

CABINET

**Monday, 13th February 2012
at 5.00 pm**

Council Chamber, Civic Centre

This meeting is open to the public

Members

Councillor Smith, Leader of the Council
Councillor Moulton, Cabinet Member for Children's
Services and Learning
Councillor Baillie, Cabinet Member for Housing
Councillor Fitzhenry, Cabinet Member for
Environment and Transport
Councillor Hannides, Cabinet Member for
Resources, Leisure and Culture
Councillor White, Cabinet Member for Adult Social
Care and Health

(QUORUM – 2)

Contacts

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BACKGROUND AND RELEVANT INFORMATION

The Role of the Executive

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

Executive Functions

The specific functions for which the Cabinet and individual Cabinet Members are responsible are contained in Part 3 of the Council's Constitution. Copies of the Constitution are available on request or from the City Council website, www.southampton.gov.uk

The Forward Plan

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

Key Decisions

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

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

Decisions to be discussed or taken that are key

Implementation of Decisions

Any Executive Decision may be "called-in" as part of the Council's Overview and Scrutiny function for review and scrutiny. The relevant Overview and Scrutiny Panel may ask the Executive to reconsider a decision, but does not have the power to change the decision themselves.

Southampton City Council's Seven Priorities

- More jobs for local people
- More local people who are well educated and skilled
- A better and safer place in which to live and invest
- Better protection for children and young people
- Support for the most vulnerable people and families
- Reducing health inequalities
- Reshaping the Council for the future

Procedure / Public Representations

Reports for decision by the Cabinet (Part A of the agenda) or by individual Cabinet Members (Part B of the agenda). Interested members of the public may, with the consent of the Cabinet Chair or the individual Cabinet Member as appropriate, make representations thereon.

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 officers of the Council, of what action to take.

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

Municipal Year Dates (Mondays)

| 2011 | 2012 |
|--------------|-------------|
| 6 June | 16 January |
| 4 July | 6 February |
| 1 August | 13 February |
| 5 September | 12 March |
| 26 September | 16 April |
| 24 October | |
| 21 November | |
| 19 December | |
| | |

CONDUCT OF MEETING

TERMS OF REFERENCE

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

BUSINESS TO BE DISCUSSED

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

RULES OF PROCEDURE

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

QUORUM

The minimum number of appointed Members required to be in attendance to hold the meeting is 2.

DISCLOSURE OF INTERESTS

Members are required to disclose, in accordance with the Members' Code of Conduct, **both** the existence **and** nature of any "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.

Cont/...

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.

AGENDA

Agendas and papers are now available via the Council's Website

1 APOLOGIES

To receive any apologies.

2 DISCLOSURE OF PERSONAL AND PREJUDICIAL INTERESTS

In accordance with the Local Government Act 2000, and the Council's Code of Conduct adopted on 16th May 2007, Members to disclose any personal or prejudicial interests in any matter included on the agenda for this meeting.

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

3 STATEMENT FROM THE LEADER

4 RECORD OF THE PREVIOUS DECISION MAKING

Record of the decision making meetings held on 16th January 2012, attached.

5 MATTERS REFERRED BY THE COUNCIL OR BY THE OVERVIEW AND SCRUTINY MANAGEMENT COMMITTEE FOR RECONSIDERATION (IF ANY)

There are no matters referred for reconsideration.

6 REPORTS FROM OVERVIEW AND SCRUTINY COMMITTEES (IF ANY)

There are no items for consideration.

7 EXECUTIVE APPOINTMENTS

To deal with any executive appointments, as required.

MONITORING REPORTS

8 THIRD QUARTER PERFORMANCE MONITORING FOR 2011/12

The report of the Leader of the Council outlining the progress made at the end of December 2011 (Quarter 3) against the targets and commitments contained within the 2010/11 Corporate Plan, attached.

9 CORPORATE REVENUE FINANCIAL MONITORING FOR THE PERIOD TO THE END OF DECEMBER 2011

Report of the Cabinet Member Resources, Leisure and Culture, detailing General Fund Revenue Financial Monitoring for the period to the end of December 2011, attached.

10 CORPORATE GENERAL FUND CAPITAL FINANCIAL MONITORING FOR THE PERIOD TO THE END OF DECEMBER 2011

Report of the Cabinet Member Resources, Leisure and Culture, detailing General Fund Capital Financial Monitoring for the period to the end of December 2011, attached.

