is proposed that £700,000 of the under spend from 2009/10 is set aside for this purpose to be allocated by the Efficiency Programme Board on a business case basis.
- Accommodation Reserve (£1,250,000) – Full Council has agreed to automatically carry forward any surplus/deficit on the central repairs and maintenance budget at year-end subject to the overall financial position of the Authority. However as work associated with the implementation of the Accommodation Strategy (including the major works associated with the civic centre) is underway, it was felt that a more flexible approach to building related budgets was required in the future. Consequently, Cabinet approved the delegation of authority to the Executive Director of Resources following consultation with the Cabinet Member for Resources and Workforce Planning to allocate premises related resources (revenue and capital) in order to maximise their efficient use in respect of general repairs and maintenance, major works to civic buildings and the implementation of the accommodation strategy. Of the total under spend on the central repairs and maintenance budget and other related accommodation budgets of £1,612,600 it is recommended that £1,250,000 is added to the Strategic Reserve to ensure that this can be achieved.
- Pot Holes (£77,000) – The 2009/10 revised budget includes an assumed increase in the budget for highway maintenance of £500,000 in order to help address the deterioration in the road network following the severe weather conditions experienced in the early part of the year. Due to the virement limits, a maximum of £250,000 was initially approved by Cabinet on 1st February, with a further £250,000 approved by Full Council on 17th February for this purpose. Any funds not utilised in 2009/10 were to be carried forward into 2010/11.
- New Spending Initiatives (£187,000) – New spending initiatives requiring one-off funding of £187,000 in 2010/11 have been identified.

GENERAL FUND BALANCES

10. The General Fund balance stands at £19.8M and is used as a working balance and to support future spending plans. This compares to a balance of £15.2M at the end of 2008/09.

Commitments have been proposed which subject to approval by Council will leave an uncommitted value of balances totalling £5.2M in the medium term which is £0.7 M above the minimum level recommended by the Chief Financial Officer.

CAPITAL EXPENDITURE

11. In 2009/10 the Council spent £84.0M on capital projects. This was £14.8M less than the approved estimates, due to re-phasing of expenditure which will now be incurred in 2010/11.

PENSIONS

12. In 2009/10 the Council paid an employer's contribution of £22.5M into Hampshire County Council's Pension Fund. The employer's rate in 2009/10 was 18.6% of employees' pay. The rate set for 2010/11 is 19.1%.
13. The Council's share of the assets in the Hampshire County Council pension fund at 31st March 2010 was £421.2M, compared to its estimated liabilities of £830.2M, giving an estimated deficit on the Fund of £409.0M.

The deficit will be made good by taking into account anticipated changes in market conditions, levels of anticipated employee contributions and future employer contributions. The level of future employer contributions will be set at a level assessed by the scheme actuary following the 2010 review.

ACCOUNTING POLICIES

14. The Council's accounts are prepared in accordance with the Code of Practice on Local Authority Accounting in Great Britain, which is recognised by statute as representing proper accounting practices and meets the requirements of the Accounts and Audit regulations 2003.
15. The Accounting Policies are described in detail on pages 8 to 22 of the Statement of Accounts and cover such items as:
 - Fixed assets
 - Depreciation
 - Pensions
 - Accruals
 - PFI contracts
 - VAT
 - Leasing

The Audit Committee were asked to review the policies adopted and note the new policies adopted for 2009/10 under 'Accounting Issues and Developments' on page 6.

However, it should be borne in mind that the majority of the accounting policies adopted by the Council are in line with CIPFA's Statement of Recommended Practice (the SORP) and the Audit Committee would therefore be more likely to be interested if the Council were to depart from the recognised practice.

FINANCIAL/RESOURCE IMPLICATIONS

Capital

17. The capital implications are considered as part of the Capital Outturn reports that are presented elsewhere on the Agenda..

Revenue

18. The revenue implications are considered as part of the Revenue Outturn reports that are presented elsewhere on the Agenda.

Property

19. There are no specific property implications arising from this report.

Other

20. N/A

LEGAL IMPLICATIONS

Statutory power to undertake proposals in the report:

21. Accounts and Audit Regulations 2003.

Other Legal Implications:

22. N/A

POLICY FRAMEWORK IMPLICATIONS

23. None. It should be noted that the Statement of Accounts is prepared in accordance with CIPFA's code of Practice on Local Authority Accounting in the UK.

SUPPORTING DOCUMENTATION

Appendices

1. None

Documents In Members' Rooms

1.	Draft Unaudited Accounts
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Background Documents

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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Background documents available for inspection at: N/a

FORWARD PLAN No: N/A

KEY DECISION? NO

WARDS/COMMUNITIES AFFECTED: NOT APPLICABLE

ITEM NO:11

DECISION-MAKER:	COUNCIL			
SUBJECT:	GENERAL FUND REVENUE OUTTURN 2009/10			
DATE OF DECISION:	14 JULY 2010			
REPORT OF:	CABINET MEMBER FOR RESOURCES & WORKFORCE PLANNING PORTFOLIO			
AUTHOR:	Name:	Rob Carr	Tel:	023 80 83 2708
	E-mail:	Rob.Carr@southampton.gov.uk		

STATEMENT OF CONFIDENTIALITY

NOT APPLICABLE

SUMMARY

The purpose of this report is to summarise the overall General Fund revenue outturn for 2009/10. It compares actual spending against the revised budget approved at Council in February 2010, adjusted for approved changes throughout the year.

The report also considers any requests for carry forwards and the allocation of funds for corporate purposes or other additional expenditure.

The overall position on the General Fund shows that Portfolios had a net under spend of £3.3M against the working budget. After taking into account the outturn on other spending items and approved movements from balances, there was an overall favourable variance of £8.5M for the year. This report seeks to commit £1.5M of carry forwards to be funded from the surplus, together with other new spending and provisions totalling £4.3M

The level of General Fund balances at 31st March 2010 after taking into account the outturn on the revenue account, the capital programme and movements from the Strategic Reserve is £19.8M, which reduces to £5.2M over the medium term after taking into account the commitments outlined in this report.

RECOMMENDATIONS:

That Council:

- (i) Notes the final outturn for 2009/10 detailed in Appendix 1.
- (ii) Notes the performance of individual Portfolios in meeting their budget targets as set out in paragraph 7 of this report and notes the major variances in Appendix 2.
- (iii) Approves the addition to the Revenue Development Fund of £110,000 as set out in paragraph 14.
- (iv) Notes the use of £25,000 of the unspent contingency to fund the replacement of the windows at the Cobbett Road Library in 2010/11 which has already been approved as outlined in paragraph 16.
- (v) Approves the carry forward requests totalling £1,460,200 (of which £362,600 relates to central repairs and maintenance) as outlined in paragraph 17 and set out in detail in Appendix 3.

- (vi) Approves the use of £4,214,000 of the 2009/10 under spend to fund the cost of the corporate items set out in paragraph 18.

REASONS FOR REPORT RECOMMENDATIONS

1. The reporting of the outturn for 2009/10 forms part of the approval of the statutory accounts.

CONSULTATION

2. Not applicable.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

3. The final accounts have been prepared in accordance with statutory accounting principles.

DETAIL

4. Each Portfolio within the General Fund is responsible for monitoring its net controllable spending against its approved budget through out the financial year. The original budget as set by Council on 18th February 2009 was revised by Council in February 2010. The revised budget then remains fixed, however, the working budget is amended throughout the year and takes account of various budget adjustments and virements which managers can make under delegated powers as well as those that go to Cabinet for approval.
5. Whilst there are significant numbers of under and over spends highlighted in this report (Appendix 2), many of these have already been reported to Cabinet and Scrutiny as part of the corporate financial monitoring process throughout the year. In general terms, Portfolios are required to manage their budgets “within the bottom line” and where there are potential problems identified, Executive Directors have prepared action plans to bring spending back in line.
6. This report covers the outturn position for 2009/10 and analyses the spending against the working budget and identifies where applicable, where any under spend has been requested to be carried forward into 2010/11.

OVERALL GENERAL FUND REVENUE POSITION

7. The overall year end position on under and over spends is summarised overleaf.

	(Under) / Over Spend
	£000's
Portfolio Total	(3,274)
Levies & Contributions	65
Capital Asset Management	(688)
Direct Revenue Financing of Capital (DRF)	(1,547)
Net Housing Benefit Payments	17
Revenue Development Fund	(231)
Other Income & Expenditure	(2,566)
Unspent Contingencies	(250)
NET GF SPENDING	(8,474)

8. This summarises the key reasons for the total net under spend during the year. Further details can be found in Appendix 1. It should be noted that the format of the accounts in Appendix 1 is different from the Income and Expenditure Account in the Statement of Accounts as the Income and Expenditure Account format is prescribed in Codes of Practice. It should also be noted that Appendix 1 does not take account of requests for carry forwards detailed in this report.
9. As last year, potential pressures that may arise during 2009/10 relating to volatile areas of expenditure and income are being managed through the Risk Fund. A net sum of £4.3M was included in the revised budget to cover these pressures, to be released during the year if additional expenditure against the specific items was identified. The final draw on the Risk Fund totalled £4.1M being £208,300 lower than estimated.
10. Details of corporate issues and significant variations in net controllable spending on Portfolios which take into account amounts held in the Risk Fund for specific service areas are given in Appendix 2.
11. Whilst many of these explanations refer to 'over spends', the majority of the major variations were reported throughout the year and these spending pressures within Portfolios were effectively managed through the use of the Risk Fund. The main areas are shown in the table below:

Portfolio	Service Activity	£000's
Adult Social Care & Health	Adult Disability	350.0
Adult Social Care & Health	Learning Disability Services	150.0
Children's Services	Multi Agency Resource Panel and Out of City	1,251.8
Environment & Transport	Income impacted by the economic climate – Off Street Car Parking	1,279.0
Environment & Transport	Income impacted by the economic climate – Development Control	398.0
Environment & Transport	Income impacted by the economic climate – Bus Shelter Contract	350.0
Environment & Transport	Bereavement Services	193.0
Resources & Workforce Planning	Income impacted by the economic climate – Sponsorship Income	81.6
Portfolio Draw From Risk Fund		4,053.4

NON-PORTFOLIO VARIANCES

12. Capital Asset Management (£687,600) - In order to balance the fall in investment income a conscious decision was taken to switch to short term debt which is currently available at lower rates than long term debt due to the depressed market. As a result the average rate for repayment of debt, (the Consolidated Interest Rate – CRI), has reduced from 4.35% in 2008/09 to 1.95% which has resulted in a reduction in net interest paid.
13. Direct Revenue Financing (DRF) (£1,547,000) – Re-phasing on the capital programme detailed in the Capital Outturn report, also on the agenda, has meant that not all of the DRF has been required in year. However, this funding will be needed in future years when the capital spending takes place.
14. Revenue Development Fund (£230,700) –In recognition of the fact that there are uncertainties in relation to timing and speed of progress of complex and strategic projects, the funding for these revenue developments has been placed into a Revenue Development Fund from 2009/10 to enable the Council to retain flexibility in funding. The outstanding funding at the end of 2009/10 is £230,700 and it is proposed that £110,000 of this under spend is carried into 2010/11 and added to the Revenue Development Fund.
15. Other Income and Expenditure (£2,566,900) – The major element of this relates to the receipt of a refund from HM Revenues & Customs (HMRC) totalling £2,732,700.

The Council, following the House of Lords judgement in respect of Michael Fleming (which prevented HMRC enforcing regulations which would illegally limit Vat Reclaims to the three previous years) submitted a number of “Fleming” claims (some in conjunction with KPMG who receive 5% of amounts received) which were required to be submitted by 31 March 2009. These claims were successful and have resulted in this one off major receipt.

16. Unspent Contingency (£250,000) – The general contingency of £250,000 was not required in 2009/10. However, as part of the 3rd Quarter Financial and Performance Monitoring report which went to Cabinet on 15th February 2010, it was approved that £25,000 of the unspent amount could be utilised to replace the windows at the Cobbett Road Library. This expenditure will be incurred in 2010/11.

CARRY FORWARD REQUESTS AND OTHER NEW SPENDING

17. Carry forward requests totalling £1,097,600 have been put forward by officers and details of the requests are given in Appendix 3. Council is asked to approve the carry forwards which would then be incurred in 2010/11 and be funded from balances. In addition there is an under spend of £362,600 on the central repairs and maintenance budget which Council has agreed to automatically carry forward subject to the overall financial position of the Authority.
18. Funding for a further five corporate issues is also requested from Council:
- Organisational Development Reserve (£2,000,000) – Every year as part of the outturn position officers review the funding within the strategic reserve to deal with organisational change. It is proposed this year given the overall under spend to contribute an additional £2.0M into the Organisational Development Reserve which is used for restructuring, re-training, redeployment and redundancy costs in future years.
 - Efficiency Programme (£700,000) – The Efficiency Strategy was approved by Council on 17th February 2010. The aim of the Efficiency Strategy is to ensure a robust and co-ordinated approach to determining the programme of change which will deliver fundamental changes in the ways the Council works, supporting its vision to become more customer focused by delivering services more efficiently using high quality data to make better decisions. The primary objective of the programme is to reduce complexity and costs through focus on customer outcomes, simplification and standardisation. In order to help provide capacity and investment where required to take these major pieces of work forward, it is proposed that £700,000 of the under spend from 2009/10 is set aside for this purpose to be allocated by the Efficiency Programme Board on a business case basis.
 - Accommodation Reserve (£1,250,000) – Full Council has agreed to automatically carry forward any surplus/deficit on the central repairs and maintenance budget at year-end subject to the overall financial position of the Authority. However as work associated with the implementation of the Accommodation Strategy (including the major works associated with the civic centre) is underway, it was felt that a more flexible approach to building related budgets was required in the future.

Consequently, Cabinet approved the delegation of authority to the Executive Director of Resources following consultation with the Cabinet Member for Resources and Workforce Planning to allocate premises related resources (revenue and capital) in order to maximise their efficient use in respect of general repairs and maintenance, major works to civic buildings and the implementation of the accommodation strategy. Of the total under spend on the central repairs and maintenance budget and other related accommodation budgets of £1,612,600 it is recommended that £1,250,000 is added to the Strategic Reserve to ensure that this can be achieved.

- Pot Holes (£77,000) – The 2009/10 revised budget includes an assumed increase in the budget for highway maintenance of £500,000 in order to help address the deterioration in the road network following the severe weather conditions experienced in the early part of the year. Due to the virement limits, a maximum of £250,000 was initially approved by Cabinet on 1st February, with a further £250,000 approved by Full Council on 17th February for this purpose. Any funds not utilised in 2009/10 were to be carried forward into 2010/11.
- New Spending Initiatives (£187,000) – New spending initiatives requiring one-off funding of £187,000 in 2010/11 have been identified and details of the requests are given in Appendix 4.

19. The table below shows the position for balances after taking into account the commitments outlined in this report and the funding required for the current capital programme.

	2009/10	2010/11	2011/12	2012/13	2013/14
	£000's	£000's	£000's	£000's	£000's
Opening Balance	15,316.8	19,849.5	10,866.1	9,048.5	6,851.3
Draw (from) / to Revenue	5,571.2	(3,360.0)	(100.0)		
Draw to Support Capital	(32.0)	(110.0)		(227.0)	
Draw for Strategic Schemes	(1,006.5)	(5,513.4)	(1,717.6)	(1,970.2)	(1,659.7)
Closing Balance	19,849.5	10,866.1	9,048.5	6,851.3	5,191.6

20. The uncommitted value of balances totals £5.2M which is £0.7M above the minimum level recommended by the Chief Financial Officer.

FINANCIAL/RESOURCE IMPLICATIONS

Capital

21. As set out in the report details.

Revenue

22. As set out in the report details.

Property

23. None.

Other

24. None.

LEGAL IMPLICATIONS

Statutory power to undertake proposals in the report:

25. The Council's accounts must be approved by Council in accordance with the Accounts and Audit Regulations 2003.

Other Legal Implications:

26. None.

POLICY FRAMEWORK IMPLICATIONS

27. The proposals contained in the report are in accordance with the Council's Policy Framework Plan

SUPPORTING DOCUMENTATION

Appendices

1.	General Fund Revenue Outturn 2009/10
2.	Main Variances on Portfolio Spending
3.	Carry Forward Requests
4.	New Spending Initiatives

Documents In Members' Rooms

1.	None
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Background Documents

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.	Cabinet report on 3 rd Quarter Financial and Performance Monitoring for 2009/10 approved on 15 th February 2010	
2.	Council report on the General Fund Revenue Budget 2010/11 to 2012/13 approved on 17 th February 2010	

Background documents available for inspection at:

KEY DECISION? No

WARDS/COMMUNITIES AFFECTED:	all
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APPENDICES FOR ITEM NO: 11

APPENDIX 1

GENERAL FUND REVENUE OUTTURN 2009/10

Revised Budget £000's		Working Budget £000's	Final Outturn £000's	(Under) / Over Spend £000's
48,651	Adult Social Care & Health	49,141	50,279	1,138
29,387	Children's Services	31,541	32,019	478
3,789	Economic Development	3,779	3,752	(27)
24,684	Environment & Transport	27,003	24,955	(2,048)
11,576	Housing & Local Services	11,576	11,242	(334)
5,190	Leader's Portfolio	5,200	4,839	(361)
7,850	Leisure Culture & Heritage	7,865	7,662	(203)
35,820	Resources & Workforce Planning	36,790	35,061	(1,729)
166,947	Sub-total (Net Controllable Spend) for Portfolios	172,895	169,810	(3,085)
19,154	Non-Controllable Portfolio Costs	19,154	19,152	(2)
(50)	Environment Trading Areas	(36)	(15)	21
4,272	Risk Fund	208		(208)
190,322	Portfolio Total	192,221	188,947	(3,274)
	Levies & Contributions			
36	Southern Seas Fisheries Levy	36	42	6
42	Flood Defence Levy	42	43	
450	Coroners Service	450	509	59
529		529	593	65
	Capital Asset Management			
7,893	Capital Financing Charges	7,893	6,891	(1,002)
(21,584)	Capital Asset Management Account	(21,584)	(21,270)	315
(13,691)		(13,691)	(14,379)	(688)
	Other Expenditure & Income			
1,791	Direct Revenue Financing of Capital	1,579	32	(1,547)
(852)	Net Housing Benefit Payments	(852)	(836)	17
1,500	Contribution to Interest Equalisation Reserve	1,500	1,500	
300	Contribution to Transformation Fund	300	300	
2,426	Revenue Development Fund	1,110	879	(231)
527	Open Space and HRA	527	527	
(150)	LPSA Contribution	(150)	(150)	
(185)	Other Miscellaneous Expenditure & Income	(185)	(2,752)	(2,567)
250	Contingencies	250		(250)
5,606		4,078	(499)	(4,578)
182,766	NET GF SPENDING	183,137	174,663	(8,474)
	Draw from Balances:			
(1,632)	(Draw from) / Addition to Balances (General)	(1,356)	5,571	6,927
(148)	Draw from Strategic Reserve (Pensions/Reds)	(1,007)	(1,007)	
(1,791)	To fund the Capital Programme	(1,579)	(32)	1,547
(3,570)		(3,942)	4,533	8,474
179,196	Budget Requirement	179,196	179,196	

MAIN VARIANCES ON CONTROLLABLE PORTFOLIO SPENDING

ADULT SOCIAL CARE AND HEALTH PORTFOLIO

The Portfolio is over spent by **£1,138,300** at year-end, which represents a percentage over spend against budget of **2.3%**.

ASCH 1 – Adult Disability Care Services (favourable variance £10,800)

There has been a draw on the Risk Fund of £350,000 to manage a variance of £402,200 on Nursing & Residential Care.

There is unbudgeted expenditure on Nursing & Residential Care, after allowing for a draw on the Risk Fund of £350,000, of £52,200. This is due to demand for Nursing outstripping the budget by the equivalent of twenty two clients.

Offsetting this is in part is an under spend on Domiciliary Care caused by an unbudgeted increase in income arising from the new charging policy (that now includes Capital assets within client's financial assessments for the first time). It should be noted that this additional income will be budgeted for in 2010/11 and therefore will not be available to offset pressures in Nursing Care in 2010/11.

It should be noted that there have been minor variances on Day Care and Direct Payments spend which are also being offset by the under spend on Domiciliary Care.

The overall position on Adult Disability Care Services has worsened by £348,700, before a draw on the Risk Fund, since the last reported position. This is mainly due to the higher than anticipated value of invoices in dispute from Care Providers (£200,000) now expected to be paid in full and higher than forecast costs for domiciliary extra care services (£125,000).

Table 1

	09/10 Net Budget	09/10 Unit Prices	09/10 Budgeted Units	09/10 Outturn	09/10 Outturn Units	Difference (units)	Variance to Budget
Day Care	267,000	£57 Per Day	4,684	229,700	4,030	-654	-37,300
Direct Payments	2,333,000	£9.38 Per Hour	248,721	2,420,300	258,028	9,307	87,300
Domiciliary	4,736,900	£12.85 Per Hour	370,186	4,613,900	359,058	-11,128	-113,000
Nursing	4,394,100	£46.26 Per Day	94,987	4,434,100	95,852	865	40,000
Residential	5,064,500	£36.86 Per Day	136,584	5,076,700	137,729	1,145	12,200
Total	16,785,500			16,774,700			-10,800

Note to Table 1: The draw on the Risk Fund has been adjusted against the outturn position for Nursing and Residential Care.

ASCH 2 – Learning Disabilities (adverse variance £1,254,100)

This adverse variance is due to various issues including; increases in the cost of existing client packages, a net increase in packages during the year, the full year effect in 2009/10 of new packages during 2008/09, and a withdrawal in funding by Southampton Primary Care Trust, (SCPCT) for clients previously assessed to have a Continuing Health Care need. The position includes a draw on the Risk Fund of £150,000 for clients transferring from Children's Services.

A draw of £150,000 will be made on the Risk Fund to manage in part the additional expenditure of £166,700 incurred for clients transferring into this client group from Children's Services, giving a net adverse position of £16,700.

In addition, the cost in 2009/10 for new clients at the end of the previous year and new clients in 2009/10 is £886,900, whilst savings from clients no longer receiving a service is £185,000. This generated a net pressure in the year of £701,900. This has increased from the previously reported position by £144,900. This is due to the cost of care for clients where their care was not anticipated to commence in 2009/10.

Also, SCPCT are reducing funding for clients after a shift in view of what levels of care should be categorised as Health. At the start of the year it was understood the SCPCT would look to review approximately £1.7M of expenditure relating to Learning Disability (LD) clients. Included within the outturn position are additional costs for sixteen clients relating to this issue at a total additional cost to SCC in 2009/10 of £476,000 and a late agreement has been reached to meet the costs of a further seven clients at a cost of £219,000 in 2009/10 giving a total of £695,000. Progress is being made on formalising a new agreement with SCPCT to manage any future changes in care requirements.

Offsetting this is an under spend of £50,900 within the Learning Disability Care Management and Provider Services teams from holding vacant posts. In addition there are various other minor savings within the Service Activity totalling £83,200.

ASCH 3 – In House Care Services (adverse variance £192,700)

Delays in implementing the closure of two residential homes has led to a pressure in year of £360,000.

The variance is the result of delays in the closure of the two homes. Whilst the homes' budgets have been reduced to reflect the transfer of clients to external providers the staffing levels have not reduced as anticipated due to the delays in closure. This has led to a budgeted saving of £360,000 not being achieved. The delay in closure arose whilst waiting the outcome of a judicial review and subsequent Cabinet decisions. It has now been confirmed there are not any legal proceedings ongoing or planned which will further delay the planned closure of the homes. However, the delays that have occurred will have an adverse affect on the ability to achieve the full saving target in 2010/11.

The over spend is offset in part by savings of £189,200 within the City Care team arising from vacant posts being held until the completion of the City Care review.

ASCH 4 – Community Care Policy and Performance (favourable variance £324,700)

Under spends on the Carer's Grant £260,200 and Mental Capacity Grant £88,500

It was budgeted that the under spend of £207,200 of the 2008/09 Carers Grant (£800,000) carried forward into 2009/10 would be used to support activity aimed at providing Carers with respite. There has been a further under spend on this grant of £53,000. In addition there has been an under spend on the Mental Capacity Grant of £88,500. It is not proposed to request a carry forward for this under spend.

CHILDREN'S SERVICES PORTFOLIO

The Portfolio is over spent by **£478,000** at year-end, which represents a percentage over spend against budget of **1.5%**. This percentage over spend can be compared against a 24% increase in the numbers of Children Looked After over the same period.

CS 1 – Multi Agency Resource Panel (MARP) and Out of City (adverse variance NIL)

The costs of MARP and Out of City placements, can be very expensive, and due to the nature of the service, difficult to predict with any certainty. In addition, the budget was reduced by **£437,000** as part of Children's Services 2009/10 savings. This led to an over spend of **£1,251,800** in 2009/10 and the variance which has been anticipated and closely monitored throughout the year has been managed through the Risk Fund.

The position is summarised by activity in the table below:

Service Area	Previous Months Variance £000's	Actual Variance £000's	Increase/ (Decrease) £000's
Children with Disabilities	238.6 A	87.6 A	(151.0)
Independent Fostering Agencies	671.6 A	676.0 A	4.4
Out of City Residential Social Care Placements	471.7 A	474.6 A	2.9
Intake Residential Annexe	0.0 A	13.6 A	13.6
Out of City Educational Placements	44.9 A	22.9 A	(22.0)
Total	1,426.8 A	1,274.7 A	(152.1)
Funded from Dedicated Schools Grant	44.9 F	22.9 F	23.2
Total General Fund	1,381.9 A	1,251.8 A	(130.1)

Out of City Residential Social Care Placements

Expenditure on out of city residential social care placements over spent by **£474,600**, due to an increase in the numbers of children requiring expensive placements over and above the budgeted position.

The over spend is due to the following:

- a nine and a half month placement costing **£161,000**,
- two three month placements costing **£58,000** each,
- two six week crisis intervention placements costing **£30,000** and **£34,000**,
- a 17 week placement costing **£51,000**,
- a 14 week placement costing **£62,000** and
- a new placement from March 2010 costing **£21,500**.

Independent Fostering Agency (IFA) Placements

Expenditure on independent fostering agency placements exceeded budget by **£676,000**. The budget for IFA placements was reduced by **£437,000** in 2009/10, to accommodate an anticipated change from external placements to in-house, where feasible. The current climate has resulted in an increase in the numbers of children entering care, which has meant that there has been a continued need for external placements. Work has, however, been undertaken to re-negotiate contracts on such placements, and this has resulted in some contract sums being reduced.

The table below compares the numbers of children requiring support as reflected in the budget, with the actual for the year.

Annual Cost Band £		0 to 999	1,000 to 9,999	10,000 to 59,999	60,000 to 99,999	Over 100,000
<u>Out of City Social Care Placements</u>	Budget	0	0	0	0	3
	Actual	0	0	9	1	4
<u>IFA Social Care Placements</u>	Budget	0	0	19	0	0
	Actual	0	0	37	3	0

CS 2 – Children in Care (adverse variance £557,500)

An increase in the need for civil secure accommodation and an increasing number of children in foster care placements has led to additional expenditure.

Civil secure accommodation is only used as a last resort measure if it is considered that the child poses a serious risk to him/herself or others by remaining within the community. The budget for civil secure accommodation allowed for one six month placement per year. However, during 2009/10, there has been the need for seven placements, including two current civil secure placements. This has resulted in a variance against budget of £254,900.

The numbers of fostering allowances has increased from a budgeted 160 to a current average of 219. Whilst this resulted in an over spend of over £290,000 on standard allowances, this is consistent with the Council's commitment to invest in local foster care rather than more expensive Independent Fostering provision, which would have resulted in even higher expenditure.

CS 3 – Safeguarding Management (adverse variance £176,400)

Temporary staff cover arrangements within the Safeguarding Division led to an over spend of £176,400.

This variance mainly relates to the cover arrangements for the Safeguarding Head of Service and the recruitment and cover arrangements of the Principal Officer for Inclusion. Extra Independent Reviewing Officers (IROs) were temporarily employed for absence cover and to improve performance.

CS 4 – Children in Need (adverse variance £742,800)

A review of the social care function highlighted the need for more social care staff and an additional £806,000 was allocated last financial year. The quicker than anticipated recruitment of both permanent and temporary agency staffing has led to an additional expenditure of £517,000.

In addition, expenditure incurred to prevent children entering care overspent by £183,000, whilst legal costs were £54,000 higher than anticipated.

The cost of additional social work staff has increased over and above the original budget, due firstly to the successful recruitment of social workers at an earlier rate than was originally anticipated, and secondly to the additional cost of recruiting agency social workers over and above the cost of employing our own staff.

Expenditure on measures to prevent children from entering the care system, for example by providing financial support or regular child minding, over spent by £183,000. Included within this is expenditure of £69,000 in respect of payments to families without recourse to public funds. It should be noted that a recent 'test case' was undertaken, where the client was advised that we were planning to withdraw funding on the basis that she was unlikely to be granted leave to remain. As a result, we were issued with a notice of judicial review, and after seeking legal advice, were informed that by pursuing this action, we would be failing in our duties under Section 17. Financial and service monitoring procedures have, however, been improved over the last few months, in order to ensure that no unnecessary expenditure is incurred in future. Legal costs were £54,000 higher than anticipated due to increased expenditure on external legal fees.

CS 5 – Inclusion Support Services (favourable variance £585,800)

The under spend has mainly arisen on recoupmnt for children with special educational needs, coupled with proactive measures to keep vacant posts unfilled in order to offset the overall adverse financial position.

There has been a significant under spend on recoupmnt of £123,800 resulting from a reduction in children from Southampton attending schools outside of the City boundaries, coupled with an increase in children from outside of Southampton attending the City's Special Schools. Hospital recoupmnt also under spent by £73,600.

In addition, savings were made on SEN transport of £51,000 as a result of lower take up of transport than originally anticipated, as well as on personal expenditure plans of £57,000.

Savings were also made from the delayed recruitment to the following posts:

- Behaviour and Attendance Consultant (£48,000).
- Deputy Education Psychologist (£52,000).
- Speech and Language Advisor (£31,600).
- Inclusion Manager (£20,500)
- Recruitment freeze within Inclusion Services on non essential posts – approx £100,000.

CS 6 – Children & Youth Support (favourable variance £362,900)

Proactive action has been taken to delay recruitment to vacant posts in order to offset in part the overall adverse financial position.

Savings have been made within staffing budgets and also through various management decisions remedial action had been taken to reduce expenditure which has resulted in savings being achieved within supplies and services budgets.

ECONOMIC DEVELOPMENT PORTFOLIO

The Portfolio is under spent by **£27,100** at year-end, which represents a percentage under spend against budget of **0.7%**.

EDEV 1 – Regeneration and Renewal (favourable variance £96,300)

Under spend of pump priming budget

A carry forward request has been made for £40,000 for the under spend of the pump priming budget for the Future Jobs Fund.

ENVIRONMENT & TRANSPORT PORTFOLIO

The Portfolio has under spent by **£2,047,600** at year-end, which represents a percentage under spend against the budget of **7.6%**.

E&T 1 – Off Street Car Parking (adverse variance £41,000)

This variance is after a draw on the Risk Fund of £1,279,000 due to previously identified parking pressures.

There is an adverse variance in car parking income of £1,279,000, due to significantly lower season ticket sales and reduced ticket machine income against a challenging target. Officers developed a series of remedial actions, focussing on new ways of increasing income from off street car parking. These were approved by Cabinet on 28th September 2009 and included the reduction of parking charges in selected car parks where demand has dropped off and the introduction of discounted 'pay as you park' cards. Although individual initiatives generated additional business, this has not had a significant impact on overall income levels. A draw on the Risk Fund of £1,279,000 will be required for off street car parking, as a result of the economic downturn.

E&T 2 – Development Control (favourable variance £149,000)

This variance is after a draw on the Risk fund of £398,000 due to a shortfall on planning application fees. In addition, there is a carry forward request of £313,000 for Housing and Planning Delivery Grant.

Planning application income was significantly lower than budget with a shortfall of £398,000. A sum was added to the Risk Fund for the effects of the economic downturn, which will need to be drawn down.

In addition, other income, including funding from S.106 fees in respect of administration costs, is £41,000 adverse. There are additional unbudgeted costs to fund service delivery, including legal and advertising of costs of £58,000 and employees costs of £62,000.

There is an under spend on the services funded by the Housing and Planning Delivery Grant, due to the rescheduling of some projects and a carry forward request of £313,000 has, been identified for this service.

E&T 3 – Waste Disposal (favourable variance £893,000)

A reduction in the amount of amenity and other waste has reduced disposal costs by £432,000 and there are further net savings, as a result of contract negotiations and extra income, of approximately £283,000. Provisions of £142,000, mainly for the old Marchwood Incinerator, will not be required.

The Council is currently processing less Civic Amenity, Dry Recyclable and Household waste through the waste disposal contract than was budgeted for. This had led to a saving of £432,000 over the course of the year.

There are vacancies within the service, saving £28,000 this year. Additionally, the provisions in the accounts of £142,000 in respect of the likely costs of demolition and the residual value of land of the old Marchwood Incinerator and the Waste Electrical Electronic Equipment (WEEE) claim will not be required.

The refinancing of the waste disposal contract has led to a saving of £122,000 in 2009/10. There are further savings, as a result of the agreement to fund the pass through costs for the new Marchwood Incinerator via prudential borrowing, amounting to an on going saving of £78,000. The waste disposal contract allows for the commercial use of any spare capacity within the incinerators with any profits being shared between the Waste Disposal Authorities and Veolia. The final settlement for the period January 2007 to December 2008 has recently been agreed at £83,000 more income than was provided for in previous years' accounts.

E&T 4 – Public Transport (favourable variance £132,000)

There is a draw on the Risk Fund of £350,000 in relation to a new bus shelters contract. There is an under spend of £121,000 on Concessionary Fares, mainly due to a provision of £72,000 for a judicial review on the 2008/09 scheme not being required.

There was an agreed savings proposal for £350,000, built into the estimates, from a combination of reduced maintenance costs and increased sponsorship income from a new bus shelters contract. However, in the current economic climate it was decided not to let the proposed contract as it was felt that it would not deliver the expected financial benefits or value for money for the Council. A draw on the Risk Fund of £350,000 will therefore be required.

There is an under spend of £49,000 on Concessionary Fares as the 'average fare' was lower than estimated and this has more than offset the costs arising from additional journeys. In addition, a provision of £72,000 for the cost of preparing for a judicial review on the 2008/09 Concessionary Fare methodology for payment to the operator was not required.

E&T 5 – Waste Collection (favourable variance £535,000)

Savings have been made across a number of budget headings. Recycling sales income is significantly better than anticipated but Trade Waste income is down as a result of the economic downturn. A carry forward request of £205,000 is required to complete the Tracking System Project in 2010/11.

The majority of the variance is due to savings on vehicles, container purchase, storage and other supplies and services including fuel, which are partially offset by an overspend on staffing, totalling £330,000. In addition, there is a favourable variance of £99,000 due to the recycling sales market holding up better than anticipated during the economic downturn. There is an adverse variance of £103,000, due to a fall in income from the Trade Waste service, which has been partially offset by a reduction in the associated tipping charges. The Tracking System project has been delayed due to partnership and procurement negotiations and a carry forward request of £205,000 is sought.

HOUSING & LOCAL SERVICES PORTFOLIO

The portfolio is under spent by **£333,900** at year-end, which represents a percentage under spend against budget of **2.9%**.

HLS 1 – Housing Needs, Housing Strategy and Parks & Open Spaces (favourable variance £176,500)

Under spend achieved by keeping posts vacant longer than budgeted, additional grant funding and delays in the construction of the mini golf course at East Park.

In Housing Needs £41,400 of savings were achieved due to posts being recruited to later than expected and the unbudgeted Supporting People grant being received for the Homeless outreach/Mediation Officer. Savings of £127,300 in Housing Strategy were achieved by keeping posts vacant pending a service review. There was an adverse variance of £49,400 on the Trading Arm due to the anticipated work programme not being completed in year.

£55,000 was not spent on the mini golf course at East Park. This was due to delays in getting a response to the request to the Planning Inspectorate on behalf of the Secretary of State for a change of use of common land. The application was made in June 2009 but approval was not given until the 5th May 2010 so the work could not be undertaken in 2009/10. Now that approval has been granted contracts can be let for the work once approval for the requested carry forward has been granted

HLS 2 – Grants Stronger Communities & Equalities and Grants to Voluntary Organisations (favourable variance £119,300)

Under spend resulted from not utilising all of the grant funding and carry forward request have been made to roll the grants forward.

An under spend of £58,800 on the Prevent Area Based grant was created by incurring less than expected expenditure on planned capacity building, local research, community involvement and communications. The carry forward of the full under spend will enable the above programmes to be completed and more funds to be allocated to community projects in the 2010/11 financial year.

There is an under spend of £41,200 relating to the Grants to Voluntary Organisations New Initiatives Fund and a further under spend of £13,700 has arisen due to the decision not to award inflationary increases for 2009/10. There is considerably more demand on this fund in 2010/11 than the available budget and the carry forward of the full under spend of £54,900 will enable additional grants to be approved.

In addition, there are several other small under spends on grant funding against which requests have been submitted for carry forwards into 2010/11.

LEADERS PORTFOLIO

The portfolio is under spent by **£361,200** at year-end, which represents a percentage under spend against budget of **6.9%**.

LEAD 1 – Corporate Performance and Best Value (favourable variance £174,200)

Under spends within Salaries and Wages

The under spends are due mainly to recruitment to the new Corporate Policy and Performance structure being later than originally anticipated.

LEAD 2 – Land Charges (favourable variance £109,800)

Additional income from fees

Land Charges income estimates were calculated to prudently reflect the potential impact of market conditions during the year and income was higher than originally estimated.

LEISURE, CULTURE & HERITAGE PORTFOLIO

The portfolio is under spent by **£202,700** at year-end, which represents a percentage under spend against budget of **2.6%**.

LCH 1 – Major Projects and Directorate & Portfolio Management (favourable variance £98,100)

An under spend has resulted on a variety of staff headings including internal staff, temporary staff and consultants.

An under spend on staff costs of £62,200 have arisen from Project Management and from Temporary staff budgets for revenue projects that have not been progressed this year. A forecast spend of £28,000 on consultants in respect of the Heritage Centre did not take place. Against this under spend a number of new spending initiatives requiring one-off funding of £142,000 in 2010/11 have been identified and these are:

- Project Support Officer (£42,000).
- Procurement Cost of a Sea City Museum Partner (£50,000)
- The Cenotaph Wall (£50,000).

LCH 2 – Events Externalised Services and Contracts (favourable variance £94,200)

Under spend due to savings on events and reduced cost of Guildhall contract extension.

Under spend of £23,200 across predominantly supplies and services headings due to event organisers covering more direct costs of goods and services. £71,000 of savings from reduced use of contingency budgets held in relation to major external franchises and contracts including savings from reduced procurement costs for the extension of the Guildhall contract with Live Nation. Against this under spend one-off funding of £45,000 in 2010/11 has been identified as follows:

- Queen Elizabeth Launch Events (£25,000).
- Azura Launch Events (£20,000)

RESOURCES AND WORKFORCE PLANNING PORTFOLIO

The Portfolio is under spent by **£1,728,600** at year-end, which represents a percentage under spend against budget of **4.7%**.

RES 1 – Property Portfolio Management (favourable variance £616,300)

Net reduction in expenditure on Investment Properties and Property Management

The Investment Properties account is showing a saving on expenditure of £296,800 due to savings on rental and rates payments. In addition, there has been an increase in income, partially offset by increased vacant property costs resulting in a net favourable position of £78,500.

Furthermore, the Property Management account has a £241,000 saving primarily as a result of reduced Capita Valuation fees. The downturn in the property market since late 2007 has resulted in a significant reduction in the number and value of property disposals. Several properties have been held back pending an improvement in the Property Market. It is anticipated that the number of property transactions will increase during 2010/11. In addition, fewer rent reviews scheduled for the year and a number of tenants chose to vacate properties rather than renew leases. Work will continue to find new tenants for these premises. A restructure programme has commenced, and whilst there is tenant interest, economic conditions are not yet right for some to proceed.

RES 2 – Capita Property Services (favourable variance £903,000)

Additional income contribution generated from Capita fees

During the year, higher volumes/values of variable work have been placed with Property Capita than were originally estimated. This has resulted in a surplus of income from clients to cover Capita/SCC costs and overheads. This had not been previously forecast due to the inherent difficulties in predicting future demand due to the volatile nature of variable work. In addition, as a result of ongoing negotiations with Capita on a range of property issues, savings have now been secured as part of overall property and accommodation related issues, including the ASAP project.

RES 3 – Central Repairs and Maintenance (favourable variance £362,600)

Under spend on repairs and maintenance budgets

Overall central repairs and maintenance shows a favourable variance of £362,600, with the main area of under spend being planned maintenance. The planned programme for current year works will be completed early in the next financial year. Full Council has agreed to automatically carry forward any surplus/deficit at year-end subject to the overall financial position of the Authority.

RES 4 – Debtors and Creditors (adverse variance £129,100)

Temporary staff for Health and Social Care Billing

The outturn position represents the full year effect of engaging the temporary staff engaged to assist with the additional workload associated with Health & Social Care debt management and billing processes. All are aware of the level and seriousness of the problems associated with these processes. In order to address this problem a three part improvement plan has been agreed:

- 1) Reviewing and simplifying the charging policy for people receiving care.
- 2) Introducing Paris 4.2
- 3) A transformational review of the business processes within CHC

Part 1 of the plan has been achieved. Parts 2 and 3 are ongoing. A permanent team has now been put in place to deal with billing queries in an efficient and effective manner.

RES 5 – Corporate Communications (variance NIL)

This variance is after a draw from the Risk Fund of £81,600 to meet the shortfall in Sponsorship income.

CARRY FORWARD REQUESTS

Carry forward requests will be considered for approval if they are for already approved, one off schemes, which were not completed in year (i.e. re-phasing of one-off spend) and if there are insufficient funds available in the forthcoming year.

The carry forward requests received, relating to 2009/10 outturn positions, are as follows:

ADULT SOCIAL CARE AND HEALTH PORTFOLIO

Local Involvement Networks Grant - £40,000

The Local Involvement Networks Grant (LINKS) is 'sub contracted' to an external organisation (HAP) to manage on behalf of the council and the agreement covers the full value of the grant over a three year period.

ECONOMIC DEVELOPMENT PORTFOLIO

Future Jobs Fund - £40,000

The Future Jobs Fund programme in Hampshire started three months later than planned, and expenditure was re-profiled accordingly. The carry forward request is needed to ensure the programme can expand to reduce youth unemployment in the City and to mitigate risk amongst delivery partners

ENVIRONMENT & TRANSPORT PORTFOLIO

Procurement and Implementation of Waste Collection Tracking System - £205,000

The 'mini budget' report, approved by Council on 15th July 2009, recommended one-off expenditure to implement this GPS based system. It will be used to track waste collection by household and receive information about household collections in real time. The project has been delayed due to partnership and procurement negotiations and a carry forward request will be required to complete the project in 2010/11. This investment will enable waste collection and waste disposal and recycling to work more effectively and provide an improved service to customers. It will enable Waste Operations and Actionline to receive information in real-time and it will help modernise services and at the same time achieve ongoing yearly savings of approximately £50,000. These saving will not be achieved without the new system.

Planning Policy - Project work - £169,000

The funding is required to fulfil the Council's statutory obligation to prepare Local Development Framework documents in 2010/11. The Council's timetable for the production of these documents (the Local Development Scheme) has been approved by GOSE and the Council will be monitored against this programme. The first LDF document (the Core Strategy) was adopted, following formal examination in 2009/10. The delay caused by the examination of the Core Strategy explains a large part of the requirement for the carry forward. Without the carry forward, the two additional documents (the City Centre Action Plan and the Southampton Development Plan) cannot be progressed as planned, since they are dependent on additional survey work (agreed at the Core Strategy Examination) to establish the robust evidence base required by the Government.

Public Realm – Surface Water Drainage Mapping - £143,000

As part of the Government response to Sir Michael Pitt's review into the summer 2007 floods, local authorities have been given responsibility for coordinating the management of surface water flooding in their area in partnership with other relevant authorities. The review recommended that Surface Water Management Plans (SWMP) should provide the basis for managing flood risk and a one-off budget of £100,000 was approved, as part of the 2009/10 budget proposals, for a water drainage mapping project, to investigate drainage issues as part of the Surface Water Management plan preparation. This project will now be completed as part of the first phase of the SWMP during 2010/11. A carry forward request of £78,000 will be required to complete this work in 2010/11. In addition, a DEFRA grant of £100,000 (phased £65,000 in 2009/10 and £35,000 in 2010/11) has been awarded to help tackle surface water flooding. As this funding is essential to ensure the City Council completes the SWMP as part of an integrated urban drainage management approach to managing surface water, it is requested that the 2009/10 grant funding of £65,000 is also carried forward.

Planning and Development – Housing & Planning Delivery Grant - £313,000

The use of this grant over a three year period was agreed by COMT in December 2008. There is a need to carry forward £313,000 into 2010/11, due to the rescheduling of some projects (including the City Centre Masterplan, conservation area appraisals, Salix Programme energy surveys and pre-application/historic application scanning facilities) and the need to cover commitments in 2010/11. Further allocations of this Grant are unlikely, following the election. If the funding for the studies, some of which are linked to future Capital projects, is not carried forward and needs to be paid for from 2010/11 budgets, other work that was agreed by COMT will not be able to take place.

HOUSING & LOCAL SERVICES PORTFOLIO

Trees, Allotments & Park Improvements (Invest to save Funding) - £55,000

Parks Improvements were awarded £55,000 in 2009/10 to install a mini golf course at East Park Bowling Green. Confirmation of planning permission from The Secretary of State is still awaited and so the project cannot be completed in this financial year. It is still intended to build the mini golf course so the funding will be required in financial year 2010/11 if the work is to be completed and the income target met.

Prevent ABG Funding- £58,800

The carry forward will enable the planned capacity building, local research, community involvement and communications programmes to be completed in 2010/11 following slower than anticipated progress in the current financial year. The request will also enable more funds to be allocated to community projects in 2010/11. 2010/11 is the last year of the prevent programme and if the carry forward request is not approved this will put greater pressure on the final year's grant and could increase the risk of not being able to complete the programme effectively.

Migration Impact Fund - £13,900

The carry forward is required to cover the multi agency staff training pilot for reducing long term interpreting and translation costs, for the Council, the Police and Job Centre Plus, which have run into 2010/11. In addition, the DCLG has announced a hold on the second year of funding for this programme until after the general election. If the carry forward request is not approved, then the Council will need to fund these costs from current financial resources in 2010/11.

Grants to Voluntary Agencies - £59,900

The carry forward will increase the existing budget in 2010/11 in a way that will provide the administration with more flexibility to meet new demands as a result of increased advertising of our schemes, which will otherwise not be possible.

NEW SPENDING INITIATIVES

New spending initiatives requiring one-off funding of £187,000 in 2010/11 have been identified and the details are as follow:

LEISURE, CULTURE & HERITAGE PORTFOLIO

Project Support Officer - £50,000

A number of initiatives such as the Cenotaph Wall are going to require support from the Portfolio. Currently there is no resource to supply this support and the carry forward would provide the funding for cover for one year.

Procurement Cost of a Sea City Museum Partner - £50,000

If the decision is taken to outsource the running of the Sea City Museum then there will be cost involved with the procurement of a suitable partner. The cost for 2010/11 has been estimated as £50,000.

The Cenotaph Wall - £50,000

The council is committed to contributing £50,000 to the Cenotaph Wall. The original proposal was to fund this from existing budgets. However a carry forward to fund the £50,000 capital element of the budget will take a pressure off revenue budgets.

Queen Elizabeth and Azura Launch Events - £45,000

Funding is required for events associated with the launch of the Queen Elizabeth (£25,000) and the launch of the Azura (£20,000). Both of these events are high profile and likely to attract a lot of media interest. This is particularly the case with the Queen Elizabeth as the launch will involve Royalty. If we do not support these events a valuable opportunity will be lost to promote the City of Southampton. Both of the events are high in terms of prestige and public interest so any investment is likely to see a high return in terms of positive publicity for the city.

ITEM NO:12

DECISION-MAKER:	COUNCIL			
SUBJECT:	GENERAL FUND CAPITAL OUTTURN 2009/10			
DATE OF DECISION:	14 JULY 2010			
REPORT OF:	CABINET MEMBER FOR RESOURCES AND WORKFORCE PLANNING PORTFOLIO			
AUTHOR:	Name:	Rob Carr	Tel:	023 80 83 2708
	E-mail:	Rob.Carr@southampton.gov.uk		

STATEMENT OF CONFIDENTIALITY

NOT APPLICABLE

SUMMARY

The purpose of this report is to outline the outturn position for 2009/10 and seek approval for the proposed financing of the expenditure in the year. This report also highlights the major variances against the approved estimates and sets out the revised estimates for 2010/11 which take account of slippage and re-phasing.

RECOMMENDATIONS:

That Council:

- (i) Notes the actual capital spending in 2009/10 as shown in paragraphs 4 and 5 and notes the major variances in Appendix 1.
- (ii) Approves the proposed capital financing in 2009/10 as shown in paragraph 10.
- (iii) Notes the revised estimates for 2010/11 as adjusted for slippage and re-phasing as shown in Appendix 3.
- (vi) Notes that due to the continuing impact of the recession on land disposals as outlined in paragraphs 15 and 16 that the capital programme continues to run a deficit.

REASONS FOR REPORT RECOMMENDATIONS

1. The reporting of the outturn position for 2009/10 forms part of the approval of the statutory accounts.

CONSULTATION

2. Not Applicable.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

3. The outturn and financing for 2009/10 have been prepared in accordance with statutory accounting principles.

DETAIL

CAPITAL OUTTURN 2009/10

4. Total General Fund capital expenditure in 2009/10 was £54.5M compared to an estimate of £66.4M, giving an underspend of £12.0M or 18% of the programme.
5. Each Cabinet Member has received a capital outturn report covering the reasons for the outturn position in their Portfolio and the effect of any slippage in schemes on their forward capital programme. The performance of individual capital programmes in 2009/10 is summarised in the following table.

SUMMARY OF GF CAPITAL OUTTURN 2009/10				
Portfolio	Approved £000's	Actual £000's	Variance £000's	Variance %
Children's Services & Learning	20,121	17,865	(2,256)	(11.2)
Economic Development	8,327	5,433	(2,894)	(34.8)
Environment & Transport	20,188	16,723	(3,465)	(17.2)
Adult Social Care & Health	1,862	1,383	(479)	(25.8)
Housing & Local Services	6,824	6,565	(259)	(3.8)
Leisure, Culture & Heritage	4,136	2,827	(1,309)	(31.7)
Resources & Workforce Planning	4,965	3,677	(1,288)	(25.9)
Total GF Capital Programme	66,423	54,472	(11,951)	(18.0)

6. Reasons for major variances on individual schemes are given for each Portfolio in Appendix 1.
7. Appendix 2 shows the 2009/10 actual and 2009/10 approved estimate, together with the total spend for all years for each scheme, compared to the total scheme budget.
8. Slippage accounted for £14.9M of the under spend, partially offset by the rephasing of some schemes to bring expenditure forward. As part of the revised processes surrounding Sharepoint, the Council's project management system, slippage and re-phasing is automatically approved and processed at the year-end. The details of this are shown in Appendix 3. A small number of negative budgets on individual schemes resulted from this process and this will be corrected by the finance support teams within the relevant Portfolio capital programme resources.

9. Any over spends on individual schemes are funded from identified additional funding or from savings elsewhere in the programme. Portfolios are required to balance their capital programmes within the resources available to them; this may result in reduced outputs where an over spend results in cuts being made elsewhere in the programme.
10. The table below shows the proposed basis of financing the General Fund capital programme. Council is asked to approve this financing.

GENERAL FUND CAPITAL FINANCING 2009/10	
	£000's
Total Financing Required	54,472
Financed By: -	
Supported Borrowing	8,920
Unsupported Borrowing	14,504
Capital Receipts	6,744
Capital Grants & Contributions	21,051
Car Parking Surplus	0
Direct Revenue Financing	3,253
Total	54,472

11. The impact of scheme variances for 2009/10 on future years' capital expenditure will be covered by the September update to the capital programme to be presented to Council on 14th September 2010.

PRUDENTIAL INDICATORS

12. The Prudential Code requires the Prudential Indicator for Actual Capital Expenditure to be reported against the estimates previously reported. The estimates shown below are those reported to Council as part of the February 2010 Annual Treasury Management Strategy and Prudential Limits report.

	Actual	Estimates			
	2009/10 £000's	2009/10 £000's	2010/11 £000's	2011/12 £000's	2012/13 £000's
General Fund	54,472	61,765	83,172	38,817	23,652
HRA	29,595	32,426	36,631	22,287	19,219
Total	84,067	94,191	119,803	61104	42,871

13. The reason for the difference between the General Fund estimate for 2009/10 in the table above and the estimate shown elsewhere in this report is due to new schemes being approved between the Treasury Management Strategy report being written and the end of March.
14. This indicator for 2010/11 to 2012/13 will be updated as part of the Capital Programme Update report to Council in September 2010. The Treasury Management Outturn Report 2009/10, elsewhere on the agenda, contains details of the other Prudential Indicators.

CONTINUING IMPACT OF THE RECESSION

15. The current economic climate has continued to have an impact on the Council's financial position during 2009/10, in particular a reduction in capital receipts from the sales of land and property which continue to be less than forecast impacting on many key schemes in the City which have either been put on hold or abandoned.
16. At this stage rather than make large scale changes to the existing programme for what it is hoped is a short term problem, it is recommended that the Council 'over programme' on the basis that in future years the position will recover. It is felt that this position is still prudent as the Council has decided not to proceed with a number of major land sales due to the current economic climate, the value of which more than covers the current level of over programming.

FINANCIAL/RESOURCE IMPLICATIONS

Capital

16. As set out in the report details.

Revenue

17. None.

Property

18. None.

Other

19. None.

LEGAL IMPLICATIONS

Statutory power to undertake proposals in the report:

20. The Capital Outturn Report is prepared in accordance with the Local Government Acts 1972 – 2003.

Other Legal Implications:

21. None.

POLICY FRAMEWORK IMPLICATIONS

22. The outturn for 2009/10 forms part of the overall statutory accounts.

SUPPORTING DOCUMENTATION

Appendices

1.	Capital Outturn 2009/10 – Details of Significant Variances.
2.	Actual v Budget 2009/10 at Individual Scheme Level .
3.	2009/10 Slippage/Re-phasing.

Documents In Members' Rooms

1.	None
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Background Documents

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.	None	
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Background documents available for inspection at: N/A

KEY DECISION? N/A

WARDS/COMMUNITIES AFFECTED: NOT APPLICABLE

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CAPITAL OUTTURN 2009/10 – DETAILS OF SIGNIFICANT VARIANCES

CHILDREN'S SERVICES & LEARNING PORTFOLIO

The spend for the year is **£17,864,900**. This can be compared with the budgeted figure for 2009/10 of **£20,121,000** resulting in an under spend of **£2,256,100**, which represents a percentage under spend against budget of **11.2%**.

CORPORATE ISSUES FOR THE PORTFOLIO – SIGNIFICANT OVER OR UNDER SPENDS

CS 1 – Learning Futures (favourable variance £143,600)

Rectification work on modular buildings has resulted in a potential over spend on the overall scheme of £428,000. This is currently being offset against a favourable variance within the Redbridge Community School project.

Serious structural concerns were raised by Capita Symonds over the modular buildings installed at Upper Shirley High, Regents Park and Sholing. Recommended rectification work was carried out at a cost to the Council to make the buildings fit for use. The potential over spend is in recognition of the costs incurred to rectify the faults. There has been no allowance provided for any successful legal claim made by the Council against Extraspace or counterclaim made by Extraspace against the Council.

CS 2 – Play Areas (favourable variance £562,200)

Under spends against the Section 106, Fair Play Playbuilder projects and Playways grant.

Due to adverse weather conditions during the winter, work associated with the Thornhill Plus You Playways funding was not completed on time and it is anticipated that grant funding in respect of Fair Play will have to be returned to the awarding body as work was not completed by the end of the financial year. Grant funding not utilised will amount to £190,000. There was also slippage of work planned in association with Section 106 money.

MAJOR ITEMS OF SLIPPAGE/RE-PHASING

CS 3 – Harefield Primary Rebuild Project (favourable variance £580,700)

Delays within the programme to build a new KS2 block due to adverse weather conditions experienced during the winter months.

The programme has been affected by adversely cold weather during the winter which delayed the brickwork phase. It is anticipated that this has produced a delay of between 4 and 5 weeks. The project is still on target to complete by the 5th July to allow the school to move from their old accommodation, however the delay has affected the charging of completed works to the project and as such a proportion of this year's budget will now slip into 2010/1.

ECONOMIC DEVELOPMENT

The spend for the year is **£5,433,000**. This can be compared with the budgeted figure for 2009/10 of **£8,327,000**, resulting in an under spend of **£2,894,000** which represents a percentage under spend against budget of **34.8%**.

CORPORATE ISSUES FOR THE PORTFOLIO – SIGNIFICANT OVER OR UNDER SPENDS

There are no significant issues for this Portfolio capital programme.

MAJOR ITEMS OF SLIPPAGE/RE-PHASING

EDEV 1 – Strategic Purchases of Sites (favourable variance £1,022,000)

Slippage due to revised phasing of works

The favourable position reflects the fact that no purchases took place in this financial year.

EDEV 2 – Guildhall Square (favourable variance £1,208,000)

Slippage due to revised phasing of works

The slippage is primarily due to timing issues on the sequencing of works on this project and problems with road conditions having to be re-addressed before completion of surfacing. This may lead to an overall over spend of £400,000 due to timing issues. However, economic working practices have been put into place to try to reduce this potential over spend.

EDEV 3 – Tyrell & Green Demolition (favourable variance £324,000)

Slippage due to revised phasing of works

Works were delayed due to flooding on site.

EDEV 4 – QE2 Mile Holy Rood Site (adverse variance £103,000)

Re-phasing of expenditure

Works due to be started in 2010/11 were able to be started earlier than anticipated.

ENVIRONMENT & TRANSPORT

The spend for the year is **£16,723,000**. This can be compared with the budgeted figure for 2009/10 of **£20,188,000**, resulting in an under spend of **£3,465,000** which represents a percentage under spend against budget of **17.2%**.

CORPORATE ISSUES FOR THE PORTFOLIO – SIGNIFICANT OVER OR UNDER SPENDS

There are no significant issues for this Portfolio capital programme.

MAJOR ITEMS OF SLIPPAGE/RE-PHASING

E&T 1 – Relocation of Town Depot (favourable variance £873,000)

The costs for the management of the Relocation of Town Depot project have slipped.

The overall budget for this project remains unchanged. The current year variance is due, in part, to a change in the procurement route, which means that Capita fee costs are to be incurred later than originally anticipated. There has also been a general delay as to when costs are expected to be incurred because a reduction in the overall level of the management fee has been offset by client costs and works, which will be incurred later in the project. The unspent budget will be slipped into 2010/11.

E&T 2 – Principal Roads (favourable variance £ 306,000)

There were unavoidable delays to the start of two projects.

The favourable variance on Principal Roads is mainly due to slippage on two projects. Firstly, survey work at Redbridge Road has highlighted that a more detailed investigation is needed to ensure that the correct construction is undertaken. This delay in starting the works has resulted in £168,000 slipping into 2010/11. Secondly, the recent adverse weather has delayed the start on site at Dorset Street, resulting in slippage of £130,000. These works have now started.

E&T 3 – Structural Repairs (favourable variance £262,000)

There were unavoidable delays due to weather conditions.

The poor weather conditions at the beginning of 2010 delayed the delivery of the repairs programme. Efforts were made to catch up with the back log, which was across various locations, by using an additional four gangs. However, it was still not possible to deliver the full programme and part of this £824,000 scheme has slipped into 2010/11.

E&T 4 – Unclassified Roads (favourable variance £332,000)

Works were either delayed or reprogrammed to minimise disruption.

The favourable variance on Unclassified Roads is mainly due to three projects. The adverse weather conditions caused delays in the delivery of works on Surface Dressing (£138,000) and Lower Canal Walk (£99,000). Both of these projects have slipped into 2010/11.

The outstanding works at High Street (£46,000) will be delivered in 2010/11 in conjunction with the Holy Rood Project in a co-ordinated approach to minimise disruption to the area.

E&T 5 – Portsmouth Road (favourable variance £448,000)

This budget was overstated and works were delayed.

The favourable variance is due to two factors. Firstly, the additional budget identified for Portsmouth Road was not fully required in order to deliver the scheme. Approval was given in March 2010 to transfer £70,000 of the available budget to Road Advance Design Fees and a further £45,000 is available to be reinvested in the overall Highways Programme. Secondly, the bad weather conditions delayed the scheme being completed by year end and work slipped into April. This scheme is now complete.

E&T 6 – Walking - Bedford Place (adverse variance £159,000)

Works by Colas were undertaken slightly ahead of schedule.

It was anticipated that the majority of the works would be undertaken in 2010/11. However, following the completion of gas works in Bedford Place, the Highways Partner (Colas) were able to start on site earlier than originally anticipated and deliver a larger amount of works in the year. This scheme is ahead of schedule and part of the 2010/11 provision will be brought forward so that the works can be delivered within the overall budget.

E&T 7 – Improved Safety (favourable variance £112,000)

There are savings on completed projects and some slippage.

The favourable variance on Improved Safety is a combination of slippage and savings. Negotiations between residents and partners took longer than anticipated to agree designs. These delays caused some of the projects to slip into 2010/11. There are also savings on completed projects. The under spent budgets will be slipped into 2010/11 to fund the continuation of Improved Safety projects.

E&T 8 – Highways Improvements for Disabled (Developers) (favourable variance £228,000)

There were unavoidable delays due to weather conditions.

The poor weather conditions at the beginning of 2010 delayed the delivery of this scheme for drop kerbs, tactile paving and footway developments by two months. It was not possible to catch up with the back log, even with additional resources from partners, whilst undertaking the March programme of works. This scheme has slipped into 2010/11, where it is anticipated that the programme will be completed within the first quarter of the year.

E&T 9 – Itchen Bridge (favourable variance £176,000)

There were delays due to partnership and procurement negotiations.

There have been minor delays due to partnership and procurement processes, which have affected the timetable for feasibility and design checks. The majority of the repairs expenditure was programmed for 2010/11 and the scheme remains within the approved timescale and budget.

E&T 10 – Bridges Maintenance (favourable variance £249,000)

There were unavoidable delays due to weather conditions.

The Redbridge/Millbrook Flyover scheme is substantially complete but is subject to further claims. This scheme remains within the approved budget. The bad weather conditions earlier in 2010 and later 'start on site' than anticipated has contributed to slippage on a number of other bridge projects.

ADULT SOCIAL CARE & HEALTH PORTFOLIO

The spend for the year is **£1,382,500**. This can be compared with the budgeted figure for 2009/10 of **£1,862,000** resulting in an under spend of **£479,500**, which represents a percentage under spend against budget of **25.8%**.

CORPORATE ISSUES FOR THE PORTFOLIO – SIGNIFICANT OVER OR UNDER SPENDS

ASCH 1 – Modernisation Of Day Services - Freemantle Community Centre (£363,900 favourable variance)

The construction of the Freemantle Community Centre building was completed in 2009/10. However, there have been delays in the construction of a Multi Use Games Area (MUGA). The feasibility work request was forwarded to Capita in December 2009 with the brief not being finalised until March 2010. However, the initial resource plan provided by Capita and the associated fee was considered to be too excessive for the initial stages of the project. Therefore, Capita have been asked to reconsider their resource plan and associated fees to better reflect the actual scheme requirements. It is now expected that the works will be completed by September 2010.

ASCH 2 – Modernisation Of Day Services - Woolston Community Centre (£7,600 adverse variance) - update on scheme position

This over spend is the result of incurring additional feasibility costs due to changes in project specifications and design to incorporate changes in expectations of different stakeholder groups in terms of the project design, with increases in storage and office space requirements, and in terms of design changes suggested to the appearance of the building following local listing of the building and input from the conservation officer. The cost of the scheme, following the suggested design changes, had increased to £1.5M, £0.5M more than the available funding. The project manager has had further discussions with all Stakeholders and Capita with a view of ensuring that the overall project cost can be met from within the total scheme budget of £1.0M. The project manager is also working closely with the conservation officer to identify where costs can be reduced. These revisions to the scheme design are reducing the overall potential cost of the scheme and it is anticipated that further revisions will ensure that the final design can be developed within the overall budget. It is expected that the design and tendering for works will be completed in 2010/11 but actual works on site are now not expected until early 2011/12.

MAJOR ITEMS OF SLIPPAGE/RE-PHASING

There are no major items of slippage for the Portfolio at this stage however it should be noted that there are smaller variances across a number of other schemes, which are predominantly funded by external sources, which will be utilised in 2010/11.

HOUSING & LOCAL SERVICES

The spend for the year is **£6,564,900**. This can be compared with the budgeted figure for 2009/10 of **£6,824,000** resulting in an under spend of **£259,100**, which represents a percentage under spend against budget of **3.8%**.

CORPORATE ISSUES FOR THE PORTFOLIO – SIGNIFICANT OVER OR UNDER SPENDS

There are no significant issues for this Portfolio capital programme.

MAJOR ITEMS OF SLIPPAGE/RE-PHASING

HLS 1 – St James Park Implementation (favourable variance £246,900)

The scheme has been delayed following a review of the milestones by the Project Board.

Although the project was re-phased it is now on target according to the revised schedule. The Lottery funding does not expire until December 2012.

LEISURE, CULTURE & HERITAGE

The spend for the year is **£2,826,800**. This can be compared with the budgeted figure for 2009/10 of **£4,136,200** resulting in an under spend of **£1,309,400**, which represents a percentage under spend against budget of **31.7%**.

CORPORATE ISSUES FOR THE PORTFOLIO – SIGNIFICANT OVER OR UNDER SPENDS

There are no significant issues for this Portfolio capital programme.

MAJOR ITEMS OF SLIPPAGE/RE-PHASING

LCH 1 – Tudor House Museum Phase 2 Implementation (favourable variance £718,300)

Work commenced late, certain expensive items have been re-programmed, there were unforeseen archaeological excavations and delays occurred because of bad weather.

The contractor commenced work one month late and had to re-programme certain expensive items of work, primarily the lift and the water mist system, which have required extended periods of detailed design and sub-contractor procurement. There has also been a 4 week delay to the works to the Tudor Merchants Hall due to unforeseen archaeological excavations and inclement weather during January.

LCH 2 – Sea City Museum (favourable variance £420,300)

There have been delays in the design work and specialist consultants have not yet been recruited.

There has been some delay on the design work, which will need to be made up later in the project. This includes re-profiling of the museum designers work to allow more time for SCC narrative development. The specialist consultants have not been recruited for catering retail and branding as yet as it is anticipated that the management will be external and therefore this will follow later in the project.

RESOURCES & WORKFORCE PLANNING

The spend for the year is **£3,677,000**. This can be compared with the budgeted figure for 2009/10 of **£4,965,000** resulting in an under spend of **£1,288,000**, which represents a percentage under spend against budget of **25.9%**.

CORPORATE ISSUES FOR THE PORTFOLIO – SIGNIFICANT OVER OR UNDER SPENDS

There are no significant issues for this Portfolio capital programme.

MAJOR ITEMS OF SLIPPAGE/RE-PHASING

RES 1 – R&M Backlog (favourable variance £503,000)

Slippage due to revised phasing of works

The favourable position primarily reflects expenditure on four schemes to be slipped into the next financial year, due to revised phasing of works. These are:

- Glen Lee - £101,000
- Woodside Lodge - £112,000
- Maytree Infants - £92,000
- Foundary Lane Primary - £117,000

RES 2 – Office Accommodation (adverse variance £733,000)

Re-phasing of spend

There have been ongoing discussions regarding Capita fees during the financial year, in order to ensure best value for the Council, and these were not resolved until after the latest update of the capital programme was complete. As a result of this resolution, it is necessary to re-phase the next year's budget to cover expenditure on fees incurred during 2009/10.

RES3 – Refurbishment of Computer Suite and Connection to District Cooling
(favourable variance £242,000)

Slippage due to revised phasing of works

Works required for the introduction of a new cooling system for the computer suite are currently underway and are due to complete in August 2010, resulting in partial slippage of the scheme.

CHILDREN'S SERVICES & LEARNING

Scheme No	Description	Budget 2009/10 £000's	Actual 2009/10 £000's	Variance 2009/10 £000's	Total Scheme Budget £000's	Total Actual to 31/03/10 £000's
<u>Academies</u>						
E9054	Academies Management	250	441	191	806	547
E9056	Mayfield Academy Site Access	600	570	(30)	830	639
E9057	Academies - Capital Works	178	5	(173)	1,025	5
		1,028	1,016	(12)	2,661	1,191
<u>Bitterne Park 6Th Form</u>						
E9058	Bitterne Park 6Th Form	638	606	(32)	6,380	606
<u>Children's Centres Phase 3</u>						
		1,049	634	(415)	4,624	641
<u>Children's Centres Capital Projects</u>						
E4049	Childrens Centres - Retentions	39	26	(13)	79	26
E7079	Woolston Infant Children's Centre	0	6	6	250	256
E8050	Children's Centres - Phase 1	90	48	(42)	2,127	2,085
E8052	Harefield Primary Children's Centre	111	(8)	(119)	800	675
E9071	Thornhill Primary Children's Centre	33	(27)	(60)	999	939
E9072	Townhill Junior Children's Centre	56	(25)	(81)	974	893
		329	20	(309)	5,229	4,874
<u>CS&L General Other</u>						
E8180	Sports Development	300	17	(283)	300	17
E9031	Schools Devolved Capital 2008-11	3,314	3,388	74	9,635	6,652
E9110	Mods - Shirley Warren Sch Library Buildi	16	5	(11)	16	5
		3,630	3,410	(220)	9,951	6,674
<u>14-19 Diplomas, SEN & Disabilities</u>						
E6922	14-19 Diplomas, Sen And Disabilities	0	75	75	6,075	75
<u>ICT</u>						
E8160	Ict Harnessing Technology Grant	584	638	54	1,713	643
E8165	Home Access To Targeted Groups	154	154	0	154	154
R9911	Integrated Childrens System	35	9	(26)	200	174
		773	801	28	2,067	971
<u>School Kitchens</u>						
E9023	Foundry Lane Primary School Kitchen	78	31	(47)	425	53
E9112	Mods - Springhill Primary - Production K	25	16	(9)	400	16
E9115	Mods - Alterations To Valentine Infants	25	24	(1)	76	24
		128	71	(57)	901	93
<u>New Deal for Schools</u>						
E9006	School Modernisation 2009-2010	13	198	185	563	198
E9025	Fire Precautions Work 2009-10	36	43	7	133	43
E9028	Renewable Energy Prog 2009-2010	149	124	(25)	350	124
E9032	Safe Schools 2009-2010	83	73	(10)	183	73
E9088	Increased Places At Fairisle Junior	50	54	4	440	54
E9103	Mods - Fairisle Junior - Access Lift & L	149	145	(4)	153	149
E9104	Mods - Hardmoor Eyc - Kitchen & Baby Roo	70	18	(52)	176	23
E9105	Mods - Shirley Infant - Classroom Extens	63	100	37	68	105
E9106	Mods - St Monica Jnr - Classroom Extensi	196	176	(20)	302	182
E9107	Mods - Townhill Jnr - Classroom Extensio	25	28	3	245	35
E9108	Mods - Bitterne Inf & Jnr - Phase 3 Vent	7	7	0	50	7

CHILDREN'S SERVICES & LEARNING

Scheme No	Description	Budget 2009/10 £000's	Actual 2009/10 £000's	Variance 2009/10 £000's	Total Scheme Budget £000's	Total Actual to 31/03/10 £000's
E9109	Mods - School Kitchen Canopies	50	46	(4)	150	97
E9111	Mods - St Monica Inf - Classroom Ext	120	62	(58)	241	62
E9113	Mods - Shirley Junior - Reception	148	143	(5)	148	143
E9114	Mods - Fairisle Junior - Windows	50	4	(46)	50	4
E9117	Asbestos Removal	20	3	(17)	199	3
		1,229	1,224	(5)	3,451	1,302
	<u>Completed Schemes</u>					
E8140	Bitterne Family Skills Centre	130	130	0	130	130
E8170	Ict Mobile Technology Grant For Social W	7	7	0	87	87
E9045	L.Futures - Bitterne Park School	(129)	(130)	(1)	879	878
E9048	L.F. - Fsbility Works - Regents Park Sch	(24)	(24)	0	45	45
E9049	L.F. - Fsbility Works - Sholing T.Collge	(3)	(3)	0	51	51
E9055	Academies - Environmental Impact Grant (11	11	0	328	328
E9080	Mansel School Primary Rebuild Project	0	10	10	522	532
E9116	Mods - Alterations To Hollybrook Junior	10	10	0	10	10
		2	11	9	2,052	2,061
	<u>Play Areas</u>					
L7630	Play Areas (S.106)	100	14	(86)	1,467	1,381
L7680	Fair Play Playbuilder	827	530	(297)	2,055	753
L7690	Thornhill Adventure Playground	200	21	(179)	200	21
		1,127	565	(562)	3,722	2,155
	<u>Primary Rebuild - Harefield</u>					
E9050	Harefield Primary Rebuild Project	1,750	1,169	(581)	5,145	1,936
	<u>Primary School Rebuild Projects</u>					
E6720	Closure Of Highcrown St (Highfield Schl)	222	149	(73)	454	381
E8190	Vermont Close Portacabin Relocation	2	2	0	5	5
E9059	Reinstatement Of Land At Redbridge Prima	10	0	(10)	50	0
E9060	Moorlands Primary Rebuild Project	31	9	(22)	565	543
E9090	Portswood School - Recreation Ground	18	15	(3)	112	109
		283	175	(108)	1,186	1,038
	<u>Primary Rebuild - Newlands</u>					
E8060	Newlands Primary Rebuild Project	178	151	(27)	7,500	257
	<u>Primary Rebuild - Redbridge</u>					
E8070	Redbridge Primary Rebuild Project	4,000	4,150	150	5,340	4,843
	<u>Primary Review</u>					
E9085	Primary Review	100	63	(37)	232	67
E9086	Increased Place At St Marys Primary	199	203	4	199	203
E9087	Increase Places At Maytree Infant	58	58	0	58	58
E9092	Increased Places At Maytree Infant - Pha	18	2	(16)	232	2
E9093	Increased Palces At St Marys Primary - P	0	11	11	615	11
E9094	Increased Places At Mount Pleasant Junio	10	0	(10)	65	0
E9095	Increased Places At St Marks Junior	0	102	102	523	102
E9096	Increased Palces At Freemantle Infant	17	58	41	910	58
E9097	Increased Places At St Johns Infant	10	14	4	1,176	14
E9099	Increased Places At Foundry Lane Primary	0	9	9	1,375	9
		412	520	108	5,385	524

CHILDREN'S SERVICES & LEARNING

Scheme No	Description	Budget 2009/10 £000's	Actual 2009/10 £000's	Variance 2009/10 £000's	Total Scheme Budget £000's	Total Actual to 31/03/10 £000's
	<u>Safeguarding</u>					
E8135	Childrens Social Service Capital	10	7	(3)	87	7
E8136	Loft Extention To Carers Home	5	6	1	55	6
E8137	Aiming High For Disabled Children - Shor	111	111	0	369	111
		<u>126</u>	<u>124</u>	<u>(2)</u>	<u>511</u>	<u>124</u>
	<u>Schools Access Initiative</u>					
E9022	Schools Access Initiative 2009 - 2010	337	403	66	509	403
	<u>Secondary Review</u>					
E9041	L.Futures - New Schools East	125	81	(44)	378	334
E9042	L.Futures - New School West	74	46	(28)	305	277
E9043	L.Futures - Redbridge Community School	2,150	1,607	(543)	2,321	1,778
E9044	L.Futures - Sholing Technology School	69	192	123	451	574
E9046	L.Futures - Regents Park Comm College	(28)	63	91	512	603
E9047	L.Futures - Upper Shirley High School	(190)	68	258	867	1,125
		<u>2,200</u>	<u>2,057</u>	<u>(143)</u>	<u>4,834</u>	<u>4,691</u>
	<u>Special Education Needs Review</u>					
E6920	SEN Review - Phase 1	422	97	(325)	10,493	10,168
E6921	SEN Review - Great Oaks Phase 2	200	319	119	1,708	404
		<u>622</u>	<u>416</u>	<u>(206)</u>	<u>12,201</u>	<u>10,572</u>
	<u>Young People & Skills</u>					
E0050	The Warren Centre Capital Project	15	16	1	847	848
E6000	Youth Capital Fund	132	125	(7)	600	473
E8080	Learning Skills Council	63	62	(1)	200	199
E8085	Relocation Of Swaythling Youth Centre	15	38	23	50	38
E9082	Extended Schools Funding 2008-11	55	25	(30)	678	275
		<u>280</u>	<u>266</u>	<u>(14)</u>	<u>2,375</u>	<u>1,833</u>
		<u>20,121</u>	<u>17,865</u>	<u>(2,256)</u>	<u>92,099</u>	<u>46,864</u>

ECONOMIC DEVELOPMENT

Scheme No	Description	Budget 2009/10 £000's	Actual 2009/10 £000's	Variance 2009/10 £000's	Total Scheme Budget £000's	Total Actual to 31/03/10 £000's
C215A	Mayflower Park - Relocation Of Play Area	138	13	(125)	287	162
C620E	Qe2 Mile 2008/09 High Street	643	616	(27)	1,450	1,423
C620F	Holy Rood	242	345	103	1,158	415
C620H	The Precinct	167	179	12	315	327
C620J	Commercial Road (North)	10	2	(8)	75	67
C620M	New Road	5	2	(3)	618	43
C620N	Briton Street	256	254	(2)	755	748
C620P	Lower High Street (South)	487	426	(61)	570	509
C620R	Queens Terrace (North)	44	59	15	442	59
C620S	Above Bar	10	17	7	239	17
C620W	Qe2 Mile Advance Design Fees	38	32	(6)	157	151
	QE2 Mile	1,902	1,932	30	5,779	3,759
M9310	Strategic Purchase Of Sites	1,048	25	(1,023)	1,060	37
M9410	Drivers Wharf Itchen Waterfront	16	16	0	98	98
M9420	West Quay Phase 3 M9420	381	270	(111)	1,691	1,470
M942B	West Quay Site B	28	70	42	28	70
	West Quay Phase 3	409	340	(69)	1,719	1,540
M9430	Northern Above Bar Fees	79	65	(14)	351	337
M9460	Gantry Site	7	1	(6)	117	106
M9500	Northern Above Bar (Guildhall Square)	3,485	2,277	(1,208)	4,931	2,837
M9820	Major Site Development	143	144	1	460	307
M9830	Major Site Devlpmnt-Feasibility Studies	68	0	(68)	93	0
M983F	College Street Car Park Feasibility	3	2	(1)	60	9
M983G	Fruit & Veg Market Feasibility	10	11	1	24	25
M983H	Drivers Wharf Feasibility	43	40	(3)	63	60
M983J	Former Tyrrells & Green (Feasibility)	6	5	(1)	18	17
M983K	Town Depot Feasibility Studies	100	81	(19)	105	86
M983L	Qe2 Mile Design Panel	7	5	(2)	10	8
M983N	Royal Pier Site Feasibility	48	35	(13)	48	35
M983P	Solent Sky Feasibility	10	10	0	11	11
M983Q	Central Station - Feasibility	20	16	(4)	79	16
M983R	Old Town (Bargate Area) - Feasibility	10	10	0	10	10
M983S	Office Quarter - Feasibility Study	0	2	2	0	2
	Major Site Devlpmnt-Feasibility Studies	325	217	(108)	521	279
M9840	Northern Above Bar (C&A Site Professnl F	33	0	(33)	100	67
M9850	Lower High Street	30	21	(9)	60	26
M9870	Tyrrell & Green Building - Demolition	604	280	(324)	800	376
J7830	Community Safety Projects.	26	16	(10)	107	97
J7980	C C T V Digitalisation	82	84	2	325	297
		8,327	5,433	(2,894)	16,715	10,325

ENVIRONMENT & TRANSPORT

Scheme No	Description	Budget 2009/10 £000's	Actual 2009/10 £000's	Variance 2009/10 £000's	Total Scheme Budget £000's	Total Actual to 31/03/10 £000's
<u>Accessibility</u>						
C7171	Accessibility	129	87	(42)	518	122
<u>Active Travel</u>						
C7121	Walking/Pedestrian Improvements	219	188	(31)	816	785
C7131	Cycling Improvements	343	275	(68)	1,203	605
		562	463	(99)	2,019	1,390
<u>Bridges</u>						
C6120	Chantry Road (Footbridge Refurbishment)	32	35	3	284	35
C7900	Itchen Bridge	312	136	(176)	1,496	296
C7911	Bridges Maintenance	2,549	2,301	(248)	3,082	2,719
		2,893	2,472	(421)	4,862	3,050
<u>City & District Centres</u>						
C7360	Local and District Centres Imps - Woolst	50	13	(37)	290	13
<u>Environment & Sustainability</u>						
C2050	Carbon Emissions Inventory	19	0	(19)	51	13
C2350	Coastal Protectn Feasib.Study	8	3	(5)	103	98
C2400	Pdg Capital	170	131	(39)	606	406
C2410	Mobile Working	10	0	(10)	50	0
C2520	Salix Energy Efficiency Measures	576	488	(88)	790	578
		783	622	(161)	1,600	1,095
<u>General Environment</u>						
C2540	Gantry Development - Energy Infrastructu	195	257	62	650	257
C2600	Toddler Play Area And Garden	1	0	(1)	63	62
C2650	Refurbishment Of The Crematorium	30	28	(2)	254	125
C2660	Geothermal Well Pump Head	10	0	(10)	75	0
C2680	Essential Work To Kennels	10	5	(5)	60	5
C2690	Town Depot Relocation	3,718	2,846	(872)	13,445	2,846
C2720	Replacement Of The Cremators	24	0	(24)	1,608	0
		3,988	3,136	(852)	16,155	3,295
<u>Highways</u>						
<u>Other</u>						
C3910	Traffic Signals - Developers	216	214	(2)	727	325
C6210	Barnfield Road & Barnfield Close	11	11	0	58	58
C712W	Walking - Bedford Place	158	317	159	929	317
C7191	Other Highway	110	92	(18)	364	346
C719C	City Centre Studies	125	69	(56)	140	84
C7241	Capital Programme Management	10	23	13	156	107
C7971	UKPMS	198	184	(14)	589	475
C8200	Highways Drainage	130	149	19	182	201
C9150	S106 Design	22	23	1	78	79
		980	1,082	102	3,223	1,992

ENVIRONMENT & TRANSPORT

Scheme No	Description	Budget 2009/10 £000's	Actual 2009/10 £000's	Variance 2009/10 £000's	Total Scheme Budget £000's	Total Actual to 31/03/10 £000's
<u>Improved Safety</u>						
C7151	Improved Safety	433	321	(112)	1,077	892
<u>Network Management</u>						
C7181	ITS	85	85	0	297	197
<u>Parking</u>						
C9471	MSCP 10 Yr Maintenance Programme	1,184	1,171	(13)	3,100	2,139
<u>Public Transport</u>						
C6190	Smartcards (Migration to ITSO Standards)	90	93	3	760	763
C7141	Public Transport	338	283	(55)	3,705	2,464
		428	376	(52)	4,465	3,227
<u>Roads</u>						
C3900	Commercial Rd Area Highway Works (Dev)	5	5	0	392	392
C6123	Regents Park Road (C6123)	11	0	(11)	272	261
C6124	Dockgate 20	5	79	74	2,555	2,629
C6125	Shirley Town Centre	50	41	(9)	965	956
C7921	Principal Roads	2,001	1,695	(306)	2,720	2,089
C792J	Structural Repairs C792J	824	562	(262)	864	602
C795E	Portsmouth Rd	1,535	1,087	(448)	1,535	1,087
C8000	Classified Roads	2,917	2,389	(528)	4,207	3,679
C8100	Unclassified Roads	1,752	1,419	(333)	4,108	3,600
C9000	Advance Design fees	125	134	9	476	400
C9120	Highways Improvements (Developer)	352	124	(228)	1,232	646
C9131	Surface Treatments	0	2	2	572	2
		8,042	6,450	(1,592)	18,363	15,256
<u>Street Furniture</u>						
C8800	Street Furniture	220	133	(87)	1,448	961
<u>Street Lighting</u>						
C6020	Street Lighting (Developers)	5	3	(2)	273	261
C8300	Street Lighting	94	59	(35)	1,795	1,760
		99	62	(37)	2,068	2,021
<u>Travel Planning</u>						
C7161	Travel to School	312	250	(62)	1,064	802
		20,188	16,723	(3,465)	60,549	36,452

ADULT SOCIAL CARE & HEALTH

Scheme No	Description	Budget 2009/10 £000's	Actual 2009/10 £000's	Variance 2009/10 £000's	Total Scheme Budget £000's	Total Actual to 31/03/10 £000's
R9110	Social Services Care Management System	7	7	0	1,966	1,966
R9235	Sds Freemantle - Phase 2	1,289	925	(364)	1,721	1,357
R9255	Modernisation Of Day Services - Changing	30	3	(27)	120	3
R9265	Sds Modernisation Woolston Comm Centre	25	33	8	1,000	38
R9270	Essential Appliances and Equipment	1	1	0	195	195
R9280	Health and Safety Works	4	4	0	100	100
R9310	Mental Health Scheme (R9310)	25	0	(25)	374	98
R9320	H I V Aids Capital Grant	1	1	0	20	20
R9330	National Care Standards And H&S Work	183	160	(23)	461	197
R9340	Replacement Of Appliances And Equipment	119	52	(67)	240	93
R9360	Blue Badge - Southampton Centre For Exce	50	18	(32)	50	18
R9410	Home Improvement Works	15	15	0	197	197
R9500	It Infrastructure Grant	100	150	50	216	150
R9918	Kentish Road Refurbishment For Sips Team	13	13	0	13	13
		1,862	1,383	(479)	6,673	4,445

HOUSING & LOCAL SERVICES

Scheme No	Description	Budget 2009/10 £000's	Actual 2009/10 £000's	Variance 2009/10 £000's	Total Scheme Budget £000's	Total Actual to 31/03/10 £000's
G301E	Technical Salaries (Mand) 2008/09	0	9	9	109	118
GF001	Support to RSLs	1,065	1,065	0	1,393	1,393
GF100	Home Improvement Loans	1,624	1,729	105	2,877	2,982
GF300	Push	45	42	(3)	73	42
G4470	Warm Home Grants - 2009/10	82	77	(5)	82	77
GF600	Home Improvement Agency	76	64	(12)	76	64
G4050	Technical Salaries 09/10	357	357	0	357	357
G4270	Insulation For Private Sector Landlords	125	132	7	300	133
GF900	Disabled Facilities Grant	2,100	2,145	45	3,837	3,414
NS009	Allotment Improvements	14	10	(4)	14	10
J4230	Portswood Recreation Ground	23	23	0	23	23
J426L	Southampton Common	16	2	(14)	32	18
J8140	Riverside Green Flag Imp Yrs 2008-13	31	31	0	75	75
J4280	Weston Shore Green Flag Improvements Yr	25	22	(3)	25	22
J4240	Queens Park	10	4	(6)	76	11
J8190	Daisy Dip Improvements	20	2	(18)	44	16
J426H	Peartree Green	8	4	(4)	8	4
J8220	Frogs Copse	0	1	1	19	11
J426J	Lordsdale Greenway Access Imp Yrs 2008-1	4	4	0	18	18
J426K	Shoreburs Honeypot Imp Yr 2009-10	7	6	(1)	13	6
J427F	Central Parks Interpretation Signage Yr	10	2	(8)	10	2
J8230	Freemantle Common Minor Imp Yr 2009-11	10	3	(7)	10	3
J427H	Freemantle Lake Park Imp Yr 2009-11	8	0	(8)	17	0
J427G	Hoglands Skating Imp Yr 2009-10	6	6	0	6	6
J8200	Redbridge Wharf	10	0	(10)	20	10
NS027	Minor Parks Deevlopment Works	17	8	(9)	25	13
J8120	Improvements To Lordshill Community Faci	172	169	(3)	190	187
NS029	St James Park HLF Project	322	75	(247)	1,474	113
J8100	Mobile Working For P & C Frontline	30	0	(30)	30	0
J8240	Park Safety Imp Yrs 2009-11	25	11	(14)	25	11
J8180	Preventing Illegal Access To Green Space	78	76	(2)	150	98
NS033	LAA Stretch Target	28	25	(3)	79	76
NS034	Street Scene Thornhill	312	285	(27)	370	293
		6,824	6,565	(259)	12,021	9,783

LEISURE, CULTURE & HERITAGE

Scheme No	Description	Budget 2009/10 £000's	Actual 2009/10 £000's	Variance 2009/10 £000's	Total Scheme Budget £000's	Total Actual to 31/03/10 £000's
L1440	Tudor House Museum Phase 1	36	36	0	1,838	1,825
L8250	Tudor House Museum Phase 2 Development	4	4	0	515	515
L8260	Tudor House Museum Phase 2 Implementatio	1,663	945	(718)	5,464	981
L8280	Sea City Museum	802	889	87	14,425	937
L8285	Sea City Phase 2	507	0	(507)	575	0
L1530	Solent Sky Repairs	0	3	3	336	17
L8100	Art In Public Places (Phase 5)	4	5	1	314	307
L8320	Gods House Tower Reception	41	24	(17)	42	25
L8200	Southampton New Arts Centre (SNAC) (A)	250	207	(43)	13,010	1,186
L674B	Riverside Football Pitch Drainage/Tennis	20	18	(2)	20	18
L674C	Sports Centre - Cyclo Cross	24	20	(4)	24	20
L674D	Sports Centre - Cricket Fences	21	13	(8)	21	13
L8330	Swimming Pool Improvements	69	4	(65)	69	4
L8300	Quays Leisure Centre Gym Extention	175	163	(12)	177	165
L8340	Gym Equipment Purchase	48	48	0	48	48
L8310	Libraries Rfid	468	440	(28)	470	442
L5580	Guildhall Compton Organ	4	8	4	41	45
		4,136	2,827	(1,309)	37,389	6,548

RESOURCES & WORKFORCE PLANNING

Scheme No	Description	Budget 2009/10 £000's	Actual 2009/10 £000's	Variance 2009/10 £000's	Total Scheme Budget £000's	Total Actual to 31/03/10 £000's
M9640	Cooling	20	0	(20)	244	224
M9710	Office Accomodation	71	0	(71)	15,882	959
M971G	Asap Munciple Block Addtional Items	0	4	4	0	4
M971J	Civic Repair (Works)	0	11	11	0	11
M971U	Civic Repair Capita Fees	0	628	628	0	628
M971V	Civic Repair Additional Surveys	0	45	45	0	45
M971W	Rbc Fit Out	0	116	116	0	116
	Office Accomodation	71	804	733	15,882	1,763
M9760	Arrangements	7	0	(7)	29	22
P5040	No 1 Guildahll Square Purchase	1,250	0	(1,250)	1,250	0
P6230	Refurbishment of Computer Suite	270	28	(242)	561	319
P6850	Repair and Maintenance Backlog	3,347	2,845	(502)	5,839	3,634
		4,965	3,677	(1,288)	23,805	5,962

APPENDIX 3

Scheme	Description	Original Budget 2010 £000's	Slippage £000's	Rephasing £000's	Revised Budget 2010 £000's
Children's Services & Learning					
E9054	Acadamies Management	350		(191)	159
E9056	Mayfield Academy Site Access	161	30		191
E9057	Academies - Capital Works	570	173		743
E9058	Bitterne Park 6Th Form	5,162	32		5,194
E4001	Hollybrook School Eyc	374	50		424
E4002	Townhill Community Eyc	887		(24)	863
E4003	Ashby Youth Centre	250	5		255
E4004	Bitterne Cofe School Eyc	314	93		407
E4006	Early Years Direct Capital Grant	416	35		451
E4008	Bevois Town Community Pre-School	0	8		8
E4010	Bitterne Manor Pre-School	40	4		44
E4011	Brook Pre-School	0	2		2
E4012	Canford Close Scout Hut Millbrook	110		(2)	108
E4013	Foundry Lane Community Playgroup	31		(1)	30
E4014	Happy Bunnies (St Monical Infant School)	117	19		136
E4015	Lordswood Pre-School	54		(1)	53
E4016	Mansbridge Community Pre-School	0		(1)	(1)
E4017	Oaktrees Playgroup	30		(9)	21
E4018	Riverside Pre-School	25	3		28
E4019	Seedlings Montessori	20	7		27
E4021	Spring Road Pre-School	120	65		185
E4023	St Peters Pre-School	25	5		30
E4024	Tickleford Playgroup	46		(1)	45
E4025	Weston Church Pre-School	0	7		7
E4026	Woolston Pre-School 1	0	3		3
E4027	Kentish Road Scout Hut Shirley	105		(1)	104
E4028	Eastpoint Pre-School	258	60		318
E4031	Manor Road Pre-School	60		(1)	59
E4035	St Francis Pre-School	15		(1)	14
E4036	Startpoint Sholing	0	15		15
E4038	Ymca Townhill Early Years	40		(2)	38
E4045	Learningland Day Nursery	31	20		51
E4048	Porchester Road Scout Hut	200	48		248
E4050	St Christophers Pre-School	0	12		12
E4049	Childrens Centres - Retentions	40	13		53
E7079	Woolston Infant Children's Centre	0		(6)	(6)
E8050	Children's Centres - Phase 1	0	42		42
E8052	Harefield Primary Children's Centre	6	119		125
E9071	Thornhill Primary Children's Centre	0	60		60
E9072	Townhill Junior Children's Centre	0	81		81
E8180	Sports Development	0	283		283
E9031	Schools Devolved Capital 2008-11	3,057		(74)	2,983
E9110	Mods - Shirley Warren Sch Library Buildi	0	11		11
E6922	14-19 Siplomas, Sen And Disabilities	6,075		(75)	6,000
E8160	Ict Harnessing Technology Grant	1,124		(54)	1,070
R9911	Integrated Childrens System	0	26		26
E9023	Foundry Lane Primary School Kitchen	325	47		372
E9112	Mods - Springhill Primary - Production K	375	9		384
E9115	Mods - Alterations To Valentine Infants	51	1		52
E9006	School Modernisation 2009-2010	550		(185)	365

APPENDIX 3

Scheme	Description	Original Budget 2010	Slippage	Rephasing	Revised Budget 2010
E9025	Fire Precautions Work 2009-10	97		(7)	90
E9028	Renewable Energy Prog 2009-2010	201	25		226
E9032	Safe Schools 2009-2010	100	10		110
E9088	Increased Places At Fairisle Junior	390		(4)	386
E9103	Mods - Fairisle Junior - Access Lift & L	0	4		4
E9104	Mods - Hardmoor Eyc - Kitchen & Baby Roo	101	52		153
E9105	Mods - Shirley Infant - Classroom Extens	0		(37)	(37)
E9106	Mods - St Monica Jnr - Classroom Extensi	100	20		120
E9107	Mods - Townhill Jnr - Classroom Extensio	213		(3)	210
E9109	Mods - School Kitchen Canopies	49	4		53
E9111	Mods - St Monica Inf - Classroom Ext	121	58		179
E9113	Mods - Shirley Junior - Reception	0	5		5
E9114	Mods - Fairisle Junior - Windows	0	46		46
E9117	Asbestos Removal	179	17		196
E9045	L.Futures - Bitterne Park School	0	1		1
E9080	Mansel School Primary Rebuild Project	0		(10)	(10)
L7630	Play Areas (S.106)	0	86		86
L7680	Fair Play Playbuilder	500	297		797
L7690	Thornhill Adventure Playground	0	179		179
E9050	Harefield Primary Rebuild Project	2,050	581		2,631
E6720	Closure Of Highcrown St (Highfield Schl)	0	73		73
E9059	Reinstatement Of Land At Redbridge Prima	40	10		50
E9060	Moorlands Primary Rebuild Project	0	22		22
E9090	Portswood School - Recreation Ground	0	3		3
E8060	Newlands Primary Rebuild Project	500	27		527
E8070	Redbridge Primary Rebuild Project	647		(150)	497
E9085	Primary Review	53	37		90
E9086	Increased Place At St Marys Primary	0		(4)	(4)
E9092	Increased Places At Maytree Infant - Pha	208	16		224
E9093	Increased Palces At St Marys Primary - P	442		(11)	431
E9094	Increased Places At Mount Pleasant Junio	5	10		15
E9095	Increased Places At St Marks Junior	37		(102)	(65)
E9096	Increased Palces At Freemantle Infant	679		(41)	638
E9097	Increased Places At St Johns Infant	543		(4)	539
E9099	Increased Places At Foundry Lane Primary	90		(9)	81
E8135	Childrens Social Service Capital	77	3		80
E8136	Loft Extention To Carers Home	50		(1)	49
E9022	Schools Access Initiative 2009 - 2010	172		(66)	106
E9041	L.Futures - New Schools East	0	44		44
E9042	L.Futures - New School West	0	28		28
E9043	L.Futures - Redbridge Community School	0	543		543
E9044	L.Futures - Sholing Technology School	0		(123)	(123)
E9046	L.Futures - Regents Park Comm College	0		(91)	(91)
E9047	L.Futures - Upper Shirley High School	0		(258)	(258)
E6920	SEN Review - Phase 1	0	325		325
E6921	SEN Review - Great Oaks Phase 2	1,423		(119)	1,304
E0050	The Warren Centre Capital Project	0		(1)	(1)
E6000	Youth Capital Fund	120	7		127
E8080	Learning Skills Council	0	1		1
E8085	Relocation Of Swaythling Youth Centre	35		(23)	12
E9082	Extended Schools Funding 2008-11	192	30		222
		30,828	3,952	(1,693)	33,087

APPENDIX 3

Scheme	Description	Original Budget 2010	Slippage	Rephasing	Revised Budget 2010
Economic Development					
C215A	Mayflower Park - Relocation Of Play Area	0	70		70
C6200	Qe2 Mile	0	79		79
C620F	Holy Rood	846		(103)	743
C620M	New Road	0	3		3
C620R	Queens Terrace (North)	0		(15)	(15)
C620W	Qe2 Mile Advance Design Fees	0	6		6
M9310	Strategic Purchase Of Sites	0	1,023		1,023
M9420	West Quay Phase 3 M9420	110	64		174
M942B	West Quay Site B	0	5		5
M9430	Northern Above Bar Fees	0	14		14
M9460	Gantry Site	5	6		11
M9500	Northern Above Bar (Guildhall Square)	886	1,208		2,094
M9820	Major Site Development	154		(1)	153
M9830	Major Site Devlpmnt-Feasibility Studies	25	63		88
M983F	College Street Car Park Feasibility	50	1		51
M983H	Drivers Wharf Feasibility	0	3		3
M983K	Town Depot Feasibility Studies	0	19		19
M983L	Qe2 Mile Design Panel	0	2		2
M983N	Royal Pier Site Feasibility	0	13		13
M983Q	Central Station - Feasibility	59	4		63
M983S	Office Quarter - Feasibility Study	0	3		3
M9840	Northern Above Bar (C&A Site Professnl F	0	33		33
M9850	Lower High Street	25	9		34
M9870	Tyrrell & Green Building - Demolition	100	324		424
J7830	Community Safety Projects.	0	10		10
J7980	C C T V Digitalisation	30		(3)	27
		2,290	2,962	(122)	5,130
Environment & Transport					
C790A	Itchen Bridge Street Lighting	150	11		161
C790B	Itchen Bridge Major Repairs	850	89		939
C791T	Itchen Bridge Feasibility & Design Check	24	76		100
C7913	Northam River Bridge Monitoring	0	2		2
C791H	Other Bridge Works	0	23		23
C791K	Northam Rail Bridge (Nr)	0	34		34
C791N	Network Rail Bridges (Nr)	15	4		19
C791V	Redbridge/Millbrook Flyovers-Bearing Rep	100	111		211
C947C	Mscp - Eastgate Refurbishment	0	17		17
C947D	Mscp - Marlands Lifts	417		(131)	286
C947F	West Park Lifts	265	65		330
C947H	Grosvenor Square Lifts	260	50		310
C712D	Shirley Streets Ahead	0	4		4
C712V	Tebourba Way/Oakley Road	0	22		22
C712W	Walking - Bedford Place	771		(159)	612
C530A	St Denys (Adelaide Rd To Priory Rd) Cycl	0	5		5
C713E	Minor Works / ASLs	0	4		4
C713K	Cycling - Qaulity Monitoring	50	8		58
C713Q	N C N23 Riverside Northam To Horseshoe B	455	16		471
C713T	Portsmouth Rd Millers Pond Cycle Path	0	15		15
C4010	Hill Lane -Traffic Calming	0	1		1
C550A	Junction Improvement	0	1		1
C715W	Athelston Road	0	33		33

APPENDIX 3

Scheme	Description	Original Budget 2010	Slippage	Rephasing	Revised Budget 2010
C717E	Legible Cities	304	30		334
C6250	Network Management Modelling	50		(3)	47
C714W	Congestion Modelling	50	3		53
C719A	City Centre Clutter reduction	0	20		20
C719C	City Centre Studies	0	56		56
C736C	Local and District Centres Imps - Woolst	240	37		277
C795B	Redbridge Rd (W/B Slip Road)	0	168		168
C795R	Scrim Policy Projects	75	20		95
C795V	Principle Patching	250	13		263
C796E	Dorset Street (Outbound) Charlotte Place	0	130		130
C792J	Structural Repairs C792J	0	262		262
C795E	Portsmouth Rd	0	333		333
C9010	CONFIRM	0	10		10
C804F	Thornhill Estate Tpy	0	63		63
C805C	Lords Hill Way	0	15		15
C805D	Lords Hill Ctr West	0	15		15
C815A	Lower Canal Walk	0	98		98
C815H	Cheriton Road	0	23		23
C815J	High Street	0	46		46
C822B	Surface Dressing	0	138		138
C881C	Improved Street Scene	155	50		205
C881D	City Centre Benches	10	10		20
C881F	Road Restraint Systems	100	39		139
C9120	Highways Improvements (Developer)	358	228		586
C2540	Gantry Development - Energy Infrastructu	455		(62)	393
C260G	Toddler Play Area And Garden	0	1		1
C2650	Refurbishment Of The Crematorium	127	2		129
C2660	Geothermal Well Pump Head	65	10		75
C2680	Essential Work To Kennels	50	5		55
C269A	Depot)	6,100	870		6,970
C269B	Warehouse Purchase First Avenue	0	2		2
C269D	Dock Gate 20 Depot Site Purchase	0	1		1
C2720	Replacement Of The Cremators	466	24		490
C2050	Carbon Emissions Inventory	19	19		38
C2350	Coastal Protectn Feasib.Study	0	5		5
C2400	Pdg Capital	161	39		200
C2410	Mobile Working	40	10		50
C252I	Bitterne Chp Salix	95	56		151
C252O	Led Traffic Lights	0	55		55
C252P	Salix Phase 3	29		(22)	7
C3820	Bus Stop Imps (Developers)	48	45		93
C714F	Traveline (PTI 2005)	23	4		27
C714M	Bus Stop Infrastructure	295		(14)	281
C714V	Traffic Systems It	0	17		17
C361D	Rose Road Centre - Cycle Training Tracks	0	4		4
C550C	Improved Safety 2010/11	200	39		239
C717G	Crossings Programme	120	12		132
C9471	MSCP 10 Year Maint. Programme	0	12		12
		13,242	3,630	(391)	16,481

APPENDIX 3

Scheme	Description	Original Budget 2010	Slippage	Rephasing	Revised Budget 2010
Adult Social Care & Health					
R9235	Sds Freemantle - Phase 2	0	364		364
R9255	Modernisation Of Day Services - Changing	90	27		117
R9265	Sds Modernisation Woolston Comm Centre	970		(8)	962
R9310	Mental Health Scheme (R9310)	251	25		276
R9330	National Care Standards And H&S Work	241	23		264
R9340	Replacement Of Appliances And Equipment	80	67		147
R9360	Blue Badge - Southampton Centre For Exce	0	32		32
R9500	It Infrastructure Grant	116		(50)	66
		1,748	538	(58)	2,228
Housing & Local Services					
G4030	Home Improvement Loans 09/10	0		(93)	(93)
G379A	Accessible Homes	0		(13)	(13)
G4190	Push Loan Development - Psrg - 2009/10	7	3		10
G4470	Warm Home Grants - 2009/10	0	5		5
G4480	Schedule Of Rates - H.I.A - 2009/10	0	1		1
G4270	Insulation For Private Sector Landlords	125		(7)	118
G363E	Disabled Facilities 2008/09	0	2		2
G4070	Disabled Facilities 09/10	468		(57)	411
J426L	Southampton Common	0	14		14
J4280	Weston Shore Green Flag Improvements Yr	0	3		3
J4240	Queens Park	59	6		65
J8190	Daisy Dip Improvements	10	18		28
J426H	Peartree Green	0	4		4
J8220	Frogs Copse	9		(1)	8
J426K	Shoreburs Honeypot Imp Yr 2009-10	6	1		7
J427F	Central Parks Interpretation Signage Yr	0	8		8
J8230	Freemantle Common Minor Imp Yr 2009-11	0	7		7
J427H	Freemantle Lake Park Imp Yr 2009-11	9	8		17
J8200	Redbridge Wharf	0	10		10
J4250	Rollesbrook Imp Yrs 2009-11	3	6		9
J426D	Freshfield Road Os	0	2		2
J427E	Monks Brook Access Imp Yrs 2008-11	0	1		1
J814B	St James Park - Implementation	1,114	247		1,361
J8100	Mobile Working For P & C Frontline	0	30		30
J8240	Park Safety Imp Yrs 2009-11	0	14		14
J8180	Preventing Illegal Access To Green Space	50	2		52
J815A	Fly Tipping Hot Spots	0	1		1
J815C	Portable C C T V Equipment	0	2		2
J816A	Design & Consultancy	25	42		67
J816B	External Works	5		(1)	4
J816C	Consultation & Publicity	5	1		6
		1,895	438	(172)	2,161

APPENDIX 3

Scheme	Description	Original Budget 2010	Slippage	Rephasing	Revised Budget 2010
Leisure, Culture & Heritage					
L8260	Tudor House Museum Phase 2 Implementatio	3,233	718		3,951
L8280	Sea City Museum	0		(87)	(87)
L8285	Sea City Phase 2	68	507		575
L1530	Solent Sky Repairs	250		(3)	247
L8320	Gods House Tower Reception	0	17		17
L8200	Southampton New Arts Centre (SNAC) (A)	683	43		726
L8330	Swimming Pool Improvements	0	65		65
L8310	Libraries Rfid	0	28		28
		4,234	1,378	(90)	5,522
Resources & Workforce Planning					
M9640	Connectnion to Utilicom District Cooling	0	20		20
M9710	Office Accomodation	7,480		(733)	6,747
M9760	Homeworking - Dedicated Arrangements	0	7		7
P5040	Rbc Purchase	0	1,250		1,250
P6230	Refurbishment of Computer Suite	0	242		242
P6850	R & M Backlog New Capital 2 Million	70	503		573
		7,550	2,022	(733)	8,839
		61,787	14,920	(3,259)	73,448

ITEM NO: 13

DECISION-MAKER:	COUNCIL		
SUBJECT:	HOUSING REVENUE ACCOUNT REVENUE AND CAPITAL OUTTURN 2009/10		
DATE OF DECISION:	14 JULY 2010		
REPORT OF:	CABINET MEMBER FOR HOUSING AND LOCAL SERVICES		
AUTHOR:	Name:	David Singleton	Tel: 023 8083 2236
	E-mail:	David.Singleton@southampton.gov.uk	

STATEMENT OF CONFIDENTIALITY

None

SUMMARY

This is the Housing Revenue Account (HRA) revenue and capital outturn report for the financial year 2009/10.

The actual level of net spending in 2009/10 was £388,800 (0.7%) lower than expected compared to a total turnover of £59.2M. The final outturn shows a deficit for the year of £798,200 compared to a budgeted deficit of £1,187,000. The HRA working balance at 31 March 2010 is £1,588,800.

Total capital expenditure in 2009/10 was £29,595,000 compared to the revised budget of £32,426,000, which represents an 91.3% spend level against the approved budget. This expenditure has made significant improvements in the condition of the Council's housing stock and has led to an additional 850 homes now meeting the 'Decent Homes' standards. The council is still on target to achieve the decent homes standard for all Council owned homes by the end of 2010.

RECOMMENDATIONS:

- (i) Note that the HRA revenue outturn for the financial year 2009/10, which shows a favourable variance for the year of £388,800 and balances at the end of the year of £1,588,800.
- (ii) Note the capital outturn for 2009/10.
- (iii) Approve the revenue carry forward of £248,500 for Programme Repairs External Decorations.
- (iv) Approve an increase in Direct Revenue Financing in 2010/11 of £140,300, which can be financed from the net revenue savings in 2009/10.
- (v) Approve the amendments to the HRA Capital Programme for 2010/11 set out in Appendix 3 to take account of the slippage and re-phasing in 2009/10.

REASONS FOR REPORT RECOMMENDATIONS

1. The HRA revenue and capital outturn for 2009/10 forms part of the Council's statutory accounts.

CONSULTATION

2. The HRA revenue and capital outturn outlined in this report represents the actual level of spending in 2009/10. The financial information has been prepared in accordance with statutory accounting principles. There is therefore no scope for tenants, members or other stakeholders to influence the financial position contained in this report. The adjustments to the capital programme for 2010/11 are directly related to performance in 2009/10.
3. All Local Authorities are required to publish the HRA revenue outturn in accordance with CIPFA's Best Value Accounting Code of Practice. The HRA outturn for 2009/10 can be found in this form in the authority's Annual Statement of Accounts.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

4. This report outlines the actual level of spend on the HRA for the financial year 2009/10. The figures have been prepared in accordance with statutory accounting principles. There are therefore no other options relating to the HRA revenue outturn position for members to consider. Members could decide not to amend the 2010/11 Capital Programme to reflect the 2009/10 outturn, but this could result in some approved schemes either not being completed, or overspending due to contractual commitments.

DETAIL

5. The Housing Revenue Account records all the income and expenditure associated with the provision and management of Council owned homes in the City. This account funds a significant range of services to over 18,000 Southampton tenants and leaseholders and their families. This includes housing management, repairs and improvements, welfare advice, sheltered housing services, neighbourhood wardens, and contribute to bringing all Council properties up to the decent home standard.
6. The HRA Capital Programme deals with all capital expenditure on Council Housing and related environmental works. The main focus is to deliver the decent homes and neighbourhoods agenda. Other important areas of spending are on property adaptations for disabled people and tackling anti social behaviour.
7. This report sets out the actual level of revenue spending on day to day services provided to council tenants recorded in the HRA in 2009/10. The report compares the latest estimate for 2009/10, i.e. the budgets approved by Council in February 2010, with the final spend for the year.
8. This report also summarises the HRA Capital Programme outturn for 2009/10 and recommends adjustments to the 2010/11 capital programme to take account of actual spending in 2009/10.

Revenue Outturn

9. The HRA Revenue Summary attached at Appendix 1 shows a decrease in expenditure of £200,000 (0.3%) and an increase in income of £188,800 (0.3%). Balances as at 31 March 2010 are therefore £388,800 higher than expected.
10. The net effect of changes in income and expenditure is a deficit on the HRA for the year of £798,200 against a budgeted deficit of £1,187,000, which results in an increase in working balances as at 31 March 2010. The working balance on the HRA, which will be carried forward into 2009/10, is therefore £1,588,800.
11. An explanation of the variances can be found at appendix 2. It will be noted that the underspend on programme repairs of £248,500 arose due the bad weather over the winter and it is recommended that this money is carried over into 2010/11 to enable the programme of works to be completed without impacting on the programme for 2010/11.
12. If this is approved, this leaves an overall improvement of revenue balances of £140,300. In accordance with established practice it is proposed that this money is made available to support the HRA capital programme and this is considered further in paragraph 21 below.

Capital Outturn

13. During 2009/10 the council introduced a new project management arrangement with the aim of improving project and financial management, monitoring and reporting.
14. A summary of capital expenditure for the HRA is shown in the following table:

Section	Approved Estimate 2009/10 £'000	Actual Outturn 2009/10 £'000	Over/(Underspend) £'000	%
Decent Homes	16,875	16,833	(42)	(0.2)
Decent Homes Plus	9,595	6,890	(2,705)	(28.2)
Decent Neighbourhoods & Estate Regeneration	5,886	5,866	(20)	(0.3)
Other Schemes	70	6	(64)	(91.4)
TOTAL	32,426	29,595	(2,831)	(8.7)

15. Appendix 3 shows the variances in every scheme in the capital programme. Appendix 4 provides an explanation of all variances over £100,000.
16. The expenditure detailed above has made significant improvements in the condition of the Council's housing stock. Council is also asked to note that following expenditure detailed in this report, an additional 850 homes now meet the 'Decent Homes' standard. A total of 91% of houses in the stock now meet the standard. In addition to essential major repairs and various environmental / neighbourhood improvements 1,879 homes have had new kitchens, 1,278 homes have had their bathrooms renewed, and 28 homes have had a new heating system installed.
17. The next full revision of the HRA Capital Programme will be presented to Council for approval in September. However, some amendments to the 2010/11 Programme, which take account of the variations in 2009/10, are recommended for approval in this report (see Appendix 3). A summary of the changes is shown in the following table:

	£000
Current Programme 2010/11	36,631
Spending delayed into 2010/11 from 2009/10	4,820
Spending brought forward into 2009/10 from 2010/11	(1,586)
Proposed Programme 2010/11	39,865

Capital Financing

18. A comparison of the final financing of the spending in 2009/10 with the approved budgets is shown below:

	Revised Estimate £'000	Resources Used £'000	Variance £'000
Supported Borrowing Allowance	1,496	1,496	0
Unsupported Borrowing	300	0	(300)
Useable capital receipts	400	0	(400)
Grants/Contributions	3,955	2,049	(1,906)
Direct Revenue Financing	11,214	10,989	(225)
Major Repairs Allowance	15,061	15,061	0
TOTAL	32,426	29,595	(2,831)

19. The changes to the resources are explained below:
- Unsupported borrowing has not been undertaken as there were sufficient other resources available to fund the programme.
 - Capital receipts of £412,000 were received in 2009/10 but these were

not required to fund the programme in 2009/10. They will be utilised in 2010/11.

- There were a number of changes to the Grants and Contributions received. The main items were that the grant from the HCA for the new build programme will now be received in 2010/11 (£1,169,000) and some of the HCA funding for estate regeneration was not utilised in 2009/10. Both will be utilised in 2010/11. There was also an increase of £25,000 in minor grants and contributions and a total of £84,000 was received for the Adizone.

20. The reduced level of spending means that it has not been necessary to utilise as much Direct Revenue Financing as planned in 2009/10. The level of unused DRF at 31 March 2010 is £6,282,600 which is £224,900 higher than budgeted.

Overall position

21. Appendix 3 shows that:
- Decent homes spending amounting to £250,518 has been brought forward into 2009/10, which is being funded from the 2010/11 decent homes contingency.
 - The gross cost of the Adizone has been charged to capital programme, with the grant income now being shown separately.
 - There was additional spending of £90,014 on decent homes plus programmes, which will be funded from the revenue savings arising in 2009/10.

The effect of other changes in resources will be considered as part of the next full update of the capital programme that will be reported to council in September.

22. In addition to the working balance, the HRA also has a balance of revenue funding that is earmarked to support the HRA Capital Programme. At 31 March 2010 this was £6,282,600 giving a total balance on the HRA at 31 March 2010 of £7,964,400

FINANCIAL/RESOURCE IMPLICATIONS

Capital

23. Contained in the detail of the report.

Revenue

24. Contained in the detail of the report.

Property

25. None

Other

26. None

LEGAL IMPLICATIONS

Statutory power to undertake proposals in the report:

27. The requirement to maintain a Housing Revenue Account is set out in the Local Government and Housing Act 1989 and the requirement to publish final accounts is set out in the Accounts and Audit Regulations 2003.

Other Legal Implications:

28. None

POLICY FRAMEWORK IMPLICATIONS

29. The HRA revenue and capital outturn for 2009/10 forms part of the Council's overall Statutory Accounts. The details in this report reflect the actual level of spending on day to day services that were provided to council tenants, and the actual level of capital spending in 2009/10 against the budget that was approved by Council in February 2010.

SUPPORTING DOCUMENTATION

Appendices

1.	HRA Revenue Summary Outturn 2009/10
2.	Revenue Variances
3.	HRA Capital Programme Outturn 2009/10
4.	Capital Variances

Documents In Members' Rooms

1.	None
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Background Documents

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.	None	
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Background documents available for inspection at:

FORWARD PLAN No:

KEY DECISION?

WARDS/COMMUNITIES AFFECTED:

ITEM NO: 13 Appendix 1

HOUSING REVENUE ACCOUNT REVENUE SUMMARY OUTTURN 2009/10

	Revised Estimate 2009/10	Actual Outturn 2009/10	Variation	
	£'000	£'000	£'000	%
<u>EXPENDITURE</u>				
Responsive Repairs	10,175.9	9,889.5	-286.4	-2.81%
Programmed Repairs	5,417.1	5,387.1	-30.0	-0.55%
Total Repairs	15,593.0	15,276.6	-316.4	-2.03%
Rents Payable	91.8	87.2	-4.6	-5.04%
Debt Management	46.6	72.3	25.7	55.07%
Supervision & Management	16,586.1	16,590.2	4.1	0.02%
Capital financing charges	1,834.5	1,804.5	-30.0	-1.64%
Major Repairs Allowance	15,061.2	15,061.4	0.2	0.00%
Direct Revenue Financing	7,157.3	7,157.3	0.0	0.00%
Housing Subsidy paid to CLG	3,986.7	4,107.7	121.0	3.04%
TOTAL EXPENDITURE	60,357.2	60,157.2	-200.0	-0.33%
<u>INCOME</u>				
Dwelling Rents	56,174.1	56,165.9	-8.2	-0.01%
Other Rents	1,300.0	1,359.2	59.2	4.55%
Total Rental Income	57,474.1	57,525.1	51.0	0.09%
Service Charge Income from Tenants	1,010.2	1,007.6	-2.6	-0.26%
Service Charge Income from Leaseholders	595.1	634.8	39.7	6.68%
Interest Received	90.8	191.4	100.6	110.79%
TOTAL INCOME	59,170.2	59,359.0	188.8	0.32%
SURPLUS/(DEFICIT) FOR YEAR	-1,187.0	-798.2	388.8	
<u>BALANCES</u>				
Working Balance B/Fwd	2,387.0	2,387.0	0.0	
Surplus/(Deficit) for year	-1,187.0	-798.2	388.8	
WORKING BALANCE C/FWD	1,200.0	1,588.8	388.8	
BALANCES EARMARKED FOR DRF				
Balance B/Fwd	10,114.4	10,114.4	0.0	
Contribution From Revenue	7,157.3	7,157.3	0.0	
Total Available	17,271.7	17,271.7	0.0	
Applied for Capital	11,214.0	10,989.1	-224.9	
BALANCE C/FWD	6,057.7	6,282.6	224.9	
TOTAL HRA BALANCE	7,257.7	7,871.3	613.7	

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ITEM NO: 13 Appendix 2

HRA outturn 2009/10 - Revenue Variances

Repairs

Repairs spending covers responsive and programme repairs. There was an under spend on responsive repairs of £286,400 (2.8%), and an under spend on programme repairs of £24,900 (0.5%).

The savings on responsive repairs arose solely from the surplus generated by Property Management Services.

The main variations in the programme repairs budget were as follows:

1. External Decorations - Underspend of £248,500

Due to the poor weather in January and February it was not possible to commence planned works. Following this, delays in the ordering processes further delayed the work until 2010/11

2. Asbestos Works - Overspend £96,500

Although a budget is set based on historical costs, it is impossible to predict when asbestos removal work will be required. In 2009/10, £78,500 of unexpected work was required at French St. and Bugle St.

3. Structural Works - Underspend £65,400

Less than expected day-to-day structural work was required

4. Health and Safety - Overspend £41,900

Urgent H&S work was unexpectedly required during February and March.

5. Various Servicing - £101,500 Overspend

Lifts – Underspend £83,200

Repairs to HRA lifts have reduced over the years as a high number have been totally refurbished and therefore become more reliable

Emergency Lighting - Overspend £116,200

During the year it became apparent that emergency lighting inspections had not been carried out correctly, and it was necessary to re-test every property

Electronic Concierge - Overspend £68,500

The original 2009/10 maintenance budget was originally set up to maintain the Weston concierge systems however with the new city wide systems online and reaching the end of their warranty period any maintenance issues had to be coded to this budget (Earlier than anticipated). It was also agreed that £37k of costs originally charged to the Concierge capital scheme should be revenue costs.

Supervision and Management

This heading covers the costs of all services provided to tenants other than repairs. There is an over spend of £4,100 (0.02%) with the main two variances being:

- £85,700 underspend on the funding allocated for Mobile Working which has only incurred planning costs as at the end of March 2010.
- This was offset by additional provision for the non-collection of debts amounting to £93,100. This additional provision relates to Former Tenant Arrears. This follows on from an assessment of the level of debt and the amount of cash collected in 2009/010. This does not mean that these debts have been cancelled, but it means that if this needs to be done there is a provision in the accounts to meet this cost.

Dwelling Rents

There is a small shortfall in dwelling rents of £8,200 (0.01%). This is a result of higher voids in year due to an increased take-up of decanting within Estate Regeneration for the year.

Other Rents

An increase in the final quarter of 2009/10 in shop rents has resulted in additional income of £59,200 (4.55%) against our revised 2009/10 estimate.

Leaseholder Service Charge Income

Due to an increase in our revenue and capital major works, charges to leaseholders have increased to cover their element of these works. This increase is £39,700 (6.68%)

Interest Received & Debt Management

There is a reduction in interest received of £9,400 (10.35%). This is due to interest rates remaining consistently lower than our already low estimate. However, due to receiving debt repayment discounts as part of the Council's debt re-structuring, additional income of £110,000 was realised.

This increase in income has been partially offset by an increase in our Debt Management costs. As part of the Council's debt re-structuring, premiums are payable when some debts are repaid early. This increase in Debt Management costs amounts to £25,700.

Housing subsidy paid to CLG

The debt restructuring premiums and discounts are fully offset by adjustments to HRA subsidy, which is largely why the subsidy payments to CLG have increased.

REDUCTIONS IN GOVERNMENT GRANT - 2010/11

Dept.	Description	National		SCC Share	
		Capital £M	Revenue £M	Capital £'000	Revenue £'000
DfE	Reduction in the overall amount available to local authorities through Area Based Grant from DfE.		311.0		1,521.5
DfT	Integrated Transport Block	150.8		790.0	
DfT	Major Projects	61.4			
DfT	Yorkshire and Humber ITB transfer	23.5			
DfT	Capital detrunking	6.8			
DfT	PRN networking funding	5.9			
DfT	Urban congestion fund	7.9			
DfT	Road Safety capital grant	17.2		70.0	
DfT	Kickstart 2009		5.0		
DfT	Other funding support, as yet unallocated		10.0		
DfT	Area Based Grant - Road Safety revenue grant		20.6		81.0
DCLG	Housing Market Renewal	50.0			
DCLG	Gypsy & Traveller site grant	30.0			
DCLG	Housing and Planning Delivery Grant		146.0		300.0
DCLG	Connecting Communities		19.1		
DCLG	Other cohesion funding		5.0		
DCLG	Area Based Grant - Supporting People administration		30.0		152.0
DCLG	Area Based Grant - Working Neighbourhood Fund		49.9		0.0
DCLG	Area Based Grant - Local Enterprise Growth Initiative		17.5		0.0
DCLG	Area Based Grant - Prevent		7.0		56.6
DCLG	Area Based Grant - Cohesion		4.0		17.6
DCLG	Local Area Agreement Reward		125.0		1,000.0
DCLG	Local Authority Business Growth Incentives scheme		50.0		307.0
DEFRA	Contaminated Land	7.5			
Home Office	Reduction in the overall amount available to local authorities through Area Based Grants (ABG) from HO.		6.0		26.3
Adjustment Grant	Adjustment grant		(1.1)		
		361.0	805.0	860.0	3,462.0
			1,166.0		4,322.0

Other Notifications of Grant Losses

Migration Impact Funding		240.0
Free Swimming (Full Year £173,211 loss of grant from 31/07/2010)		115.5
Harnessing Technology Grant	TBC	
	0.0	355.5
Total Reduction		4,677.5

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ITEM NO: 13 Appendix 4

HRA outturn 2009/10 - Capital Variances

1. **Decent Homes Lordshill - £244,937 Slippage**
Due to contractor concentrating on the Shirley area of the city where works were already ongoing. The lordshill works did not commence in 09/10 resulting in slippage to 10/11, this is reflected in the budget brought forward in Shirley detailed below.
2. **Decent Homes Maybush - £200,000 brought forward, £67,88k overspend**
The work's budget was slipped at the February update to reflect slower than anticipated works with the contractor. Subsequently however the works caught up to the initial works programme resulting in the £200,000 that had been slipped being brought forward. In addition to this there was also an overspend of £67,668 due to higher than anticipated uptake.
3. **Decent Homes Millbrook – £124,208 Overspend**
This completed project has been active for a number of years, and the final overspend represents 0.9% of the budget. This is due to slightly higher than anticipated final uptake
4. **Decent Homes Shirley - £177,769 brought forward**
A decision was taken to focus on areas where contractors were already working, and re-phase the 2010/11 budget to cover this work; this is balanced by the slippage of works within Lordshill.
5. **Decent Homes Swaythling - £308,456 Slippage**
Productivity was slightly slower than envisaged, together with problematic designs this created a delay in the numbers delivered, and the budget for this has been slipped to 10/11 so the works can be caught up.
6. **Decent Homes Voids - £171,452 brought forward**
The volume of void properties in 2009/10 was considerably higher than anticipated. It was decided to accelerate the Decent Homes work in order to minimise disruption to future tenants
7. **Roof replacement Townhill Park - £285,924 slippage**
Due to delays in the tendering process, work was not commenced as anticipated, and will slip into future years
8. **Disabled Adaptations - £125,436 Slippage**
A virement of £100,000 was made to this budget in February 2010 to help deal with the backlog of works. However it was not possible to complete these additional programmed works by the end of 2009/10, due to the late timing of the virement agreement resulting in slippage to 2010/11
9. **Digital TV - £257,004 Slippage**
Due to delays in the tender process, the contract was not signed until 2010/11 with work due to start in July

10. **Shirley towers windows - £185,235 Slippage**
Due to the complexity of water ingress trials where carried out as apposed to full window replacement, with the possibility of considerable savings. Subsequent works were put on hold until the trial had been completed
11. **Electronic Concierge - £111,609 Slippage**
An extension of works was granted to the contractor by Capita, therefore the budget has been slipped to allow for charges in 2010/11
12. **Heating Systems upgrade - £138,175 Slippage**
Further procurement work has been necessary, thus the upgrade work will slip into 2010/11
13. **Lift Refurb – Milner, Neptune & manston - £378,687 slippage**
In order to minimise costs, it was decided to tender for all sites in the same process, which has led to a delay in starting the work
14. **Lift Refurb – Millbank, Kinloss & Castle Hse - £254,042 slippage**
The works started late on site due to contractor withdrawal, subsequently works slipped whilst appointing a new contractor.
15. **Lift Refurbishment – Itchen view estates - £827,167 slippage**
Due to procurement issues centred on the feasibility study, works have been delayed from their initial start date, therefore the works have slipped to be carried out in 10/11 and 11/12.
16. **NDC Communal works - £380,587 Slippage**
There was no contractor in place to complete these works due to the fact that MITIE's four year contract had completed. Subsequently works have slipped to 10/11.
17. **Thornhill Environmental works - £156,917 Slippage**
Following the award of Practical Completion, Capita have agreed draft final accounts with the two contractors and reduced their 'Anticipated Final Account Sum,' resulting in savings.
18. **Decent Neighbourhoods Maybush - £133,044 Slippage**
The scheme is behind on the milestones. We now have a revised project plan from Capita. However, this means the project remains behind schedule.
19. **Estate Regeneration Cumbrian Way - £106,662 Slippage**
The slippage at the end of 2009/10 is due to difficulties in securing a purchase of one of the 4 Right to Buy properties.
20. **Estate Regeneration Exford Parade - £241,567 brought forward**
This is due to the large volume of tenants who decanted during 2009/10 and the number of Right to Buy sales agreed being more than forecast.
21. **Estate Regeneration Laxton Close - £159,000 brought forward**
This is due to the higher than forecast relocation costs. The volume of tenants who have decanted from Laxton Close for 2009/10 was larger than estimated.

ITEM NO: 14

DECISION-MAKER:	COUNCIL		
SUBJECT:	REVIEW OF PRUDENTIAL LIMITS AND TREASURY MANAGEMENT OUTTURN 2009/10		
DATE OF DECISION:	14 JULY 2010		
REPORT OF:	EXECUTIVE DIRECTOR OF RESOURCES		
AUTHOR:	Name:	Rob Carr	Tel: 023 80 83 2708
	E-mail:	Rob.Carr@southampton.gov.uk	

STATEMENT OF CONFIDENTIALITY

NOT APPLICABLE

SUMMARY

Council is requested to note the Treasury Management activities and performance for 2009/10 against the approved Prudential Indicators for External Debt and Treasury Management.

This report specifically highlights that:

- i. Borrowing activities have been undertaken within the borrowing limits approved by Council on 17th February 2010.
- ii. The average rate for repayment of overall outstanding debt has increased slightly from 2.86% in 2008/09 to 3.10% which was inline with the approved strategy and lower than that budgeted due to the continued use of shorter term debt to take advantage of the lower yields whilst the financial markets remain depressed. It should be noted that the forecast for longer term debt is a steady increase over the next few years so new long term borrowing will be taken out above this rate, therefore an increase in the Consolidated Rate of interest should be expected. See paragraph 20 for further analysis.
- iii. £1.5M was moved into an Interest Equalisation Reserve during 2009/10 which was agreed as part of the Treasury Management (TM) Strategy in recognition that any savings are temporary until we lock back into long term debt.
- iv. The investment portfolio returned £1M at an average rate of 1.89% in 2009/10 compared to 3.11% for 2008/09. This is a result of continuing low interest rates and a smaller investment portfolio due to the continued risk of holding large investment balances.

Net loan debt increased during 2009/10 from £177M to £186M as detailed in paragraph 9.

RECOMMENDATIONS:

That Council:

- (i) Notes the Treasury Management activities for 2009/10 and the outturn on the Prudential Indicators.
- (ii) Notes that for institutions with a minimum long-term rating in the 'double-A' category or higher (i.e. AAA, AA+, AA, AA- or equivalent) the individual limit was increased from £5M to £10M following a temporary reduction due to market uncertainty. This amendment was made by the Chief Financial Officer under existing delegations.
- (iii) Notes that the continued proactive approach to TM has led to significant savings in borrowing costs and safeguarded investment income during the year.
- (iv) Delegates authority to the Chief Financial Officer to following consultation with the Cabinet Member for Resources and Workforce Planning to approve any changes to the Prudential Indicators and both borrowing and investment limits that will aid good treasury management. Any amendments will be reported as part of quarterly financial and performance monitoring and in revisions to this strategy.

REASONS FOR REPORT RECOMMENDATIONS

1. The reporting of the outturn position for 2009/10 forms part of the approval of the statutory accounts. The Treasury Management Strategy and Prudential Indicators are approved by Council in February each year in accordance with legislation and CIPFA's Code of Practice
2. The Treasury Management Code requires public sector authorities to determine an annual TM Strategy and now, as a minimum, formally report on their treasury activities and arrangements to full Council 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 treasury management function to scrutinise and assess its effectiveness and compliance with policies and objectives.

CONSULTATION

3. Not Applicable.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

4. No alternative options are relevant to this report.

DETAIL

BACKGROUND

5. Treasury Management in Local Government is governed by the CIPFA Code of Practice on Treasury Management in the Public Services and in this context is the “management of the Council’s cash flows, its banking and its capital market transactions; the effective control of the risks associated with those activities and the pursuit of optimum performance consistent with those risks”. This Council has adopted the Code and complies with its requirements.
6. The Prudential Capital Finance System came into force on 1st April 2004. The Council determines at a local level its capital expenditure and can borrow or use alternative financing methods to finance capital spending provided that capital plans are demonstrably affordable, prudent and sustainable, and options appraisal supports asset management planning. In November 2009 CIPFA released the revised Code of Practice for Treasury Management in the Public Services and accompanying Guidance Notes and the revised Prudential Code for Capital Finance in Local Authorities. The CLG also issued revised Guidance on Local Authority Investments for English authorities. The revised Codes/Guidance re-emphasise an appropriate approach to risk management, particularly in relation to the security and liquidity of invested funds. Authorities were also required to demonstrate value for money when borrowing in advance of need and ensure the security of such funds. Authorities are now also required to have a separate body or committee responsible for the scrutiny of the treasury function. The Council is revising its treasury policy and practices documentation to take account of the requirements and changes in the revised Codes and Guidance.
7. This report:
 - 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 outturn position on treasury management transactions in 2009/10 and
 - e) confirms compliance with treasury limits and Prudential Indicators.The report is to full Council and will in addition also be submitted to Audit Committee which is responsible for scrutiny of the Treasury Management function.
8. Appendix 1 summarises the economic outlook and events in the context of which the Council operated its treasury function for 2009/10.

TREASURY PORTFOLIO 2009/10

31/03/2009			31/03/2010	
£M	%		£M	%
99.0	47.8	External Borrowing Long-term:	112.0	48.2
11.8	5.7	PWLB	11.7	5.0
16.7	8.1	Market	31.5	13.5
		Temporary Borrowing		
20.0	9.7	Other Long-term Liabilities (HCC Trans Debt)	19.2	8.3
59.5	28.7	Long-term liabilities*:	58.1	25.0
		Public Finance Initiative (PFI) Schemes (a requirement for 2009/10)		
207.0	100.0	Total External Debt	232.5	100.0
		Investments:		
30.0	100.0	Managed in-house	46.3	100.0
0.0	0.0	Managed externally	0.0	0.0
30.0	100.0	Total Investments	46.3	100.0
(177.0)		(Net Borrowing)/Net Investment Position	(186.2)	

The 2009 Statement of Recommended Practice (SORP) has resulted in the PFI related long term assets and liabilities being brought onto the Council's Balance Sheet in 2009/10. The aggregate External Debt including PFI liabilities remained within above the Council's Prudential Borrowing Limit.

BORROWING LIMITS

10. A comparison between the revised borrowing limits approved by Council on 17th February 2010 and the highest borrowing position incurred during the course of the financial year is provided below.

	Approved Operation Limit 2009/10	Highest Level of Borrowing in 2009/10
(i) Overall Borrowing Limit	£408M	£235M
(ii) Proportion of Variable Debt	50%	24.6%

11. The table shows that the Council's borrowing activities (including PFI) have been undertaken within the Approved Limits. The variations arise from the need to set limits which will be sufficient to provide a degree of flexibility in the management of the Council's debt.

LONG TERM BORROWING

12. The need to borrow arises from the requirement to finance new capital expenditure and to meet the repayment of existing long term loans, and is also dependant on any increase or decrease in internal funds.

13. The borrowing may either be long term (i.e. one year or longer) or short term (i.e. under one year). In general, long term loans are raised to fund capital expenditure and short term sources are used for the replacement of internal funds arising through movements in cash-flows.
14. The Council's borrowing requirement for financial year 2009/10 and that of two succeeding financial years was estimated at £141M. Public Works Loan Board (PWLB) borrowing is no longer subject to quotas. Forward funding can be undertaken provided it is affordable, prudent and sustainable. All borrowing is aggregated and there is no requirement to separately identify loans that relate to unsupported borrowing.
15. The Prudential Code allows the Council the flexibility to bring forward or defer borrowing in relation to its Capital Financing Requirement (CFR). During the year the differential between debt costs and investment earnings was significant. In order to eliminate the high "cost of carry" associated with the higher cost of long term borrowing compared to temporary investment returns (between 0.5% and 1.5%), the Council used internal resources in lieu of borrowing. By doing so, the Council lowered overall treasury risk during the year. The Council recognises that utilising investments in lieu of borrowing clearly has a finite duration and that future borrowing will be required to support capital expenditure; this will be kept under review in 2010/11.
16. During the year PWLB borrowing rates were relatively "steep", (rates for short-dated maturity loans were much lower than for longer-dated maturities), reflecting sharply lower official interest rates of just 0.5% and the reasonably sanguine expectations for inflation. The demand for gilts generated by Quantitative Easing (QE) more than offset the supply of new gilts issued to plug the deficit; this resulted in lowering gilts yields by around 70 base points (0.7%). However, it was expected that QE would be withdrawn over time and this coupled with the prospect of a downgrade to the sovereign rating from the increasing burden of the fiscal deficit meant that the risk of higher interest rates could not be ruled out. Against this outlook, the Council viewed long term rates of 4.5% or below to be prudent and affordable borrowing opportunities. Short-dated PWLB borrowing rates produced some attractive borrowing options being 2.0% - 2.5% below the more traditional longer-term fixed rates.
17. The cost of PWLB variable rate debt fell below 1%. During 2009/10 this significantly reduced the 'cost of carry' associated with the cost of new borrowing and income earned on investments. This was advocated as a borrowing option by our advisors, Arlingclose, taking into account the substantial proportion of fixed rate debt in the Council's portfolio. Interest rates would undoubtedly rise over the medium term, but the increase in the cost of variable rate borrowing would be mitigated by a parallel increase in investment income earned at variable rates. In addition existing PWLB arrangements also permit the conversion of variable rate debt to fixed rate at minimal cost. The Council will maintain the discipline of regularly and actively reviewing the proportion and cost of variable rate debt within the portfolio and will either repay or convert the debt to fixed rate as necessary.

18. Equal Instalments of Principal (EIP) loans also reflected the steepness exhibited in the borrowing curve and was advocated as a borrowing option by Arlingclose. EIP loan principal is repaid evenly over the life of the loan and thus avoids adding to specific peaks in the maturity profile of debt.
19. Against the above backdrop, the following loans were taken out during 2009/10 to refinance maturing debt (£22M) and to fund the capital programme (£23M). PWLB rates and investment rates will be continually monitored to assess the best time to refinance with long term debt. It should be noted that a further £10M of maturing debt was refinanced via the short term market through other Local authorities to take advantage of the low rates offered. This will be refinanced via long term debt when the market conditions are right.

Date	Lender	Principal £M	Rate %	Period of loan
Jan 2010	PWLB - Variable	10.0	0.65	10 years
Feb 2010	PWLB - EIP	10.0	3.06	10 years
Feb 2010	PWLB - EIP	5.0	3.04	10 years
Feb 2010	PWLB - EIP	5.0	3.05	10 years
Feb 2010	PWLB - Variable	15.0	0.70	10 years
Total		45.0		

20. The Council has £9M loans which are Lender's Options Borrower's Option (LOBO) loans, all of which were in their option state in 2009/10. However, the lender did not exercise any call option.

The opening and closing external borrowing portfolio (excluding PFI) is summarised below:

	Balance at 01/4/2009		Maturing loans	New Borrowing	Balance at 31/3/2010	
	£M	Rate %	£M	£M	£M	Rate %
Long-term Borrowing						
Fixed Rate – PWLB EIP	9.0	1.97	2.0	20.0	27.0	2.69
Fixed rate loans – PWLB Maturity	80.0	3.32	20.0	20.0	60.0	3.76
Variable rate loans - PWLB	10.0	1.15	10.0	25.0	25.0	0.67
Variable rate loans – Market	11.8	4.85	0.1		11.7	4.85
Temporary Borrowing	16.7	0.76		14.8	31.5	0.59
Total borrowing	127.5	2.86	32.1	59.8	155.2	3.10

PWLB borrowing rates are shown in Appendix 1.

The Council's current debt maturity profile is detailed overleaf:

	PWLB £M	Rate %	Other Loans £M	Rate %	Total £M
Short Term Borrowing			31	0.59	31
Long Term Borrowing -					
Under a year	19	2.44			19
Between 1 and 2 years	9	3.18	1	4.84	10
Between 2 and 5 years	19	3.51	1	4.84	20
Between 5 and 10 years	36	1.35	1	4.84	37
Between 25 and 30 years	10	4.68	6	4.94	20
Between 30 and 35 years	5	4.6			
Between 35 and 40 years					
Between 40 and 45 years	5	5.70	3	4.71	18
Over 45 years	10	3.98			
Total Borrowing	112	2.83	43		155

DEBT RESTRUCTURING

21. The main objective of debt rescheduling is to reduce the Council's overall exposure to the risk of interest rate movements, to lower the long-term interest charges paid on its debt, to smooth the maturity profile without compromising the overall longer-term stability, or to alter its volatility profile (i.e. exposure to variable rate debt).
22. Debt rescheduling became more challenging after the PWLB introduced a separate, lower set of repayment rates in November 2007. This increased the costs associated with the premium payable and diminished the discount receivable, thus reducing the cost savings achievable. Nevertheless, volatility in PWLB rates does provide opportunities to reschedule debt.
23. No debt restructure took place during 2009/10; however £45M was restructured during 2008/09 into short-term debt to take advantage of lower interest rates and to lower risk.
24. In the current climate of low interest rates remaining at the short end of the market this is obviously still a sound strategy, however at some point when the market starts to move the Council will need to act quickly to lock into fixed long term rates which may be at similar levels to the debt that was restructured (4.5 – 5.0%). The savings generated in 2010/11 will not therefore be recurring and should not be used for budget setting purposes. As agreed at Council in February 2010 an Interest Equalisation Reserve has been set up and £1.5M has been moved into this in 2009/10.
25. During 2009/10, the Council raised loans through the London Money Market from financial institutions and other Local Authorities on a short term basis. The following table illustrates the level of short term borrowing activity which has taken place during 2009/10 and shows the average rate for 2009/10.

Number of Transactions	109
Total Transaction Value	£243,800,000
Average Interest Rate	0.48%
Interest Paid	£104,439

ANNUAL INVESTMENT STRATEGY AND OUTTURN

26. The Council held cash balances during the year of between £30 and £63M averaging £46M. These represent working cash balances / capital receipts and the Council's reserves.
27. The ODPM's Guidance on Local Government Investments in England gives priority to security and liquidity and the Council's aim is to achieve a yield commensurate with these principles. Having assessed the risks associated with the various potential investment instruments, the Council determined the 'specified' and 'non-specified' investments it would use during the year (as detailed in Appendix 2). These decisions were taken at local level to suit the Council's particular circumstances, return aspirations and risk tolerances.
28. The Council's existing investments are a combination of long-dated investments (i.e. with maturities in excess of one year) and short-term investments and reflect previous treasury management strategies and decisions. The mix of long and short term investments enables the Council to maintain an appropriate level of liquidity and enables it to mitigate re-investment risk (the risk that a large proportion of maturing investments is reinvested when interest rates are at a cyclical low).
- The Council's investment income for the year was £1M compared to a budget of £2.6M and the variance is principally due to a combination of the following:
- Average investment balances held during the financial year were lower than originally budgeted due to the repayment of £45M debt in 2008 which reduced the investment risk and reduced borrowing costs which are significantly higher than investment rates available in the current financial climate.
 - The prevailing money market rates of interest were lower than that budgeted.
29. In the early part of 2009, following advice from the Council's Treasury advisors, it was decided to reintroduce certain UK banks and building societies who had implicit or explicit expressions of support from the UK government as clients' investment counterparties; this does not include their subsidiary banks. The maximum limit per bank was £5M. The maximum maturity period for these investments was initially three months but has now been extended to twelve months as confidence in the market has returned. All other funds were still invested with the Debt Management Office (DMO) and AAA money market funds.

For institutions with a minimum long-term rating in the 'double-A' category or higher (i.e. AAA, AA+, AA, AA- or equivalent) the individual limit was increased from £5M to £10M following a temporary reduction due to market uncertainty. This amendment was made by the Chief Financial Officer under existing delegations. This strategy is kept under constant review until the markets settle down and revert to more normal levels.

30. The table below summarises the nominal value of the Council's short term investment portfolio at the end of each financial year into the relevant credit rating.

Credit Rating	31st March 2009		31st March 2010	
	£000	%	£000	%
A-	9,000	37%	0	0%
A	0	0%	0	0%
A+	0	0%	18,430	46%
AA-	8,400	35%	10,000	25%
AA	0	0%	0	0%
AA+	0	0%	0	0%
AAA	6,635	28%	11,795	29%
Total Investments	24,035	100%	40,225	100%

31. The table below summarises the maturity profile of the Council's short term investments together with the long and short term credit ratings of the institutions with which funds have been deposited. The authority does not expect any losses from non-performance by any of its counterparties in relation to its investments.

Outstanding Investments as at 31st March 2010									
Country	Current Long Term rating (LCD approach)	Original Long Term rating	Sovereign Rating (LCD approach)	Under 1	1-3	3-6	6-9	Total	
				Month	Months	Months	Months		
UK									
Bank Deposits *	A+	AA+	AAA	0	3,000	0	0	3,000	
Bank Deposits *	A+	AA-	AAA	5,230	0	4,200	2,050	11,480	
Bank Deposits *	AA-	AA-	AAA	1,750	0	3,500	4,750	10,000	
Building Societies *	A+	AA-	AAA	0	0	2,000	1,950	3,950	
Gov't & Local Authority Deposits	AAA	AAA	AAA	1,150	0	0	0	1,150	
Money Market Funds	AAA	AAA	AAA	10,645	0	0	0	10,645	
Total Investments				18,775	3,000	9,700	8,750	40,225	

* Institutions which have access to the UK Government Credit Guarantee Scheme

32. The following table illustrates the level of investment activity which has taken place during 2009/10 and shows the average rates for 2009/10.

It also shows those funds which have been invested for a year which were part of the Council's rolling programme of investment of Core balances to generate higher interest, which was suspended during part of the year until the market settled down. The investment figures exclude the Business Reserve accounts, where interest is earned on the daily balance and not on individual deals; these generated an additional £59,000 in interest.

	Short Term Investments	One Yearly Investments
Number of Transactions	124	8
Total Transaction Value	£221,440,000	£15,200,000
Average Interest Rate	0.62%	1.54%
Interest Earned	£120,031	£234,252

33. In addition to short term investments the council also holds the following AAA rated bonds, which provided excellent credit quality, certainty of income and a valuable return during a period of relatively high risk and low interest rates.

Date of Investment	Issuer	Nominal value £M	Yield to Maturity %	Maturity Date
31/07/2007	Euro Investment Bank	1	5.375	07/06/2021
4/11/2008	Euro Investment Bank	1	5.375	07/06/2021
4/11/2008	Euro Investment Bank	1	5.5	15/04/2025
4/11/2008	Euro Investment Bank	3	4.5	14/01/2013

MINIMUM REVENUE PROVISION (MRP)

34. There is now a statutory requirement to make a "prudent provision" for MRP (SI 2008 No.414). Statutory Guidance issued by the DCLG in March 2008 makes recommendations to local authorities on the interpretation of the term "prudent provision". Local authorities are to have regard to this Guidance which provides four options:
- Option 1: Regulatory Method
 - Option 2: CFR Method
 - Option 3: Asset Life Method
 - Option 4: Depreciation Method
35. Options 1 and 2 can be used on all capital expenditure incurred before 1st April 2008 and on Supported Capital Expenditure on or after that date. Options 3 and 4 are considered prudent options for Unsupported Capital Expenditure on or after 1st April 2008 and can also be used for Supported Capital Expenditure whenever incurred.
36. The Council's approved its policy at its meeting of 16th July 2008 and determined that for 2009/10 Option 1 would be adopted for Supported Borrowing and Option 3 for Unsupported Borrowing.

The MRP Statement has to be submitted to Council before the start of each financial year but if ever there is a need to vary the terms of the original MRP Statement during the year, a revised statement will be put to Council at that time. No such statement was required for 2009/10.

37. The 2009 SORP has resulted in PFI schemes being brought on balance sheet and has resulted in an increase in the CFR which in turn will lead to an increase in the MRP charge to revenue. MRP for these items will match the annual principal repayment for the associated deferred liability.

COMPLIANCE WITH TREASURY LIMITS

38. The Council implemented its treasury strategy within the limits and parameters set in its treasury policy statement and Prudential Indicators against the prevailing market opportunities as follows:
- a) Obtaining long-term funding for the Council's supported and unsupported borrowing requirement from the PWLB.
 - b) Restructuring existing long-term loans to lower debt financing costs without compromising longer-term stability.
 - c) Adhering to the paramount requirement of safeguarding the council's invested balances during a period of unprecedented money market dislocation; tightening the minimum credit criteria for lending in response to the credit crisis and maintaining adequate diversification between institutions; optimising investment returns subject to the overriding requirement of security and liquidity.
 - d) Forecasting and managing cash flow and undertaking short-term borrowing and lending to preserve the necessary degree of liquidity.

TREASURY RELATED PRUDENTIAL INDICATORS

39. The Prudential Code requires the Prudential Indicators for External Debt and Treasury Management to be reported against approved indicators previously reported. Appendix 3 compares actual performance against approved indicators, all of which were within agreed limits.

40. BALANCED BUDGET

The Council complied with the Balanced Budget requirement.

EXTERNAL SERVICE PROVIDERS

41. Arlingclose is appointed as the Council's treasury management advisor. The Council is clear as to the services it expects and which are provided under the contract. The service provision is comprehensively documented. The Council is also clear that overall responsibility for treasury management remains with the Council.

HOUSING FINANCE REFORM

42. In March 2010 the CLG published proposals for the reform of the Housing Revenue Account (HRA) and abolition of the current subsidy system. Under the self-financing system it is intended for authorities with housing to keep all of the rent they collect and all the receipts from sales of housing or land. The self-financing model indicates a level of opening HRA debt for each local authority and the modelled figures give an estimate as to whether the Authority would receive a capital sum from or pay a capital sum to the Government under the HRA reform.
43. The Council will need to evaluate to what extent the modelled figures in the consultation documents resemble the reality of the Council's HRA position and business plans and also needs to consider the direct impact of the proposals and also any indirect impacts, for example on the General Fund or on Treasury Management costs.
44. The Government is formally consulting on these proposals with a closing date for responses of 6th July 2010. If there is agreement, Government proposes to work towards voluntary implementation from 2011/12, subject to confirmation at the next Spending Review.
If there is not agreement, the Government will seek to implement self-financing through new primary legislation possibly as early as 2012/13.

TRAINING

45. CIPFA's revised Code requires the Chief Financial Officer to ensure that all members tasked with treasury management responsibilities, including scrutiny of the treasury management function, receive appropriate training relevant to their needs and understand fully their roles and responsibilities. Training was undertaken by external consultants on the 10th December 2009.
46. The CLG's revised Investment Guidance also recommends that a process is adopted for reviewing and addressing the needs of the authority's treasury management staff for training in investment management. This is provided through our Treasury Advisors.

FINANCIAL/RESOURCE IMPLICATIONS

Capital

47. None.

Revenue

48. The report is a requirement of the TM Strategy, which was approved at Council on 17th February 2010.

49. 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 interest cost of financing the Authority's loan debt amounted to £3.5M in 2009/10 compared with an estimate of £10.5M, a reduction of £7M, £3.1M of which related to the HRA. This was mainly due to savings as a result of refinancing long term debt through the use of variable interest rates and short term borrowing which currently remain significantly lower (0.70% as opposed to the estimated rate of 4.6%).
50. In addition interest earned on temporary balances invested externally is credited to the Income and Expenditure account. In 2009/10 £1M was earned against a budget of £2.6M, a decrease of £1.6M. This was a result of lower than expected interest rates in the depressed financial market and Appendix 1 gives further details surrounding the economic climate for 2009/10.
51. The expenses of managing the Authority's loan debt consist of brokerage, printing costs and internal administration charges. These are pooled and borne by the HRA and General Fund proportionately to the related loan debt. Debt management expenses amounted to £108,400 in 2009/10 compared to an estimate of £96,700. This was mainly as a result of additional PWLB commission paid as a result of the debt restructure.

Property

52. None.

Other

53. None.

LEGAL IMPLICATIONS

Statutory power to undertake proposals in the report:

54. Local Authority borrowing is regulated by Part 1, of the Local Government Act 2003, which introduced the new Prudential Capital Finance System.
55. From 1st 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.

Other Legal Implications:

56. None.

POLICY FRAMEWORK IMPLICATIONS

57. This report has been prepared in accordance with CIPFA's Code of Practice on Treasury Management and the TM Strategy approved by Council on 17th February 2010

SUPPORTING DOCUMENTATION

Appendices

1.	Summary of Economic Outturn 2009/10	
2.	Specified and Non Specified Investments	
3.	Prudential Indicators 2009/10 Outturn	

Documents In Members' Rooms

1.	
2.	

Background Documents

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.		

Background documents available for inspection at:

E-mail: tina.connolly@southampton.gov.uk

FORWARD PLAN No:

N/A

KEY DECISION?

--	--

WARDS/COMMUNITIES AFFECTED:

NOT APPLICABLE

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ECONOMIC OUTLOOK FOR 2009/10

At the time of determining the Treasury Strategy Statement for 2009/10 in February 2009, the outlook for the economy and interest rates was as follows:

The UK, Eurozone and US economies were contracting, globally economies faced a prolonged recession or period of weakness following the financial market meltdown in the autumn of 2008. Availability of credit was restricted as banks undertook to repair their balance sheets. This exacerbated the slowdown as finance for small businesses effectively came to a standstill.

Asset values were falling and were forecast to drop further, particularly those which related to commodities and housing. The increase in food and energy inflation which had exerted a powerful squeeze on real incomes in 2008 was, however, expected to fade in 2009. Wage inflation was forecast to remain low and the labour market to remain weak; the threat of unemployment was likely to influence consumers to scale back spending and save instead.

The UK Bank Rate had been cut to 0.5% and in March 2010 the Bank of England announced its initial £75 billion of Quantitative Easing (QE). There remained a sizeable gap between short-dated LIBOR rates (i.e. the rates at which a banks are willing to borrow from other banks) and the Bank Rate; this gap was forecast to narrow. Gilts were expected to benefit from QE, resulting in lower yields.

THE ECONOMY AND EVENTS IN 2009/10

- After the particularly torrid economic recession and a severe downturn in growth that extended into early 2009, there were reports of nascent recovery. The Bank of England forecast UK growth to fall by 3.9% in 2009, whilst inflation was forecast to be heading lower and staying lower for longer. The depth of the recession was borne out by the 5.9% year-on-year fall in GDP recorded at the end of the second quarter of 2009. The service sector - the dominant element of UK economy - also stalled for much of early 2009 despite a number of optimistic surveys to the contrary. Green shoots of recovery were finally evident in the final quarter of 2009 with growth registering 0.4% for the quarter.
- In order to stimulate growth, the Bank of England maintained the Bank Rate at 0.5% throughout the year. The Bank also took extreme measures on an extraordinary scale to revive the economy through its Quantitative Easing (QE) programme. Financed by the issuance of central bank reserves QE was initially announced at £75 billion and then extended in stages to £200 billion.
- The Bank appears to have successfully staved off the very real risk of deflation. The increased supply of money in the system due to QE did not however translate into an increase in the movement of money in the system as banks are still unwilling to lend, and consumers are unwilling to borrow at pre-crisis levels.
- The housing market showed some signs of stability but increases in house prices were modest. Nationwide House prices registered a year on year growth of 9% at the end of March 2010.

- Consumer Price Inflation, having hit a high of 5.2% in September 2008, began the year at 2.9% (March data), fell to a low of 1.1% in September 2009 as the oil, commodity, utility and food prices (the main drivers of high inflation in 2008) fell out of the year-on-year statistical calculations. Thereafter, inflation pushed higher with rising oil and transport costs and VAT reverting to 17.5%. CPI at year end was 3.4% (March 2010 data).
- Companies and households on the whole reduced rather than increased their levels of debt. Credit remained scarce and at a premium, and certainly as compared to that available two years earlier. Businesses retrenched rather than hired workers and unemployment rose rapidly to just under 2.5 million. Against this background, wage growth was muted.
- The November 2009 Budget was primarily about public debt. The Chancellor's forecast for net public sector borrowing in 2009/10 was £175 billion or 12.4% of GDP. Gross gilt issuance was expected to hit a quite staggering £220 billion in 2009/10. Standard & Poor's responded to the debt that the UK government was building up and a lack of a credible plan to reduce the debt burden by changing the UK's rating outlook from stable to negative.
- The outlook for 2010 was therefore for a period of slow and patchy growth in the economy accompanied by stubbornly high unemployment. The UK fiscal deficit remained acute. Cuts in public spending and tax increases were becoming inevitable and a credible plan to reduce the deficit was urgently required after the May General Election, the absence of which increased the potential of a sovereign downgrade. The likelihood of a hung parliament had grown and had the potential of being disruptive to financial markets.

Gilts and Money Market Rates

- LIBOR and LIBID rates (i.e. the rates at which a banks are willing to borrow from and lend to other banks) which had been stubbornly high in early 2009, slowly moved lower towards the Bank Rate of 0.5%.
- UK Government Gilts were the main beneficiary of the economic downturn (it is an asset class that responds positively to poor economic news); they also formed the significant bulk of the QE purchases and are thought to have pushed gilt yields, and consequently the cost of borrowing, lower by 0.5%.

Economic and Money Market Data, PWLB Rates

The average, low and high rates correspond to the daily rates during the financial year and rather than those summarised in the tables below

Bank Rate, Money Market Rates

Date	Bank Rate	O/N LIBID	7-day LIBID	1-month LIBID	3-month LIBID	6-month LIBID	12-month LIBID	2-yr SWAP Bid	3-yr SWAP Bid	5-yr SWAP Bid
01/04/2009	0.50	0.400	0.500	0.800	1.400	1.800	1.820	1.973	2.361	2.954
30/04/2009	0.50	0.350	0.350	0.600	1.200	1.600	1.700	2.010	2.440	2.998
31/05/2009	0.50	0.400	0.350	0.450	1.050	1.250	1.600	1.890	2.498	3.243
30/06/2009	0.50	0.300	0.400	0.600	0.950	1.200	1.600	2.277	2.959	3.650
31/07/2009	0.50	0.400	0.400	0.500	0.900	1.200	1.300	2.133	2.873	3.603
31/08/2009	0.50	0.350	0.350	0.400	0.450	0.700	1.000	1.915	2.595	3.310
30/09/2009	0.50	0.480	0.460	0.350	0.520	0.500	0.850	1.805	2.485	3.210
31/10/2009	0.50	0.500	0.460	0.370	0.550	0.840	1.000	1.878	2.520	3.208
30/11/2009	0.50	0.350	0.350	0.370	0.450	0.650	1.050	1.727	2.315	3.009
31/12/2009	0.50	0.300	0.350	0.370	0.450	0.650	1.200	1.986	2.630	3.363
31/01/2010	0.50	0.350	0.350	0.370	0.450	0.700	1.100	1.693	2.298	3.063
28/02/2010	0.50	0.350	0.350	0.420	0.500	0.800	1.240	1.525	2.078	2.878
31/03/2010	0.50	0.250	0.250	0.420	0.510	0.810	1.260	1.520	2.050	2.808
Minimum	0.50	0.200	0.250	0.250	0.350	0.490	0.830	1.517	2.050	2.808
Average	0.50	0.368	0.390	0.470	0.695	0.928	1.283	1.914	2.540	3.254
Maximum	0.50	0.750	0.520	1.050	1.500	1.800	2.150	2.447	3.117	3.770
Spread		0.550	0.270	0.800	1.150	1.310	1.320	0.930	1.068	0.963

PWLB Borrowing Rates – Fixed Rate, Maturity Loans

Change Date	Notice No	1 year	4½-5 yrs	10-10½ yrs	19½-20 yrs	29½-30 yrs	39½-40 yrs	49½-50 yrs
01-Apr-09	073/09	0.83	2.54	3.36	4.15	4.38	4.41	4.53
30-Apr-09	092/09	0.84	2.63	3.61	4.40	4.47	4.50	4.51
29-May-09	113/09	0.88	2.79	3.87	4.59	4.72	4.75	4.79
30-Jun-09	137/09	1.05	2.92	3.68	4.39	4.48	4.51	4.50
31-Jul-09	161/09	1.11	3.26	4.12	4.72	4.74	4.77	4.73
28-Aug-09	183/09	0.85	2.74	3.71	4.14	4.25	4.28	4.31
30-Sep-09	205/09	0.86	2.79	3.80	4.15	4.22	4.25	4.27
30-Oct-09	228/09	0.91	2.89	3.87	4.29	4.30	4.32	4.32
30-Nov-09	249/09	0.80	2.76	3.79	4.25	4.25	4.27	4.25
31-Dec-09	271/09	0.93	3.11	4.29	4.65	4.59	4.61	4.57
29-Jan-10	020/10	0.95	3.06	4.20	4.57	4.54	4.56	4.53
26-Feb-10	040/10	0.81	2.85	4.20	4.70	4.69	4.72	4.69
31-Mar-10	063/10	0.83	2.89	4.19	4.65	4.67	4.70	4.69
	Low	0.68	2.47	3.30	4.01	4.10	4.13	4.17
	Average	0.90	2.89	3.93	4.45	4.50	4.52	4.52
	High	1.23	3.29	4.42	4.84	4.80	4.83	4.84

PWLB Repayment Rates - Fixed Rate, Maturity Loans

Change Date	Notice No.	1 year	4½-5 yrs	10-10½ yrs	19½-20 yrs	29½-30 yrs	39½-40 yrs	49½-50 yrs
01-Apr-09	073/09	0.58	2.16	3.11	3.88	4.12	4.16	4.11
30-Apr-09	092/09	0.59	2.23	3.36	4.14	4.22	4.13	4.07
29-May-09	113/09	0.63	2.37	3.62	4.33	4.47	4.41	4.34
30-Jun-09	137/09	0.80	2.54	3.43	4.13	4.23	4.12	4.03
31-Jul-09	161/09	0.86	2.85	3.87	4.46	4.49	4.35	4.25
28-Aug-09	183/09	0.60	2.33	3.46	3.88	4.00	3.93	3.82
30-Sep-09	205/09	0.61	2.37	3.55	3.89	3.97	3.89	3.80
30-Oct-09	228/09	0.66	2.46	3.62	4.03	4.04	3.95	3.88
30-Nov-09	249/09	0.55	2.33	3.54	4.00	3.99	3.87	3.80
31-Dec-09	271/09	0.68	2.66	4.04	4.40	4.33	4.19	4.11
29-Jan-10	020/10	0.70	2.61	3.95	4.32	4.28	4.15	4.06
26-Feb-10	040/10	0.56	2.39	3.95	4.45	4.44	4.32	4.24
31-Mar-10	063/10	0.58	2.42	3.94	4.40	4.42	4.32	4.25
	Low	0.43	1.83	2.93	3.74	3.84	3.79	3.73
	Average	0.65	2.47	3.68	4.19	4.24	4.15	4.07
	High	0.98	2.88	4.17	4.59	4.55	4.47	4.40

PWLB Variable Rates

	1-M Rate	3-M Rate	6-M Rate
01-Apr-2009	0.8000	0.8000	0.8500
30-Apr-2009	0.6500	0.7500	0.8000
29-May-2009	0.6500	0.7000	0.7500
30-Jun-2009	0.6500	0.7000	0.7500
31-Jul-2009	0.5500	0.6000	0.6000
28-Aug-2009	0.5500	0.5500	0.5500
30-Sep-2009	0.6000	0.5500	0.6000
30-Oct-2009	0.6000	0.6000	0.6000
30-Nov-2009	0.6000	0.6000	0.6000
31-Dec-2009	0.6000	0.6500	0.6500
29-Jan-2010	0.6500	0.6500	0.6500
26-Feb-2010	0.6500	0.6500	0.7000
01-Mar-2010	0.6500	0.6500	0.7000
31-Mar-2010	0.6500	0.6500	0.7000
Minimum	0.5500	0.5500	0.5500
Average	0.6303	0.6414	0.6697
Maximum	0.8000	0.8500	0.9000

Economic Data

<u>Inflation</u>	CPI	RPI
Feb-09	3.2	0.0
Mar-09	2.9	-0.4
Apr-09	2.3	-1.2
May-09	2.2	-1.1
Jun-09	1.8	-1.6
Jul-09	1.8	-1.4
Aug-09	1.6	-1.3
Sep-09	1.1	-1.4
Oct-09	1.5	-0.8
Nov-09	1.9	0.3
Dec-09	2.9	2.4
Jan-10	3.5	3.7
Feb-10	3.0	3.7
Mar-10	3.4	4.4
<u>Growth</u>	Q-o-Q	Y-o-Y
Q1 2009	-2.6	-5.4
Q2 2009	-0.6	-5.9
Q3 2009	-0.3	-5.3
Q4 2009	0.4	-3.1

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SPECIFIED AND NON SPECIFIED INVESTMENTS

Specified Investments identified for use by the Council

Specified Investments will be those that meet the criteria in the CLG Guidance, i.e. the investment

- is sterling denominated
- has a maximum maturity of 1 year
- meets the “high” credit criteria as determined by the Council or is made with the UK government or is made with a local authority in England, Wales and Scotland and
- the making of which is not defined as capital expenditure under section 25(1)(d) in SI 2003 No 3146 (i.e. the investment is not loan capital or share capital in a body corporate).

“Specified” Investments identified for the Council’s use are:

- Deposits in the DMO’s Debt Management Account Deposit Facility
- Deposits with UK local authorities
- Deposits with banks and building societies
- *Certificates of deposit with banks and building societies
- *Gilts : (bonds issued by the UK government)
- *Bonds issued by multilateral development banks
- AAA-rated Money Market Funds with a Constant Net Asset Value (Constant NAV)
- Other Money Market Funds and Collective Investment Schemes– i.e. credit rated funds which meet the definition of a collective investment scheme as defined in SI 2004 No 534 and SI 2007 No 573.

** Investments in these instruments will be on advice from the Council’s treasury advisor.*

For credit rated counterparties, the minimum criteria will be the short-term / long-term ratings assigned by various agencies which may include Moody’s Investors Services, Standard & Poor’s, Fitch Ratings.

For example: Long-term minimum: Aa3 (Moody’s) or AA- (S&P) or AA- (Fitch)

Or: Short-term P-1 (Moody’s) or A-1 (S&P) or F1 (Fitch).

(Please note the above are examples only)

The Council will also take into account information on corporate developments of and market sentiment towards investment counterparties.

New specified investments will be made within the following limits:

Instrument	Country	Counterparty	Maximum Limit of Investments %/£M
Term Deposits	UK	DMADF, DMO	No limit
Term Deposits/Call Accounts	UK	Other UK Local Authorities	No limit
Term Deposits/Call Accounts	UK	Abbey	£5-10M Depending on size of investment portfolio
Term Deposits/Call Accounts	UK	Bank of Scotland/Lloyds	£5-10M Depending on size of investment portfolio
Term Deposits/Call Accounts	UK	Barclays	£5-10M Depending on size of investment portfolio
Term Deposits/Call Accounts	UK	Clydesdale	£5-10M Depending on size of investment portfolio
Term Deposits/Call Accounts	UK	HSBC	£5-10M Depending on size of investment portfolio
Term Deposits/Call Accounts	UK	Nationwide	£5-10 Million Depending on size of investment portfolio
Term Deposits/Call Accounts	UK	Royal Bank of Scotland	£5-10 Million Depending on size of investment portfolio
Gilts	UK	DMO	No limit
Bonds	EU	European Investment Bank/Council of Europe	25% in aggregate
AAA rated Money Market Funds	UK/Ireland/ Luxembourg	CNAV MMFs	30%/37.5%
Other MMFs and CIS	UK	Collective Investment Schemes	£1M

NB - Any existing deposits outside of the current criteria will be reinvested with the above criteria on maturity. There are also a number of Non UK Bank which meet our credit criteria and were approved as part of the TM Strategy in Feb 2010 but there are no plans to use these at present.

COMPLIANCE WITH PRUDENTIAL INDICATORS 2009/10**1 Estimated and Actual Capital Expenditure**

This indicator is set to ensure that the level of proposed investment in capital assets remains within sustainable limits and, in particular, to consider the impact on the Council Tax and in the case of the HRA, housing rent levels.

	2009/10 Estimated	2009/10 Revised indicator	2009/10 Outturn
	£M	£M	£M
Capital Expenditure			
Non-HRA	63	62	54
HRA	33	32	30
Total	96	94	84

2 Estimated and Actual Ratio of Financing Costs to Net Revenue Stream

This is an indicator of affordability and demonstrates the revenue implications of capital investment decisions by highlighting the proportion of the revenue budget required to meet the borrowing costs associated with capital spending. The financing costs include existing and proposed capital commitments.

	2009/10 Estimated	2009/10 Revised Indicator	2009/10 Outturn
	%	%	%
Ratio of Financing Costs to Net Revenue Stream			
Non-HRA	5.19	2.18	2.44
HRA	7.53	2.60	3.00
Total	5.89	3.36	4.17

3 Capital Financing Requirement

3.1 The Capital Financing Requirement (CFR) measures the Council's underlying need to borrow for a capital purpose. In order to ensure that over the medium term net borrowing will only be for a capital purpose, the Council ensures that net external borrowing does not, except in the short term, exceed the CFR in the preceding year plus the estimates of any additional CFR for the current and next two financial years.

3.2 The Director of Resources reports that the authority had no difficulty meeting this requirement in 2009/10, nor are there any difficulties envisaged for future years. This view takes into account current commitments, existing plans and the proposals in the approved budget.

Capital Financing Requirement	31/3/10 Estimated £	31/3/10 Revised Indicator £	31/3/10 Outturn £	31/3/11 Estimated £	31/3/12 Estimated £
Non-HRA	146	188	200	243	235
HRA	97	94	93	104	106
Total	243	282	293	347	341

The 2009 SORP and IFRS have resulted in PFI schemes being brought on balance sheet and has resulted in an increase in the General Fund CFR of £51M.

4 Affordable Borrowing Limit, Authorised Limit and Operational Boundary for External Debt

The Council has an integrated treasury management strategy and manages its treasury position in accordance with its approved strategy and practice. Overall borrowing will therefore arise as a consequence of all the financial transactions of the Council and not just those arising from capital spending reflected in the CFR.

- 4.1 **Authorised Limit:** This is the maximum amount of external debt that can be outstanding at one time during the financial year. The limit, which is expressed gross of investments, is consistent with the Council's existing commitments, proposals for capital expenditure and financing and with its approved treasury policy and strategy and also provides headroom over and above for unusual cash movements. This limit was set at £408M for 2009/10.
- 4.2 **Operational Boundary:** This is limit is set to reflect the Council's best view of the most likely prudent (i.e. not worst case) levels of borrowing activity and was set at £420M for the financial year.
- 4.3 The levels of debt are measured on an ongoing basis during the year for compliance with the Authorised Limit and the Operational Boundary. The Council maintained its total external borrowing and other long-term liabilities within both limits; at its peak this figure was £228M. The move to IFRS resulting in PFI related long term assets and liabilities being brought onto the Council's Balance Sheet in 2009-10, this amounted to £51M.
- 4.4 **Actual External Debt:** This indicator is obtained directly from the Council's balance sheet. It is the closing balance for actual gross borrowing plus other long-term liabilities. This Indicator is measured in a manner consistent for comparison with the Operational Boundary and Authorised Limit.

Actual External Debt as at 31/03/2010	£000's
Borrowing	155
Other Long-term Liabilities	67
Total	222

5 Incremental Impact of Capital Investment Decisions

5.1 This is an indicator of affordability that shows the impact of approved capital investment decisions on Council Tax and Housing Rent levels when the budget for the year was set.

Incremental Impact of Capital Investment Decisions	2009/10 £
Increase in Band D Council tax	3.39
Increase in average weekly housing rents	2.13
Total	5.42

Capital investment decisions do not impact on the weekly housing rents as the Council sets its housing rents in line with the policy laid down by CLG. There is no variation to council tax once it has been set prior to the commencement of the financial year.

6 Upper Limits for Fixed Interest Rate Exposure and Variable Interest Rate Exposure

6.1 These indicators allow the Council to manage the extent to which it is exposed to changes in interest rates. The exposures are calculated on a net basis, i.e. fixed rate debt net of fixed rate investments. 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.

	2009/10 Estimated	2009/10 Actual Peak Exposure
Upper Limit for Fixed Rate Exposure	% 100	% 75.4
Upper Limit for Variable Rate Exposure	50	24.6

7 Maturity Structure of Fixed Rate borrowing

7.1 This indicator is to limit large concentrations of fixed rate debt needing to be replaced at times of uncertainty over interest rates and is designed to protect against excessive exposures to interest rate changes in any one period, in particular in the course of the next ten years.

7.2 It is calculated as the amount of projected borrowing that is fixed rate maturing in each period as a percentage of total projected borrowing that is fixed rate.

	Upper Limit	Lower Limit	Actual Borrowing as at 31/03/2010	Percentage of Total as at 31/03/2010
Maturity structure of Fixed Rate Borrowing	%	%	£M	%
Under 12 months	45	0	36.5	30.80
12 months and within 24 months	45	0	15.0	12.66
24 months and within 5 years	50	0	17.0	14.35
5 years and within 10 years	50	0	20.0	16.88
10 years and within 20 years	50	0	0.0	0.00
20 years and within 30 years	75	0	10.0	8.44
30 years and within 40 years	75	0	10.0	8.44
40 years and within 50 years	75	0	10.0	8.44
50 Years and above	100	0	0.0	0.00
Total Fixed Borrowing			118.5	100.00

8 Total principal sums invested for periods longer than 364 days

This indicator is set in order to allow the Council to manage the risk inherent in investments longer than 364 days. For 2009/10 this limit was set at £50M. At their peak, these investments totalled £43M.

9 Adoption of the CIPFA Treasury Management Code

The Council confirms its adoption of the CIPFA Code of Treasury Management at its Council meeting on 19th February 2003.

The Council is incorporating the changes from the revised CIPFA Code of Practice into its treasury policies, procedures and practices.

ITEM NO:15

DECISION-MAKER:	COUNCIL		
SUBJECT:	COLLECTION FUND OUTTURN 2009/10		
DATE OF DECISION:	14 JULY 2010		
REPORT OF:	CABINET MEMBER FOR RESOURCES AND WORKFORCE PLANNING PORTFOLIO		
AUTHOR:	Name:	Rob Carr	Tel: 023 8083 2708
	E-mail:	Rob.Carr@southampton.gov.uk	

STATEMENT OF CONFIDENTIALITY

NOT APPLICABLE

SUMMARY

The purpose of this report is to inform Council of the actual payments that have been made to and from the Collection Fund during the 2009/10 financial year, explaining any variations that affect the overall surplus or deficit on the account.

The Collection Fund was in surplus by £46,500 in 2009/10. This is an increase of £989,200 when compared to the revised estimated deficit (see Appendix 1). This increase is due partly to a decrease in the bad debt provision (£518,900) and partly due to increased income due from Council Tax Payers (£470,300). The variances in respect of National Non-Domestic Rate (NNDR) income and expenditure are neutral. A complete variance analysis is included in paragraphs 11 to 16.

In addition, this year a prior year adjustment has been made following the investigation of historic discrepancies which were noted during a final review of the 2009/10 accounts. These have now been fully resolved and the impact of this is to increase the surplus brought forward on the Collection Fund by £1,724,900. A full explanation is available in Appendix 2 which outlines how this occurred and also what measures have been taken to ensure it does not happen in the future.

The impact of any surpluses or deficits on future Council Tax calculations is outlined in paragraph 18.

RECOMMENDATIONS:

That Council:

- (i) Notes the accounts for the Collection Fund in 2009/10 as shown in Appendix 1.

REASONS FOR REPORT RECOMMENDATIONS

1. The report and recommendations have been prepared as part of the statutory accounts.

CONSULTATION

2. Not Applicable.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

3. No alternative options are relevant to this report.

DETAIL

4. Income received into the Collection Fund comes from two sources, NNDR and Council Tax. Income received from NNDR payers is paid in full to the Central Government NNDR Pool after a contribution has been made to the City Council's General Fund to meet the costs of collection. The net effect of NNDR on the Collection Fund is therefore neutral.
5. The remainder of the income received by the Collection Fund is the income due from Council Tax Payers. Some households are entitled to various allowances to the standard rate including the Single Person Discount and Council Tax Benefit that reduce the amount that they are required to pay. The cost of Council Tax Benefit is met in full by Government subsidy. In addition a Local Council Tax discount has been approved which in 2009/10 offers households where all occupants are over 65 a 10% reduction. The costs of this are met by the General Fund.
6. The income due from Council Tax Payers is intended to match the expenditure on the Collection Fund. Expenditure consists of the amounts that are paid to those bodies that are entitled to make a demand (precept) on the Fund, together with a provision for bad debts. For Southampton, the City Council, Hampshire Police Authority and the Hampshire Fire and Rescue Authority levied a precept on the Fund in 2009/10.

OUTTURN POSITION 2009/10

7. The overall position on the Council Tax Collection Fund at 31 March 2010 is illustrated in Appendix 1. This shows that a surplus of £46,500 has been made in the year. After adjusting for the surplus brought forward from 2008/09 of £4.0M, a surplus of £4.0M is to be carried forward.
8. When setting the Council Tax for 2010/11 in February 2010, it was estimated that there would be a surplus of £1.3M to be carried forward. This estimated surplus was taken into account in setting the 2010/11 Council Tax and was shared by the City Council, Hampshire Police Authority and the Hampshire Fire and Rescue Authority in proportion to the precepts levied by each authority in 2008/09.
9. This year a prior year adjustment has been made following the investigation of historic discrepancies which were noted during a final review of the 2009/10 accounts. These have now been fully resolved and the impact of this is to increase the surplus brought forward on the Collection Fund by £1.7M.
10. This now leaves a surplus of £2,714,000 that will be carried forward to 2010/11 to be shared between the precepting authorities in proportion to the precepts levied in this year. Southampton City Council's element will then be taken into account when the Council Tax for 2011/12 is set.

EXPLANATION OF VARIANCES

11. Income from NNDR payers shows a decrease of £4.5M (4.7%) compared to the revised estimate of £95.6M (see Appendix 1). This decrease is primarily due to the ongoing repercussions of the re-assessment of the docks

following changes in national legislation in 2008/09. Subsequently a historical rateable value reduction of the Southampton Container Terminals assessment has been affected, the result being a total refund due excluding any interest of just over £333M which will be payable in 2010/11.

12. As previously stated, the overall effect on the Collection Fund of any changes in NDR income and expenditure is neutral. This is illustrated by the corresponding decrease of £4.5M in Payments to the NNDR Pool in the expenditure section of the Collection Fund Account.
13. Income due from Council Tax payers has increased slightly by £470,000 (0.5%) compared to the revised estimate of £95.5M. This increase is due primarily to a reduction in the level of exemptions granted for both student occupation and single person discount.
14. The remaining item of expenditure is the Bad Debt Provision. All authorities are required to make provision for Council Tax bills that may have to be written off if full payment is not received. The level of provision required is reviewed each year based on the total level of arrears outstanding. An analysis of the status of the arrears as at 31 March 2010 suggests that the following provisions are required:

Year	£000
Prior Years	58
2002/03	89
2003/04	198
2004/05	350
2005/06	567
2006/07	764
2007/08	1,082
2008/09	1,292
2009/10	1,223
Total	5,623

15. The bad debt provision available at the end of the year was £4.9M after allowing for amounts that had been written off in respect of previous years' arrears. To achieve the suggested level of £6.1M a contribution of £1.2M needs to be made to the Provision for Bad Debts in the year, a decrease of £391,000 compared to the revised estimated provision. This reduction has been due to the increased collection rate.
16. The bad debt provision of £5.6M compares to a total arrears figure of £8.3M which represents 68% of the total amount outstanding. The total level of arrears also needs to be seen in the context that over the last 8 years total debts of around £644.1M have been raised.

17. This year a prior year adjustment has been made following the investigation of historic discrepancies which were noted during a final review of the 2009/10 accounts. These have now been fully resolved and the impact of this is to increase the surplus brought forward on the Collection Fund by £1,724,900. A full explanation is available in Appendix 2 which outlines how this occurred and also what measures have been put in place to ensure that this is not repeated.

FUTURE YEAR'S COUNCIL TAX

18. The surplus of £2,714,000 on the Collection Fund, as explained in paragraphs 7 to 10, will be shared between Southampton City Council, Hampshire Police Authority and the Hampshire Fire and Rescue Service, based on the precepts levied on the Fund in 2010/11. Southampton's share of this surplus, £2,234,600 will be taken into account when setting the 2011/12 Council Tax, although it should be noted that this will only provide a one off contribution.

FINANCIAL/RESOURCE IMPLICATIONS

Capital

19. None.
20. As outlined in the main body of the report.

Property

21. None.

Other

22. None.

LEGAL IMPLICATIONS

Statutory power to undertake proposals in the report:

23. The Collection Fund Outturn Report is prepared in accordance with the Local Government Acts 1972 – 2003.

Other Legal Implications:

24. None.

POLICY FRAMEWORK IMPLICATIONS

25. The report has been prepared as part of the statutory accounts.

SUPPORTING DOCUMENTATION

Appendices

1.	Collection Fund 2009/10
2.	Collection Fund Arrears

Documents In Members' Rooms

1.	None
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Background Documents

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.	None	
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Background documents available for inspection at: N/A

FORWARD PLAN No: N/A

KEY DECISION? N/A

WARDS/COMMUNITIES AFFECTED: NOT APPLICABLE

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ITEM NO: 15 APPENDIX 1

**COUNCIL TAX COLLECTION FUND REVENUE ACCOUNT
FOR YEAR ENDED 31ST MARCH 2010**

Original Estimate 2009/10 £000		Revised Estimate 2009/10 £000	Actual 2009/10 £000	Variance 2009/10 £000
	Income from NNDR Payers			
Income				
95,617	Income from NNDR Payers	95,617	91,154	(4,462) A
94,276	Net Income Due from Council Tax Payers	95,100	95,570	470 F
189,893		190,717	186,725	(3,992) A
Expenditure				
79,383	Southampton City Council Precept	79,383	79,383	0
9,331	Hampshire Police Authority Precept	9,331	9,331	(0)
3,959	Fire & Rescue Services Precept	3,959	3,959	(0)
1,790	Distribution of Previous Year's Estimated Surplus	1,790	1,790	0
95,288	Payments to the NNDR Pool	95,288	90,825	(4,462) F
329	Allowance to General Fund for NNDR Collection	329	329	(0)
1,603	Provision for CT Bad Debts	1,579	1,060	(519) F
191,683		191,659	186,678	(4,981) F
1,790	(Surplus) / Deficit For the Year	943	(47)	(989) F
(1,790)	Surplus brought forward	(2,276)	(4,000)	(1,724.9) F
(0)	(Surplus) / Deficit Carried Forward	(1,333)	(4,047)	(2,714) F
0	Less Surplus applied in setting 2010/11 Council Tax	(1,333)	(1,333)	0
(0)	(Surplus) / Deficit Remaining	(0)	(2,714)	(2,714) F

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COLLECTION FUND ARREARS

During a final review of the 2009/10 accounts it was noticed that there was a significant variance between the level of outstanding arrears shown on the Academy system (which records all details for Council Tax and Non Domestic Rate Payers) compared to what was being recorded in Agresso (the Council's Financial Information System).

These discrepancies were being investigated at the time the accounts were being approved by Audit Committee and Standards and Governance and it was reported at both those meetings that the results of the investigation would be reported back to both Committees.

The investigation has now been completed and it has been discovered that the figures within Agresso (and hence the accounts) are incorrect. The bottom line impact of the changes that will be required mean that the collection fund surplus balance will increase by £1,852,884.54. Of this £127,998.23 relates to 2009/10 and £1,724,886.31 to prior years.

The reasons for the errors are explained in more detail in the next section, however in order to aid understanding, it is important to have an appreciation of the basics of how the collection fund is 'closed down' at the end of each year.

In simple terms, two transaction reports are produced from Academy to give the key figures for Council Tax and NDR from the system (shown for NDR in Annex 1). For the majority of these figures, there is no equivalent amount within the accounts and therefore the figures for net liability raised in the year for example are simply 'created' within Agresso by means of a single journal. In essence therefore, these figures cannot be 'wrong' as they will always reconcile exactly to what was produced by the Academy System.

The main areas where figures already exist within the accounts are for payments made by Council Tax and NDR payers and for refunds issued by the Council. In these areas, a separate reconciliation has to be produced between the payments recorded in Academy and those on Agresso. Very often there are differences in the amounts, but this usually relates to timing differences around the year end which is automatically corrected the next year.

Annex 1 shows for 2009/10 that the only differences between the Academy and Agresso figures relate to £3,269,564.86 (late refund) and £468,647.72 (deferred payments) less £28,570.00 of Costs (shown separately) total £3,709,642.58 As a double check against all of these figures a separate report is run on Academy which provides an age analysis of the total arrears on all of the individual accounts and both the Academy report in Annex 1 and the Agresso figures should reconcile back to these amounts.

Given this 'self balancing' process for the closure of the Collection Fund accounts it was not obvious where the discrepancy between the arrears figures in Agresso and Academy might have arisen and it has therefore been necessary to go back to the 2002/03 accounts and work through all of the figures from that point on.

Non Domestic Rates

The investigation carried out for Non Domestic Rates revealed that the major problem relates to the closing of the 2004/05 accounts. Whilst the process outlined above was followed for 2004/05 it seems that the figures produced from Academy were spurious. In fact the bottom line arrears position showed a 'credit' of £566,819.30 (implying that we had been paid more than we were actually owed). This error is further underlined by the fact that the separate arrears report produced for that year showed a net arrears position of £1,425,666.42, which is more in line with what we would have expected.

The Agresso figures were therefore entered on the basis of the spurious report and it is principally this error which has then flowed through to the current set of accounts and needs to be corrected.

The Academy system is in effect 'self correcting' as when the figures for 2005/06 were produced they were back in line with what was expected, however the balance brought forward on Agresso was now well out of line with the stated arrears position and has been ever since.

The net impact of all the changes means that in simple terms, we have paid the Government more than we should have done and therefore an additional amount of £283,599.88 is due from them to us. However this does not mean that the Council is any better off since all NDR transactions effectively balance to zero over time anyway.

Council Tax

The position for Council Tax is very different. The basic closedown process described above has been followed and there are no major issues with this.

The error in respect of Council Tax relates to the treatment of summons and liability costs and bad debt provisions against these. In simple terms, if a Council Tax payer does not pay their council tax, the Council can start proceedings against them and they are effectively charged a sum for the extra administration associated with this.

The value of the summons and liability order costs are added to the arrears position of the individual payer on Academy and increase the total amount that they owe the Council.

However these costs are not part of the collection fund, they are recorded separately in the General Fund. For the purposes of closing down the collection fund therefore all costs, arrears and income associated with summons and liability orders should be excluded.

Unfortunately since 2003/04 these items have been accounted for incorrectly and this has had 2 separate impact on the accounts :-

- Because the total arrears figure for collection fund also includes arrears for costs, a bad debt provision has been provided against these amounts in the collection fund as well as in the general fund. This is clearly double counted and should be removed from the Collection Fund. The net impact of this is to increase the collection fund balance by £452,173.30
- In allocating cash received and write offs against the summons and liability costs that have been raised, only the current years figures have been included within the accounts. However there are cash payments and write offs that relate to previous years liabilities that have not been taken into account and these amounts have therefore reduced the assume level of Council Tax arrears in the system. When an adjustment is made for these amounts it increases the level of outstanding council tax arrears, which has the impact of increasing the collection fund surplus, by £1,400,711.24

The net impact of all of these changes means that there is an additional Collection Fund surplus to be declared at the end of 2009/10 of £1,852,884.54

Lessons Learned

Clearly given this position, Councillors will want to be reassured that these sorts of errors do not occur again.

In simple terms the source of both errors can be traced back to the closing of the 2003/04 and 2004/05 accounts onwards, which coincides with a change in senior finance personnel and the accounting staff responsible for the collection fund accounts.

The collection fund by it's nature is a specialist account and unless accountancy staff have several years experience in dealing with the technicalities of its operation and fully understand what is trying to be achieved then it is easy for errors to occur since there is no basis for 'sense checking' what has been done.

Current staff responsible for the collection fund are experienced in it's operation and there is also knowledge available at the senior level to sense check what has been done. Now that the figures have been corrected it is not anticipated that further problems will occur although obviously there will be additional scrutiny at a senior level when the accounts for 2010/11 are being prepared.

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ITEM NO:16

DECISION-MAKER:	CABINET COUNCIL
SUBJECT:	CHANGES TO EXISTING REVENUE AND CAPITAL BUDGETS
DATE OF DECISION:	5 JULY 2010 14 JULY 2010

REPORT OF: CABINET MEMBER FOR RESOURCES AND WORKFORCE PLANNING

AUTHOR:	Name: Rob Carr	Tel: 023 8083 2708
	E-mail: Rob.Carr@southampton.gov.uk	

STATEMENT OF CONFIDENTIALITY

NOT APPLICABLE

SUMMARY

Since the Council set its 2010/11 budget in February 2010, the Country has seen a continued decline in the economic outlook. The level of public debt continues to be a major issue and following the General Election in May, it was recognised that any incoming Government would be required to review public spending in order to reduce the debt burden in future years.

Soon after the election, £6.2 billion of in year cuts in Government grant were announced of which £1.166 billion were targeted at Local Government. This reports sets out the impact of these cuts on the City Council but in round terms over £4.6M of grants were withdrawn.

On 22nd June an interim budget was announced by the Government that outlined major cuts in public spending which will inevitably have a significant impact on the City Council. However it will no doubt be some time before the direct impact on the Council's finances are known.

The medium term financial outlook for the City Council estimates that a budget reduction of around £40M is required over the next three years, assuming a £3.75M per annum reduction in Government grant in each year.

The full extent of the cuts in grant will not be known until the Comprehensive Spending Review has been announced and even then we may have to wait until the provisional grant settlement in late November / early December before we know the full impact on the City's finances. The Council is now taking an approach which challenges every aspect of service delivery in order to ensure that the services provided and the performance levels are at an appropriate level commensurate with the Council stated priorities of:-

1. Providing good value, high quality services
2. Getting the city working
3. Investing in education and training
4. Keeping people safe
5. Keeping the city clean and green
6. Looking after people

This report sets out the first set of proposed variations to the Budget for 2010/11 in response to the in year cuts in Government grant and to prepare for the difficult budget setting process for 2011/12 and beyond. Further proposals may be brought forward to Cabinet and Council if appropriate throughout the course of the year in order to continue to effect change at the earliest opportunity and ensure timely delivery in keeping with the principles of sound financial management.

RECOMMENDATIONS:

Cabinet recommends Full Council to:

- (i) Note the key issues outlined in Appendix 1 arising from the Budget on 22nd June that will have an impact on Local Government.
- (ii) Note the high level forecast for the General Fund for the next three years contained in Appendix 2
- (iii) Note the cuts in Government grant for 2010/11 detailed in Appendix 3.
- (iv) Approve the reductions in budget for 2010/11 in Appendix 4 in response to the cut in Government grant.
- (v) Note the actions that are being taken to manage the in year cuts in grant outlined in paragraphs 21 to 25.
- (vi) Approve an additional draw from General Fund Balances of up to £1M in 2010/11 if required during the year.
- (vii) Approve the efficiencies, income generation proposals and service reductions as set out in Appendix 5, subject to recommendation (viii).
- (viii) Note that prior to a final decision being made regarding grant reductions and new income generation referred to in Appendix 5, formal consultation with affected people and organisations be commenced as soon as possible and to note that the implementation of these savings is subject to the outcome of consultation with affected parties.
- (ix) Delegate authority to the Executive Director of Resources following consultation with the Solicitor to the Council and the Cabinet Member for Resources and Workforce Planning to make any further changes to budgets during 2010/11 in response to the cuts in Government grants, subject to these being reported to Council at a later date.

That Full Council:

- (i) Notes the key issues outlined in Appendix 1 arising from the Budget on 22nd June that will have an impact on Local Government.
- (ii) Notes the high level forecast for the General Fund for the next three years contained in Appendix 2
- (iii) Notes the cuts in Government grant for 2010/11 detailed in Appendix 3.
- (iv) Approves the reductions in budget for 2010/11 in Appendix 4 in response to the cut in Government grant.
- (v) Notes the actions that are being taken to manage the in year cuts in grant outlined in paragraphs 21 to 25.
- (vi) Approves an additional draw from General Fund Balances of up to £1M in 2010/11 if required during the year.
- (vii) Approves the efficiencies, income generation proposals and service reductions as set out in Appendix 5, subject to recommendation (viii).
- (viii) Notes that prior to a final decision being made regarding grant reductions and new income generation referred to in Appendix 5, formal consultation with affected people and organisations be commenced as soon as possible and to note that the implementation of these savings is subject to the outcome of consultation with affected parties.
- (ix) Delegates authority to the Executive Director of Resources following consultation with the Solicitor to the Council and the Cabinet Member for Resources and Workforce Planning to make any further changes to budgets during 2010/11 in response to the cuts in Government grants, subject to these being reported to Council at a later date.

REASONS FOR REPORT RECOMMENDATIONS

1. The current medium term financial forecast highlights the challenges facing the Authority. This combined with the potential impact of reductions in future funding levels for Local Government and a further worsening economic position make it imperative that proposals for 2011/12 onwards are developed and savings achieved as early as possible.
2. The recommendations have been put forward to ensure that the operating budget for 2010/11 remains in balance and reflects the priorities of the Executive and to ensure that proposals are advanced as early as possible as part of the budget process for 2011/12.

CONSULTATION

3. Where new proposals have been put forward these have been subject to consultation with the Chief Officers Management Team and relevant Cabinet Members.
4. Consultation will be undertaken with trades unions and staff affected by the proposals in line with the agreed HR policies.

5. Full consultation will be undertaken with any people or organisations affected by the proposals (in line with recommendation viii) to ensure all options have been considered, taking into account the requirements of the council's COMPACT with voluntary and community organisations.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

6. The option to not consider changes to existing revenue budgets is not compatible with the need to ensure effective and robust financial planning given the financial challenges facing the Authority. There are almost limitless options that can be applied to budget changes in the year most of which are driven by political priorities. In formulating the final options to present in this paper the Executive have taken into account the relevant impact of all options that were under consideration and as a result some have not been progressed.

DETAIL

June 22nd Budget

7. Following the formation of the coalition Government, an "emergency budget" was announced by the Chancellor on 22nd June. The majority of the content deals with high level forecasts and tackling the structural deficit and the direct impact for Local Government is therefore almost impossible to gauge at this point.
8. Appendix 1 provides a brief analysis of some of the key issues that will impact on the City Council and perhaps the most significant is that "unprotected departments face a real terms cut of 25% over four years". This equates to 6.25% per annum and assuming an inflation rate of 2.50% would indicate a cut in government grant of around 3.75% per annum against current levels.
9. Other issues of note are a public sector pay freeze over the next two years, and funding for Council's which propose low council tax freezes to enable them to freeze council tax for one year in 2011/12.
10. The expected increase in VAT was also announced but this only impacts on the Council from an income generation point of view, since the Council is generally able to reclaim all VAT paid on the purchases it makes.
11. The announcements in the budget have been reflected as far as possible in the forecast set out in the next section.

Budget Forecast

12. The budget setting process within the Council has generally been focused on the final decisions made at the February Council meeting, although in reality the development of the budget is a year long activity.
13. In the past there has been a tendency to wait until the February meeting before progressing new options for spending and saving which can mean that implementation is delayed until later in the financial year depending on the lead in times required for the different proposals.

14. The Council has been improving its medium term budgeting approach over a number of years and has been re-prioritising expenditure towards stated Council priorities and driving out significant efficiency savings year on year. Under normal circumstances this improving strategic approach would have continued on an incremental basis. The worsening economic situation across the Country, and the impact that is having on both the Council financial situation and the demand for services, requires the Council to now take an extremely robust approach to medium term planning.
15. A high level forecast for 2011/12 and 2012/13 based on a 2.5% Council Tax increase, was included in the budget report presented to Council in February 2010 and assumed gaps of £12M and £25M respectively. At this point an increase in grant of 1% had been assumed but this has now been revised to a reduction of 3.75% per annum following the emergency budget (a loss of £4.75M per annum against the previous forecast). The current position for the next three years is shown in Appendix 2. This forecast indicates that the Council faces a budget gap of £15M in 2011/12 rising to nearly £39M by 2013/14.
16. It is important to note that the revised forecast represents the most realistic forecast position moving forward. However, there are a number of risks associated with these revised forecasts, the main risks being as follows:
- Revenue Pressures – inevitably the Council will be faced with revenue pressures on an annual basis. There is a risk that only allowing £2M per annum will be insufficient to cover the level of pressures which materialise.
 - Revenue Bids – each year there are usually a number of revenue bids which Members will wish to take forward. There is now no allowance for Bids and so these will only be possible to accommodate if additional savings are found.
 - Government Grant – A general reduction of 3.75% per annum has been assumed, it is more likely however that specific grants and Area Based Grants will be cut, which may impact on specific service areas.
17. Given this financial position and the risks associated with the forecast, it is estimated that savings options of at least £50M will be required over the next three years in order to balance the budget.

Cuts in Government Grant

18. Following the general election, the Government announced a package of in year cuts in grant to begin to tackle the significant level of national debt. This announcement is unprecedented in recent times and underlines the seriousness of the nation's finances.
19. Of the £6 billion cuts announced, Local Government was to take a £1.166 billion share, details of which are contained in Appendix 3 and show that the impact on Southampton is a reduction in grant of nearly £4.3M. However it

should be noted that in addition, some of the cuts in other Government Departments are also being passed on to Local Government and to date, a further £355,000 of grant reductions have also been notified, increasing the overall total to nearly £4.7M. Further reductions of this sort are expected to be notified in coming weeks.

20. Not all of the reductions necessarily impact on the bottom line of the Council's finances. The table below shows the net impact against the budget that was set for 2010/11

	£000's
Total reduction in grant	4,678
Assumed to be passported to other organisations	(151)
Impact on Capital that will be reviewed when the programme is updated	(790)
Not budgeted for as income	(1,114)
Budgeted but not yet allocated	(380)
Net impact on 2010/11 Revenue Budget	2,243

- 21 The loss of this amount of grant during a financial year will have a direct impact on services and Officers have already identified some areas of spending which are supported by this grants that will have to be reduced. These are outlined in Appendix 4 and total £1,638,000 in 2010/11.
- 22 In addition, Officers have identified further savings that could be implemented during this financial year, that will have a part year impact of £378,000 to offset against the grant losses in 2010/11 and which will provide savings in future years to help close the gap in 2011/12 onwards. These are outlined in more detail in the next section.
- 23 This leaves a budget gap in the current year of £227,000 and Officers will continue to review the impact of the grant cuts with a view to passing on the reduction where the grant supports other organisations spending or reducing expenditure where the funding is used to provide City Council services.
- 24 Separate management instructions will also be issued by the Chief Executive in due course to remind managers of the continued need to eliminate all unnecessary expenditure in order to further assist in managing the deficit.
- 25 However, given the £227,000 gap and other in year pressures on the budget already being highlighted through monitoring, it is also prudent at this stage to assume that a further draw on balances may be required to manage the overall position. This report therefore requests approval to draw up to a further £1M from balances in the current financial year if deemed necessary by the Chief Financial Officer. This reduction in balances would need to be made good in future years if it took the Council below the minimum recommended level of £4.5M.

In Year and Future Budget Savings

26. The combined impact of future years forecasts, in year cuts in Government grants and forecasts for spending in the current financial year mean that immediate action is required to ensure that the City Council continues to operate on a sound financial basis.
27. Given the forecasts for future years, the Cabinet has already asked the Chief Officers Management Team to fundamentally review all service areas to consider what reductions could be made in the following areas in order to deliver up to £50M of savings over the next three years :-
- Efficiency savings
 - Income generation
 - Service reductions and
 - Major impact items (those that would only be considered in exceptional circumstances)
28. These options will continue to be developed by the Cabinet over the summer period with a view to producing a consultation report for publication in October. In the meantime, it is necessary to consider reductions that could either be implemented immediately to offset the loss of Government grants or that can be progressed by Portfolios during the year to be implemented as soon as possible or at the latest by 1st April 2011.
29. Appendix 5 sets out savings proposals which have been developed and where possible these will be implemented as soon as practicable in the current financial year, leading to savings of £378,000.
30. The savings for 2011/12 and future years will be taken into account in the development of the budget for that year as part of the longer term strategic approach outlined, but the early decision making will enable implementation to be progressed in advance of the February 2011 budget meeting.
31. The overall impact of the proposals contained within this report are shown in the following table:-

	2010/11	2011/12	2012/13
	£000's	£000's	£000's
Efficiencies	176	1,165	1,400
Additional Income	137	382	387
Service Reductions	65	923	1,023
Savings Proposals	378	2,470	2,810

32. The savings proposals and the reductions following the loss of grant will inevitably have an impact on staffing within the City Council with 40.2 FTE

posts affected of which 11.7 are currently vacant. The City Council has an excellent past record of using its redeployment policies to minimise any redundancies arising out of the budget proposals and the Executive will ensure that this continues for 2010/11 onwards.

33. In the context of the Country's economic climate and continuing recession and the impact that has on the stability of the Council's financial position it is imperative that proposals for 2011/12 onwards are developed and savings achieved as early as possible. Speed of change is essential and therefore those proposals approved when this report goes to Full Council on 14th July will fall into the classification of 'urgent, unplanned' reductions in employee numbers. Therefore, employees will be notified that they are being placed on the 'Redeployment Register' for a period of three months following Full Council decision on 14th July once due process in respect of restructures and staff consultation has taken place. This has resulted in some of the financial savings being reduced in order to take account of the part year costs of redeployment, and any extension to that period would undermine the Councils financial planning process.

FINANCIAL/RESOURCE IMPLICATIONS

Capital

34. As set out in the report.

Revenue

35. As set out in the report.

Property

36. None

Other

37. None

LEGAL IMPLICATIONS

Statutory power to undertake proposals in the report:

38. Local Government Acts 1972, 2000 and 2003 and Local Government Finance Act 1992.

Other Legal Implications:

39. It should be noted that any proposal to reduce grants or introduce new income streams of the kind envisaged in Appendix 5, will be subject to extensive consultation and any representations must be taken into account before a final decision is made, in order to be consistent with current case law and to minimise the risk of legal challenge. It should be noted that this may mean that some savings referred to in Appendix 5 may not be achieved until later in 2010/11 or 2011/12.

POLICY FRAMEWORK IMPLICATIONS

40. This report proposes variations to the budget that was approved by Council on 17th February 2010.

SUPPORTING DOCUMENTATION

Appendices

Non-confidential appendices are in the Members' Rooms and can be accessed on-line

1.	Emergency Budget – Key Issues
2.	High Level Forecast 2011/12 to 2013/14
3.	Summary of Cuts in Government Grant
4.	Reductions in Spending in Response to Cuts in Government Grant
5.	Variations to the Approved 2010/11 Budget and Future Years

Documents In Members' Rooms

1.	None
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Background Documents

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.	General Fund Revenue Report 2010/11	
2.	The General Fund Capital Programme Report 2009/10 to 2012/13	

Background documents available for inspection at:

FORWARD PLAN No: **KEY DECISION?** **YES**

WARDS/COMMUNITIES AFFECTED:	ALL
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ITEM NO: 16 Appendix 1

KEY MESSAGES FROM THE 22ND JUNE BUDGET

The Budget takes action to eliminate the bulk of the structural deficit through plans for “additional consolidation” of £40 billion per year by 2014/15. This is expected to be achieved through £32 billion of spending cuts and £8 billion of net tax increases. The plans are for the structural current deficit to be eliminated by 2014/15, with a projected surplus of 0.8% of GDP in 2015/16.

The Budget included a number of proposals that specifically affect councils and these are detailed below, together with comments on the local position (in italics).

The Spending Review and Fiscal Targets

The Budget puts forward a programme for reducing public sector spend by a further £30 billion by 2014/15 on top of the £44 billion pledge by the previous Government, of which £17 billion is to come from departmental budgets and the rest from reductions in the welfare bill and other areas. This amounts to a real terms cut of around 25% over the next four financial years in Government spending in areas other than the NHS and overseas aid.

Further information on exactly how departmental budgets will be affected, and where cuts will be made, will be announced in the Spending Review, the results of which will be announced on Wednesday 20th October.

Help Towards a Time Limited Council Tax Freeze

The Chancellor announced that the Government will help councils to freeze or reduce council tax in 2011/12. The Budget documentation assumes that this help will be given assuming a loss of revenue to authorities of 2.9% - the average of the three years' most recent council tax increases. The Government assumes that this will lead to a loss of revenue of £625M, (taking into account lower council tax benefit payments), but details of the exact mechanism for funding has yet to be announced.

Current forecasts for Southampton assume council tax increases of 2.5% per annum and therefore it is expected that the City Council would benefit from this funding in 2011/12. Whilst it does not impact on the net gap position it will mean that council tax payers face no increase for the year.

Prudential Borrowing

The Government has indicated that it will monitor lending from the Public Works Loans Board (PWLB) more closely, and will consider the approach taken in Scotland to increase transparency around borrowing undertaken more than two years in advance of expenditure. To achieve this, when applying to the PWLB for a loan we will be required to express in terms of the number of months from the point of application when we expect the loan to be entirely applied to expenditure.

The Council does not tend to borrow in advance of need and it is therefore expected that this will have no impact.

Public Sector Pay and Pensions

The Government announced a two year pay freeze from 2011/12 for public sector workforces, except for those earning £21,000 or less who will receive an increase of £250 a year. *This assumption has been reflected in the updated High Level Forecast contained in Appendix 2.*

John Hutton (ex Labour cabinet minister) is to head an independent commission to undertake a fundamental and structural review of public sector pensions which will unveil "early steps" by September, with full proposals in time for the 2011 Budget.

Regional Development Agencies (RDAs) and Local Enterprise Partnerships (LEPs)

RDAs will be abolished through the Public Bodies Bill. In place of the RDAs, the Government will enable locally-elected leaders, working with business, to lead local economic development, in the form of LEPs. These LEPs will coordinate public and private investment in transport, housing, skills, regeneration and other areas of economic development.

Regional Growth Fund

There will be a Regional Growth Fund, accessible to all areas of the UK, which will provide finance for regional capital projects over the next two years. This Fund will incorporate existing housing, transport, regeneration and other funding streams into one "pot" which is expected to be distributed in part through formula and in part through a bidding process. Further details of how the Regional Growth Fund will operate are yet to be announced.

Regional Growth in Targeted Areas

To support private sector enterprise and investment in those regions that are particularly reliant on the public sector, the Government will introduce a three year scheme to exempt new businesses in targeted areas from up to £5,000 of class 1 employer National Insurance Contributions payments, for each of their first ten employees hired in their first year of business. This measure will apply to all regions outside London, the South East and East of England.

Changes to Business Rates

The Government confirmed that the temporary increase in the threshold for small business rate relief, announced by the previous Government in the March 2010 budget giving full relief for eligible businesses occupying premises with a rateable value of up to £6,000 and tapering relief to £12,000 will go ahead from October 1st 2010. It also announced that legislation will be introduced to cancel backdated business rates bills mainly affecting ports.

Housing Benefit Reform

The Government announced a package of reforms aimed at saving £1.8 billion in housing and council tax benefit costs.

VAT Rise

The Chancellor announced that the rate of VAT will rise from 17.5% to 20% from 4th January 2011. No changes to the scope of VAT were announced and the current exemptions will continue to apply. Local government does not pay VAT on the majority of its transactions and this will continue to apply. However there will be an impact on payments to individuals and voluntary organisations where these are not zero rated. Suppliers of services to councils such as the care sector will have increased costs which may be reflected in their charges.

Since the Council generally recovers all VAT on purchases this has little impact on spending unless as the note suggests our service suppliers are impacted by the increase. The Council will need to decide before 4th January whether or not to pass on the increase within its charges. If it does not then this will reduce the net income we receive.

Landfill Tax

The Budget confirmed that standard rate of landfill tax will increase by £8 per tonne each year from 1st April 2011 until at least 2014, as announced by the previous Government.

Place-Based Budgeting

While this does not in feature in the Budget document, following from conversations between the Local Government Association (LGA) Group and Ministers the LGA anticipate that the Spending Review will be informed by a strand of work on place-based budgeting. This will be led by CLG with the close involvement of LGA and the Treasury, and will involve officials from other Government departments and officers from councils and other local organisations.

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HIGH LEVEL FORECAST 2011/12 to 2013/14

	2011/12	2012/13	2013/14
	£000's	£000's	£000's
Net Budget Requirement	183,269.6	192,085.6	198,770.6
Base Changes & Inflation	6,891.0	6,085.0	8,500.0
Capital Financing Costs	600.0	600.0	600.0
Contribution from Balances	1,325.0		
Net Requirement for Expenditure	192,085.6	198,770.6	207,870.6
Maximum Budget at 2.5% council tax increase*	180,418.5	178,910.9	177,580.4
Roll Forward Gap before Pressures	11,667.1	19,859.7	30,290.2
Increased Requirements for :-			
Revenue Developments	735.3	1,365.3	1,365.3
Risk Based Contingency Fund	1,000.0	1,500.0	1,500.0
Revenue Bids	(506.0)	(606.0)	(606.0)
Known Pressures	74.0	74.0	74.0
Allowance for Other Pressures (Not Known)	2,000.0	4,000.0	6,000.0
Net Gap	14,970.4	26,193.0	38,623.5

* This includes assumed reductions in Government Grant

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REDUCTIONS IN GOVERNMENT GRANT - 2010/11

Dept.	Description	National		SCC Share	
		Capital £M	Revenue £M	Capital £'000	Revenue £'000
DfE	Reduction in the overall amount available to local authorities through Area Based Grant from DfE.		311.0		1,521.5
DfT	Integrated Transport Block	150.8		790.0	
DfT	Major Projects	61.4			
DfT	Yorkshire and Humber ITB transfer	23.5			
DfT	Capital detrunking	6.8			
DfT	PRN networking funding	5.9			
DfT	Urban congestion fund	7.9			
DfT	Road Safety capital grant	17.2		70.0	
DfT	Kickstart 2009		5.0		
DfT	Other funding support, as yet unallocated		10.0		
DfT	Area Based Grant - Road Safety revenue grant		20.6		81.0
DCLG	Housing Market Renewal	50.0			
DCLG	Gypsy & Traveller site grant	30.0			
DCLG	Housing and Planning Delivery Grant		146.0		300.0
DCLG	Connecting Communities		19.1		
DCLG	Other cohesion funding		5.0		
DCLG	Area Based Grant - Supporting People administration		30.0		152.0
DCLG	Area Based Grant - Working Neighbourhood Fund		49.9		0.0
DCLG	Area Based Grant - Local Enterprise Growth Initiative		17.5		0.0
DCLG	Area Based Grant - Prevent		7.0		56.6
DCLG	Area Based Grant - Cohesion		4.0		17.6
DCLG	Local Area Agreement Reward		125.0		1,000.0
DCLG	Local Authority Business Growth Incentives scheme		50.0		307.0
DEFRA	Contaminated Land	7.5			
Home Office	Reduction in the overall amount available to local authorities through Area Based Grants (ABG) from HO.		6.0		26.3
Adjustment Grant	Adjustment grant		(1.1)		
		361.0	805.0	860.0	3,462.0
			1,166.0		4,322.0

Other Notifications of Grant Losses

Migration Impact Funding		240.0
Free Swimming (Full Year £173,211 loss of grant from 31/07/2010)		115.5
Harnessing Technology Grant	TBC	
	0.0	355.5
Total Reduction		4,677.5

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REDUCTIONS IN SPENDING IN RESPONSE TO CUTS IN GOVERNMENT GRANT

Portfolio Ref	Service Activity	Description of Item	Impact / Issues	Part Year 2010/11	2011/12	2012/13	2013/14	FTE In Post	FTE Vacant	Head of Service
				£000's	£000's	£000's	£000's			
<u>Adult Social Care & Health - Efficiencies</u>										
ASCH 1	Learning Disabilities	<p>Following the government announcements in June 2010, the ring fence for the Adult Stroke Services grant has been removed. The grant is due to finish at the end of 2010/11 and in anticipation, was to be used for a short extension of the grant funded element of the programme in 2010/11. Therefore, it is proposed that the carried forward budget and the uncommitted sum in 2010/11 be used to deliver a one-off in year saving.</p> <p>The AIDS Support grant has an under spend carried forward from previous years. This, along with an uncommitted sum against the 2010/11 allocation can be released to deliver a one off saving in year. Please note this has only been possible since the removal of the ring fence within the Grant conditions announced in June 2010, and that the grant is due to finish at the end of 2010/11.</p>	<p>The activity funded by the Adult Stroke Services grant cannot now be extended beyond original timescales without seeking additional resources. The proposed extension of the grant funded element of the programme will not be possible.</p>	(69)						Jane Brentor
ASCH 2	Health & Well Being		<p>The activity funded by the grant cannot now be extended beyond original timescales without seeking additional resources. It was hoped to extend the programme for a short period using the accumulated ring fenced under spends.</p>	(104)						Penny Furness-Smith
Sub-total				(173)	0	0	0	0.0	0.0	
Adult Social Care & Health Portfolio Total				(173)	0	0	0	0.0	0.0	

REDUCTIONS IN SPENDING IN RESPONSE TO CUTS IN GOVERNMENT GRANT

Portfolio Ref	Service Activity	Description of Item	Impact / Issues	Part Year 2010/11	2011/12	2012/13	2013/14	FTE In Post	FTE Vacant	Head of Service
				£000's	£000's	£000's	£000's			
<u>Children Services - Service Reductions</u>										
CS 1	Planning & Performance Support	Review of service delivery model in Business Support	Changes will be made with minimal impact where possible	(60)	(100)	(100)	(100)		4.0	Alison Alexander
CS 2	Commissioning & Workforce Development	Reductions to Commissioning team	There will be a significant impact on the service provided to young people to engage in positive activities such as citizenship	(130)	(300)	(300)	(300)	7.0	2.0	Alison Alexander
CS 3	Planning & Performance team	Reductions in Complaints and Customer Care team	Some impact on families who fail to apply for their school place in the primary to secondary transition	(7)	(31)	(31)	(31)	1.0		Alison Alexander
CS 4	Commissioning & Workforce Development	Reduction in Workforce Development functions and team	This reduction should be absorbed through the amalgamation of all Directorate training budgets.	(20)	(20)	(20)	(20)			Alison Alexander
CS 5	Planning & Performance	Reductions in Planning & Performance team	Changes will be made with minimal impact where possible	(19)	(37)	(37)	(37)			Alison Alexander
CS 6	Commissioning & Workforce Development	Cease Extended Services funded from Area Based Grant	Reduction in funding expected by schools to provide extended services.	(320)	(320)	(320)	(320)			Alison Alexander
CS 7	Commissioning & Workforce Development	Reduction in prevention services outsourced	No major impact as funding currently unallocated	(262)	(608)	(608)	(608)			Alison Alexander
CS 8	Disability and Inclusion Services	Reduction in number of personalised services purchased	The reduction in this funding will mean that it will not be possible to take up new training opportunities and support for exceptional individual casework.	(108)	(108)	(108)	(108)			Felicity Budgen
CS 9	School Allocations & Services	Deletion of Education Health Partnership budget ceasing support for Healthy School programme	Some impact in the number of training sessions that are available for school staff to support the healthy schools programme.	(38)	(38)	(38)	(38)			Paul Nugent
CS 10	School Allocations & Services	Reductions to School Standards & Improvement Team	Reduction in advisory support to secondary education on key skill areas	(25)	(43)	(43)	(43)		0.7	Paul Nugent

REDUCTIONS IN SPENDING IN RESPONSE TO CUTS IN GOVERNMENT GRANT

Portfolio Ref	Service Activity	Description of Item	Impact / Issues	Part Year 2010/11	2011/12	2012/13	2013/14	FTE In Post	FTE Vacant	Head of Service
				£000's	£000's	£000's	£000's			
CS 11	Inclusion support	Reductions in Inclusion management	This will reduce the ability to support schools in improving school attendance	(94)	(113)	(113)	(113)		2.0	Felicity Budgen
CS 12	Children's Services Estate	Reductions to Children's Services Estate teams	Changes will be made with minimal impact where possible	(41)	(41)	(41)	(41)			Karl Limbert
		Sub-total		(1,124)	(1,759)	(1,759)	(1,759)	8.0	8.7	
		Children's Services Portfolio Total		(1,124)	(1,759)	(1,759)	(1,759)	8.0	8.7	
<u>Economic Development - Service Reductions</u>										
EDEV 1	Safer communities	Reduction in expenditure budget provision following reduction of Government Grant - Home Office	Review / revise actions and expenditure in line with reduction in Government grants from 2010/11. 2010/11 is the last year of funding. Savings delivered by removing the sums yet to be allocated to any organisations.	(26)						Jon Dyer-Slade
		Sub-total		(26)	0	0	0	0.0	0.0	
		Economic Development Portfolio Total		(26)	0	0	0	0.0	0.0	

REDUCTIONS IN SPENDING IN RESPONSE TO CUTS IN GOVERNMENT GRANT

Portfolio Ref	Service Activity	Description of Item	Impact / Issues	Part Year 2010/11	2011/12	2012/13	2013/14	FTE In Post	FTE Vacant	Head of Service
				£000's	£000's	£000's	£000's			
<u>Housing & Local Services - Service Reductions</u>										
HLS 1	Stronger communities and equities	Reduction in expenditure budget provision following reduction of Government Grant - DCLG for Cohesion	Review / revise actions and expenditure in line with reduction in Government grants from 2010/11. 2010/11 is the last year of funding. Steering Group to determine how savings to be delivered	(18)						Jon Dyer-Slade
HLS 2	Stronger communities and equities	Reduction in expenditure budget provision following reduction of Government Grant - DCLG for Prevent	Review / revise actions and expenditure in line with reduction in Government grants from 2010/11. 2010/11 is the last year of funding. Steering Group to determine how savings to be delivered.	(57)						Jon Dyer-Slade
HLS 3	Stronger communities and equities	Reduction in expenditure budget provision following reduction of Government Grant - Migration Impact Fund	Review / revise actions and expenditure in line with reduction in Government grants from 2010/11. 50% reduction in grant expected with 2010/11 as the last year of funding. - reduced expenditure and activities / support for new communities.	(240)						Jon Dyer-Slade
Sub-total				(315)	0	0	0	0.0	0.0	
Housing & Local Services Portfolio Total				(315)	0	0	0	0.0	0.0	
<u>Leisure Culture and Heritage - Service Reductions</u>										
LCH 1	Sport & Recreation	Removal of Free Swimming following removal of Government Grant from 31 July.	Removal of free swimming for over 60's from 1 August and withdrawal of facility for under 16's from 1 September, the latter being close to the end of the summer holidays and coinciding with the transfer of functions to the new sport and recreation partner. Negotiations needed with partner to establish value of savings	TBC	TBC	TBC	TBC			Mike Harris
Sub-total				0	0	0	0	0.0	0.0	
Leisure Culture and Heritage Portfolio total				0	0	0	0	0.0	0.0	
Grand Total				(1,638)	(1,759)	(1,759)	(1,759)	8.0	8.7	

VARIATIONS TO THE APPROVED 2010/11 BUDGET AND FUTURE YEARS

Portfolio Ref	Service Activity	Description of Item	Impact / Issues	Part Year 2010/11	2011/12	2012/13	2013/14	FTE In Post	FTE Vacant	Head of Service
				£000's	£000's	£000's	£000's			
<u>Children Services - Efficiencies</u>										
CS 1	Tier 4 Services	Review of residential care provision	A review of residential care is currently being undertaken to re-shape the current provision to provide more targeted and cost effective services to young people. The reshaping of service will result in a positive impact on individual young people and their families	(300)	(300)	(300)	(300)	TBC	TBC	Alison Alexander
Sub-total				0	(300)	(300)	(300)	0.0	0.0	
<u>Children Services - Service Reductions</u>										
CS 2	Children's Services Estate	Reduction in ICT Strategy Team	Minimal impact through combining functions of two posts into one	(45)	(45)	(45)	(45)		1.0	Karl Limbert
CS 3	School Allocations & Services	Community Languages service to become self financing - explore opportunities for grant funding	Some impact on young people from minority communities who may have difficulty accessing the provision if they have to pay.	(65)	(65)	(65)	(65)	1.0		Paul Nugent
CS 4	School Allocations & Services	Efficiencies within Governor Services to become fully funded by schools	Governing Bodies will have less access to advice and guidance service if they decide not to purchase the service at increased cost	(47)	(47)	(47)	(47)	1.0		Paul Nugent
CS 5	School Allocations & Services	Reductions to School Standards & Improvement Team	This will make it difficult to intervene swiftly in schools causing concern, with an impact on KS2 and GCSE results	(296)	(296)	(296)	(466)	7.0		Paul Nugent
CS 6	Children's Services Estate	Reductions in Children's Services Estate activity	Minimal impact although there is potential loss of useable playing field space	(27)	(27)	(27)	(27)			Karl Limbert

VARIATIONS TO THE APPROVED 2010/11 BUDGET AND FUTURE YEARS

Portfolio Ref	Service Activity	Description of Item	Impact / Issues	Part Year 2010/11	2011/12	2012/13	2013/14	FTE In Post	FTE Vacant	Head of Service
				£000's	£000's	£000's	£000's			
CS 7	Children's Services Estate	Reductions within Children's Information Service	Minimal impact as a result of better use of communication media and service moving into the localities	(42)	(42)	(42)	(42)	1.0		Karl Limbert
CS 8	Children's Services Estate	Service reductions within City Catering	Schools may struggle to find value for money catering services in current climate.	(75)	(150)	(150)	(150)	1.5		Karl Limbert
CS 9	Children's Services Estate	ICT Strategy Team - reduction in service	Medium impact as some existing ICT projects will be less well supported and managed.	(105)	(105)	(105)	(105)	3.0		Karl Limbert
		Sub-total		(45)	(702)	(777)	(947)	14.5	1.0	
		Children's Services Portfolio Total		(45)	(1,002)	(1,077)	(1,247)	14.5	1.0	
EDEV 1	Economic Development	Complete review of service to encompass service delivery options for the TIC and a radical restructure of the division.	In order to deliver the priorities of the Economic Development and Regeneration Plan (2010 - 13), service delivery options for the TIC need to be considered and the Economic Development and Regeneration team restructured to be fit for purpose, (to be completed by Dec 2010).	(146)	(146)	(146)	(146)	TBC	TBC	Dawn Baxendale
		Sub-total		0	(146)	(146)	(146)	0.0	0.0	
		Economic Development Portfolio Total		0	(146)	(146)	(146)	0.0	0.0	
E&T 1	On Street Car Parking	Charge for visitor permits	Additional cost to residents to enable visitors to park in the local residents parking zones. Introduce charging regime and print permit books. Use additional 'on street account' funding for highways capital programme.	(85)	(90)	(90)	(90)			Mick Bishop
E&T 2	Waste Collection	Introduce Bulky Waste charge for concessions	Instead of the free service there will be a levy of 50 % of the standard charge (i.e. £12.50 50% of £25)	(25)	(25)	(25)	(25)			Andrew Trayer
		Sub-total		0	(110)	(115)	(115)	0.0	0.0	
		Environment and Transport Portfolio Total		0	(110)	(115)	(115)	0.0	0.0	

VARIATIONS TO THE APPROVED 2010/11 BUDGET AND FUTURE YEARS

Portfolio Ref	Service Activity	Description of Item	Impact / Issues	Part Year 2010/11	2011/12	2012/13	2013/14	FTE In Post	FTE Vacant	Head of Service
				£000's	£000's	£000's	£000's			
<u>Housing & Local Services - Efficiencies</u>										
HLS 1	Housing Development	Recharge HRA for increase in officer time to support Estate Regeneration project work.	Some resources redirected to focus on Estate Regen Programme with HRA new build schemes being charged to HRA from 2010/11. Reduced capacity to support affordable homes and empty homes programme.	(33)	(33)	(33)	(33)			Barbara Compton
HLS 2	Parks and Streets Cleansing	Re-model service delivery arrangements for front-line parks and street cleansing teams	New working patterns introduced to more effectively manage seasonal variations in workload, and reduce costs of providing essential services during evenings and weekends. Phased introduction with part year savings in 2011/12.	(50)	(160)	(160)	(160)			Jon Dyer-Slade
HLS 3	Management of Community Centres	Reduce the R&M budget required to carry out repairs to community centres as a result of investment to improve community facilities.	Recent and planned improvements to a number of community centres is likely to reduce the demand on this R&M budget. There is a risk of some repairs / maintenance being delayed into subsequent financial years.	(24)	(24)	(24)	(24)			Jon Dyer-Slade
Sub-total				(33)	(107)	(217)	(217)	0.0	0.0	
<u>Housing & Local Services - Income</u>										
HLS 4	Allocations	Charge all decant activity to HRA	Recheck cost of decants following expansion of Estate Renewal programme. No adverse impact anticipated	(12)	(12)	(12)	(12)			Barbara Compton
Sub-total				(12)	(12)	(12)	(12)	0.0	0.0	
<u>Housing & Local Services - Service Reductions</u>										
HLS 5	Neighbourhood Wardens	Removal of remaining 2 Wardens from General Fund areas.	Removal of 2 Wardens from the inner city areas of Polygon & Newtown/Nicholstown which will remove the support for tackling front line ASB and environmental issues in the inner city. Anticipated adverse impact against cleanliness and resident satisfaction performance indicators.	(56)	(56)	(56)	(56)	2.0		Nick Cross

VARIATIONS TO THE APPROVED 2010/11 BUDGET AND FUTURE YEARS

Portfolio Ref	Service Activity	Description of Item	Impact / Issues	Part Year 2010/11	2011/12	2012/13	2013/14	FTE In Post	FTE Vacant	Head of Service
				£000's	£000's	£000's	£000's			
HLS 6	Neighbourhood Wardens	Cease general fund support to Junior Neighbourhood Warden Scheme and concentrate service to only HRA tenants	Would need to restrict membership to HRA tenants only. Explore links to Junior PCSO scheme run by the police for non HRA areas but with no offer of any funding. Excluding of children from Junior Warden Scheme if not children of council tenants. Reduced diversionary activity and contribution to community projects	(20)	(20)	(20)	(20)			Nick Cross
HLS 7	Allocations	Retain only statutory elements of the service including ceasing advice services.	Removal of advice and support for people on Housing Waiting List on their applications and options other than for council housing. Cease verification of Housing Register forms until offer made on property.	(25)	(50)	(75)	(75)	3.0		Barbara Compton
Sub-total				0	(101)	(126)	(151)	5.0	0.0	
Housing & Local Services Portfolio Total				(45)	(220)	(355)	(380)	5.0	0.0	
L 1	Directorate Management	Top Level Restructure of Resources & Chief Executives Directorate	Will reduce senior management capacity at the centre of the organisation and limit the Council's ability to respond to Government or corporate initiatives	(80)	(80)	(80)	(80)	TBC	TBC	Brad Roynon
Sub-total				0	(80)	(80)	(80)	0.0	0.0	
Leaders Portfolio Total				0	(80)	(80)	(80)	0.0	0.0	
LCH 1	Gallery & Museum Venues	Relocate City Vision Model Scheme from North Block to provide more retail opportunities.	Use of space to further develop retail opportunities and generate additional net profit. City model to be found alternative location. Potential loss of access to model if alternative location cannot be found with temporary storage costs. No allowance made for any additional storage or removal costs.	(10)	(10)	(10)	(10)			Mike Harris
Sub-total				0	(10)	(10)	(10)	0.0	0.0	
Leisure, Culture & Heritage - Income										

VARIATIONS TO THE APPROVED 2010/11 BUDGET AND FUTURE YEARS

Portfolio Ref	Service Activity	Description of Item	Impact / Issues	Part Year 2010/11	2011/12	2012/13	2013/14	FTE In Post	FTE Vacant	Head of Service
				£000's	£000's	£000's	£000's			
<u>Leisure, Culture & Heritage - Service Reductions</u>										
LCH 2	Arts & Heritage Grants	Reduction in funding for Harbour Lights	Negotiate change to SLA supporting rent and service charge. Possible negative publicity and a risk that lessee could terminate the lease leaving the council needing to meet costs associated with having the building empty whilst a new tenant was sought.	(25)	(25)	(25)	(25)			Mike Harris
Sub-total				0	(25)	(25)	(25)	0.0	0.0	
Leisure, Culture & Heritage Portfolio Total				0	(35)	(35)	(35)	0.0	0.0	
<u>Resources & Workforce Planning - Efficiencies</u>										
RES 1	Central Client Management	Client Team / Retained Service Restructure	Efficiency savings resulting from the reorganisation of the overall client function, no impact	(155)	(155)	(155)	(155)	TBC	TBC	Carolyn Williamson
RES 2	Audit & Risk Management	Deletion of Audit Manager post	Vacant post - will reduce capacity in the service	(23)	(55)	(55)	(55)		1.0	Neil Pitman
RES 3	Insurances	Reduction in premiums	Already in place to enable savings to be achieved	(100)	(200)	(300)	(350)			Neil Pitman
RES 4	Corporate Communications	Rationalise spend on printing, publicity and design across the council to ensure activity is targeted, provides VFM and links to corporate objectives/plans.	Review spend, analyse current activity and set corporate guidelines to achieve desired outcomes. To be undertaken by the team once staff in place	(62)	(87)	(87)	(87)			Ben White
RES 5	Property and Procurement Client	Restructure	Vacant procurement post - will reduce capacity in the service	(20)	(40)	(40)	(40)		1.0	John Spiers
RES 6	Buildings Management	Alternative arrangements for Civic Centre Car Park	Revised arrangements will not require attendant post who will be redeployed within the Town Sergeants team	(20)	(20)	(20)	(20)	1.0	1.0	John Spiers
Sub-total				(143)	(532)	(657)	(707)	1.0	2.0	

VARIATIONS TO THE APPROVED 2010/11 BUDGET AND FUTURE YEARS

Portfolio Ref	Service Activity	Description of Item	Impact / Issues	Part Year 2010/11	2011/12	2012/13	2013/14	FTE In Post	FTE Vacant	Head of Service
				£000's	£000's	£000's	£000's			
<u>Resources & Workforce Planning - Income</u>										
RES 7	Exchequer Services	Introduction of Credit Card Charges	Introduction of credit card charges to recover costs of 2.5% on all transactions over £13.50. Will require system changes.	(25)	(50)	(50)	(50)			Rob Carr
RES 8	Retained LT & B Services	NNDR & Ctax Court Costs	Increase court costs to £110	(100)	(200)	(200)	(200)			Paul Medland
Sub-total				(125)	(250)	(250)	(250)	0.0	0.0	
<u>Resources & Workforce Planning - Service Reduction</u>										
RES 9	Audit & Risk Management	Reduction in external support fees	Review Audit plan and where possible use in house resource and expertise	(20)	(40)	(40)	(40)			Neil Pitman
RES 10	Central Client Management	Client Team / Retained Service Restructure	Further rationalisation of the client function and a reduction in the proactive role that is currently undertaken.	(55)	(55)	(55)	(55)	TBC	TBC	Carolyn Williamson
Sub-total				(20)	(95)	(95)	(95)	0.0	0.0	
Resources & Workforce Planning Portfolio Total				(288)	(877)	(1,002)	(1,052)	1.0	2.0	
Grand Total				(378)	(2,470)	(2,810)	(3,055)	20.5	3.0	

DECISION-MAKER:	COUNCIL		
SUBJECT:	CORPORATE PLAN 2010/11		
DATE OF DECISION:	14 JULY 2010		
REPORT OF:	THE LEADER OF THE COUNCIL		
AUTHOR:	Name:	Joy Wilmot-Palmer	Tel: 023 8083 3093
	E-mail:	joy.wilmot-palmer@southampton.gov.uk	
STATEMENT OF CONFIDENTIALITY			
None.			

SUMMARY

The Corporate Plan forms part of the Council’s Policy Framework and must therefore be approved by Full Council. It is a cross cutting document which covers all areas of the Council’s activities. The plan demonstrates the organisation’s commitment to securing the statutory duty of best value in all aspects of service delivery. It also reflects the leadership role of the Executive in delivering the Council’s policy objectives, value for money and service improvement for the benefit of residents and businesses in the city. Copies of the draft 2010/11 plan are available in Members’ Rooms and from the report author.

The draft 2010/11 Corporate Plan reflects local priorities, as well as known national policy and budgetary changes which will have a significant impact on the city. The Council remains committed to delivering its planned medium term aspirations and key projects. However progress over the next few years will be partially dependent on the availability of national and local resources. Given the Government’s focus on reducing the public sector budget deficit and the forthcoming national Comprehensive Spending Review in the Autumn, the report seeks delegated authority to enable the Plan to be amended as necessary to ensure that it aligns with the Council’s approved 2010/11 operating budget as well as any new national, regional or local developments that may arise during the year.

RECOMMENDATIONS:

- (i) To note the executive’s response to the recommendations made by the Overview and Scrutiny Management Committee as set out in Appendix 1 of the report;
- (ii) To approve the draft 2010/11 Corporate Plan; and
- (iii) To delegate authority to the Chief Executive, following consultation with the Leader of the Council, to incorporate any changes made at the meeting and to amend the plan as necessary from time to time to ensure that it aligns with any new budgetary or policy developments which will impact on the council’s activities in 2010/11.

REASONS FOR REPORT RECOMMENDATIONS

1. The Council’s constitution requires the 2010/11 Corporate Plan to be submitted by the Executive to Full Council for approval, after a draft has been considered by the Overview and Scrutiny Management Committee. Although the content of the draft plan has been cross checked against the proposals set out in the

July 2010 operating budget and the national Coalition Agreement further details may emerge which may require amendments to be made to the document. Delegated authority is therefore being sought to enable the plan to be amended to reflect any changes arising from the Council meeting as well as new national policy or budgetary changes which would have a significant impact on the city by the end of the financial year.

CONSULTATION

2. The draft Corporate Plan reflects the Council's six approved priorities and the 2010/11 budget approved by Full Council in February, which were both formulated following extensive consultation with local residents and stakeholders. The plan also incorporates key service improvements contained within directorate and divisional Business Plans, which have been developed in conjunction with staff.
3. On the 17th June a draft of the 2010/11 Corporate Plan was considered by the Overview and Scrutiny Management Committee. The linkages between the draft Corporate Plan and the Government's emerging policy and budget priorities were explored at the meeting. A number of issues were raised by scrutiny members concerning the number of residents participating in feedback surveys, the longevity of the National Indicator Set, the optimum time for the submission of this plan, the scope for making in year adjustments, the importance of highway improvements in the city and the need to ensure (via a proposed priority traffic light system) that the content of the final version of the plan reflects the Council's primary objectives rather than policy aspirations, which may not be forthcoming as a result of future reductions in public sector expenditure.
4. The majority of these issues have been addressed in the latest draft of the Corporate Plan and the Executive's response to the 3 recommendations made by the Overview and Scrutiny Management Committee can be found in Appendix 1.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

5. None, since the Corporate Plan is a Policy Framework document.

DETAIL

6. The Corporate Plan sets out the Council's approach to securing overall business efficiencies, value for money and service improvements for the benefit of local residents. The commitments set out in the plan reflect the Council's agreed priorities and the operating budget for the year, the City of Southampton Strategy as well as any council led actions contained within approved partnership plans. The published version of the Corporate Plan will also include final 2009/10 performance and financial information.
7. In previous years the document has been presented to Full Council in May and included planned improvement measures as well as financial forecasts for the current and next two financial years. However, given the formation of a new Coalition government the submission of this year's plan to Council has been delayed to enable the document to reflect any major policy and budget changes.
8. The original intention in drafting this year's Corporate Plan was to ensure that it

contained a 3 year medium term financial and policy perspective. However, given the Government's focus on reducing the public sector budget deficit and the forthcoming national Comprehensive Spending Review in the Autumn, it will not now be possible to conclude this work until later in the year for inclusion in next year's Corporate Plan.

9. The Council remains fully committed to securing its planned medium term aspirations and major projects. However in practice their successful delivery will be partially dependent on the availability of national and local resources over the medium term. In the Autumn there will be a new national Comprehensive Spending Review, which will determine departmental public expenditure levels for the next 3 years against a backdrop of reducing the current level of public sector debt.
10. Whilst a revised high level financial forecast has therefore been devised to respond to the Government's June Interim Budget and 2010/11 grant announcements a new medium term financial strategy has not been included in the 2010/11 Corporate Plan. This will be developed later in the year as the likely levels of future local government settlements become clearer.
11. In practice the 2010/11 Corporate Plan is much shorter than previous year's documents to ensure that it focuses only on the key improvement areas and major projects to be delivered by the Council over the twelve months within known resource constraints. In addition the document has been split into two parts. The first part provides a summary of the key challenges facing the Council over the medium term as well as the proposed actions that will be taken by the executive in 2010/11 to address them.
12. The second part of the document is a technical appendix, which sets out indicative three year results for the key performance measures and national indicators that are currently in place, to enable the Council to demonstrate its commitment to securing "continuous improvement" within existing resource levels to fulfil its statutory Best Value obligations.
13. Where appropriate the Plan includes a number of service improvement and efficiency proposals to ensure that value for money is secured for local residents. The plan also includes customer feedback information as well as appropriate benchmarking information and comparative data.
14. The Corporate Plan provides an integrated framework for the delivery of services across the Council to ensure that they provide value for money and are being delivered to local residents and businesses in the city in line with members' priorities. The content of the plan therefore provides the basis for the Council's quarterly corporate performance management arrangements by ensuring that agreed actions by members are delivered within required timescales and to expected standards.
15. Before the publication of the final version of the Corporate Plan its content will be refined as necessary to ensure that it reflects any new budget announcements that could have a significant impact locally. In addition following the discussion at the Overview and Scrutiny Management Committee delegated authority is sought to enable officers to amend the plan as necessary, following consultation with the Leader of the Council to reflect any new major budgetary or policy changes that take before the end of the financial

year.

FINANCIAL/RESOURCE IMPLICATIONS

Capital

16. There are no additional capital implications arising from the proposals outlined in this report.

Revenue

17. There are no additional revenue implications arising from the approval of the report's recommendations. The targets and commitments contained within the Plan will be met from the resources allocated to Portfolios through the 2010/11 budget setting process. The approved revenue budgets for each Portfolio are included in the appropriate sections of the draft Corporate Plan.

Property

18. None as a consequence of the recommendations contained within this report.

Other

19. None.

LEGAL IMPLICATIONS

Statutory power to undertake proposals in the report:

20. The statutory powers for producing this plan can be found in the Local Government Acts 1972, 1999 and 2000. The Council has a statutory duty to secure best value. The production of the Corporate Plan demonstrates that the council has an integrated and planned approach to this requirement.

Other Legal Implications:

21. The annual Corporate Plan forms part of the council's Policy Framework, as set out in Article 4 of the Council's Constitution. The Executive is, for almost all functions, responsible for implementing the policies and spending the budget in accordance with the Policy Framework and Budget. Each of the proposed actions in this plan will be subject to the Council's normal decision making processes, including detailed legal and financial assessments as necessary.
22. For some of the proposed actions included in the Corporate Plan bidding for external funding or the identification of new income sources may be required in due course to enable them to progressed, which may fail or be only partially successful. What is proposed in the Corporate Plan is therefore subject to in year variation. Delegated authority is therefore being sought to ensure that the plan remains in alignment with any key budgetary or policy changes during the course of the year. Any in year amendments will be highlighted through the Council's quarterly performance monitoring arrangements, which includes the presentation of information highlighting key variances to the Overview and Scrutiny Management Committee.

POLICY FRAMEWORK IMPLICATIONS

23. The Corporate Plan is a policy framework document which must be approved by Full Council and be consistent with other Policy Framework documents as

well as the Council's approved operating budget for the year.

SUPPORTING DOCUMENTATION

Appendices

1.	The Executive's Response to the Recommendations made by the Overview and Scrutiny Management Committee
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Documents In Members' Rooms

	Draft Corporate Plan 2010-13 (Part 1) & Technical Appendix (Part 2)
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Background Documents

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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	None.	
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FORWARD PLAN No: N/A

KEY DECISION Yes

WARDS/COMMUNITIES AFFECTED: All wards and communities in Southampton will be affected by the implementation of the proposals set out in the Corporate Plan

THE EXECUTIVE'S RESPONSE TO THE OVERVIEW AND SCRUTINY MANAGEMENT COMMITTEE'S COMMENTS ON THE DRAFT CORPORATE PLAN

DRAFT SCRUTINY RECOMMENDATIONS	EXECUTIVE'S RESPONSE
<p>In light of the financial situation that the plan should be altered to show the Administration's priorities in a "traffic light" system in order for it to be clear which would take precedence. This would then be updated and progress reported in 6 months time reflecting the Comprehensive Spending Review.</p>	<p>Rejected. The proposed actions set out in the Corporate Plan reflect the Executive's priorities which will be progressed by the end of March 2011 unless there is a change in resources associated with a particular proposal or a change in legislation / regulations which will prevent them from being delivered. It is proposed that any significant in year variations of this kind should be dealt with through delegated powers to the Chief Executive following consultation with the Leader of the Council. Any in year amendments will be highlighted through the Council's quarterly performance monitoring arrangements, which includes the presentation of information highlighting key variances to the Overview and Scrutiny Management Committee. The proposed introduction of a "traffic light" prioritisation system would largely duplicate this process and is therefore seen as unnecessary. In addition, whilst the results of the CSR should be known in 6 months time, in practice they are unlikely to have a significant impact until 2011/12. Any required changes would therefore be more appropriately reflected in next year's Corporate Plan.</p>
<p>The introduction from the Leader would include a reference about the highways improvements; and</p>	<p>Agreed. The Environment, Transport and Infrastructure section of the Leader's foreword on page 3 now includes a reference to "highway" as well as "public transport" improvements.</p>
<p>That the statistics from the resident's feedback would include the figure of the number of people that had responded</p>	<p>Agreed. The number of residents' responding to the Place Survey questionnaire has been included within the Resident Feedback section on page 6 of the document.</p>

DECISION-MAKER:	COUNCIL		
SUBJECT:	APPOINTMENT OF CHIEF EXECUTIVE AND HEAD OF PAID SERVICE		
DATE OF DECISION:	14 JULY 2010		
REPORT OF:	HEAD OF ORGANISATIONAL DEVELOPMENT		
AUTHOR:	Name:	Jackie Standen	Tel: 023 8083 2161
	E-mail:	Jackie.standen@southampton.gov.uk	

STATEMENT OF CONFIDENTIALITY

N/A

SUMMARY

The current Chief Executive and Head of Paid Service, Brad Roynon, will be retiring from his post in November 2010. This report recommends to Full Council his successor.

RECOMMENDATIONS:

- (i) To approve the appointment of Alistair Neill to the position of Chief Executive and Head of Paid Service at Southampton City Council; and
- (ii) That the Head of Organisational Development be given delegated authority to take any further action necessary to give effect to the contents of this report

REASONS FOR REPORT RECOMMENDATIONS

1. The retirement of the Chief Executive and Head of Paid Service in November 2010 and the necessity to appoint to this position.

CONSULTATION

2. The process and consultation requirements are as prescribed by law and reflected in this report.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

3. N/A

DETAIL

4. The Chief Officer Employment Panel convened on 21st April 2010. This, and subsequent meetings, were attended by the Solicitor to the Council, Head of Organisational Development, Democratic Services Officer and recruitment consultants as appropriate.
5. At this initial meeting the Panel agreed the Recruitment Timetable was approved, and delegated authority was given to the Head of Organisational Development, following consultation with the Solicitor to the Council, to:

- Appoint Recruitment Consultants
 - Finalise the Job Description
 - Proceed with the recruitment process
6. Odgers, Berndtson were subsequently appointed as the Council's consultants for the purpose of this recruitment.
 7. The Panel reconvened on 8th June 2010 and the consultants presented details of applicants for the post of Chief Executive. Following scrutiny of these the Panel agreed a long list for further consideration.
 8. On 23rd June 2010 the consultants presented detailed papers, and verbal reports on the long listed candidates. After careful consideration and due diligence the Panel agreed a short list of four candidates for Panel interview.
 9. The final stages of the process were carried out during week commencing 28th June, including agreed psychometric testing by the consultants, a city tour and a 'meet and greet' for Members, selected Partners and Senior Council Officers.
 10. The Panel carried individual interviews on 2nd July 2010.
 11. A decision was made to recommend to Full Council that Mr Alistair Neill is appointed as Chief Executive and Head of Paid Service at Southampton City Council, Mr Neill is currently the Chief Executive of Merthyr Tydfil County Borough Council.
 12. Following that, in accordance with the Local Authorities' (Standing Orders) (England) Regulations 2001 as set out in the Council's Constitution (Officer Employment Procedure Rules) the name of the person to be offered the appointment was sent to all Members of the Executive asking for any objections to the making of an offer to be submitted by 9 am on Monday, 5th July 2010. No objections have been received.

FINANCIAL/RESOURCE IMPLICATIONS

Capital

13. n/a

Revenue

14. The remuneration for the Chief Executive will be met from existing budgets and will be in accordance with the Council's existing Chief Officer Pay Rates for the Chief Executive. The range is from Spinal Column Point 105 (£145,350.00 to £172,618.00 per annum).

Property

15. n/a

Other

16. n/a

LEGAL IMPLICATIONS

Statutory power to undertake proposals in the report:

17. Local Government Act 1972 and the Local Government (Standing Orders) (England) Regulations 2001

Other Legal Implications:

18. None

POLICY FRAMEWORK IMPLICATIONS

19. n/a

SUPPORTING DOCUMENTATION

Appendices

1.	None
2.	

Documents In Members' Rooms

1.	None
2.	

Background Documents

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.		

Background documents available for inspection at: n/a

KEY DECISION? no

WARDS/COMMUNITIES AFFECTED:	none
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