ITEMS FOR DECISION BY CABINET MEMBER

11 APPOINTMENT OF LOCAL AUTHORITY GOVERNORS

Report of the Assistant Director of Children's Services and Learning seeking to re-affirm its arrangements for the appointment of Local Authority governors, attached.

12 COLLABORATIVE PROCUREMENT OF INDEPENDENT FOSTERING AGENCY PLACEMENTS

Report of the Executive Director of Children's Services and Learning outlining the approach being taken and recommending a delegation of authorisation to undertake all aspects of commissioning of Independent Fostering Agency Placements, attached.

ITEMS FOR DECISION BY CABINET

13 2012/13 GRANTS TO VOLUNTARY ORGANISATIONS

Report of the Cabinet Member of Housing seeking Cabinet approval for the final allocation of 2012/13 grants to voluntary organisations, attached.

14 OXFORD STREET CONSERVATION AREA APPRAISAL

Report of the Head of Planning and Sustainability seeking approval for the revised Conservation Area Appraisal for the Oxford Street Conservation Area, attached.

15 CONCESSIONARY FARES REIMBURSEMENT RATE FOR 2012 - 2013

Report of the Cabinet Member for Environment and Transport seeking approval to give bus operators 28 days notice of any changes to the reimbursement rate for Concessionary Travel, attached.

16 CITY-WIDE MASTERPLANNING FOR ESTATE REGENERATION

Report by the Cabinet Member for Housing seeking approval for the commencement of a programme of city-wide masterplanning for estate regeneration, attached.

17 HOUSING REVENUE ACCOUNT LAND SALES

Report of the Cabinet Member for Housing seeking a change in Council policy from awarding leases over Housing Revenue Account land to granting sales of Housing Revenue Account land, attached.

18 EXCLUSION OF THE PRESS AND PUBLIC - CONFIDENTIAL PAPERS INCLUDED IN THE FOLLOWING ITEM

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

Confidential Appendix 1 of this report is not for publication by virtue of categories 3 and 4 of paragraph 10.4 of the Council's Access to Information Procedure Rules as contained in the Council's Constitution. It is not considered to be in the public interest to disclose this information because this appendix contains confidential and commercially sensitive information which would, if made public, be in breach of the confidentiality clause in the current contract and may impact on the integrity of any commercial procurement process and the Council's ability to achieve 'best value' in line with its statutory duties.

19 GUILDHALL CONTRACT EXTENSION

Report of the Cabinet Member for Resources, Leisure and Culture seeking approval to extend the Southampton Guildhall Management Contract, attached.

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EXECUTIVE DECISION MAKING

RECORD OF THE DECISION MAKING HELD ON 16 JANUARY 2012

Present:

| | | |
|----------------------|---|---|
| Councillor Smith | - | Leader of the Council |
| Councillor Moulton | - | Cabinet Member for Children's Services and Learning |
| Councillor Baillie | - | Cabinet Member for Housing |
| Councillor Fitzhenry | - | Cabinet Member for Environment and Transport |
| Councillor Hannides | - | Cabinet Member for Resources, Leisure and Culture |
| Councillor White | - | Cabinet Member for Adult Social Care and Health |

67. PROPOSED TRAFFIC REGULATION ORDER - VARIOUS ROADS WAITING RESTRICTIONS (TRO)

DECISION MADE: (Ref: CAB 11/12 7588)

On consideration of the report of the Senior Manager Streetscene and Community Safety concerning objections received during public consultations on proposals for Proposed Traffic Regulation Order - various roads waiting restrictions the decision maker made the following decision:-

- (i) Having considered the objection, Cabinet agreed to approve the introduction of waiting restrictions at the junction of Langley Road and Regents Park Road.

68. RECORD OF THE PREVIOUS DECISION MAKING

The record of the Executive decision making held on 19th December 2011 were received and noted as a correct record.

69. FUTURE OPERATION OF KEY MILLBROOK SITE FACILITIES

DECISION MADE: (Ref: CAB 11/12 7659)

On consideration of the report of the Cabinet Member for Children's Services, Cabinet agreed the following:

- (i) To approve the principle of procuring the management and delivery of community leisure facilities in relation to the former Millbrook School Sports Hall, together with such ancillary sports and recreation services as may be appropriate for the site, subject to compliance with Sport England (and their successors) funding conditions and agreements.

- (ii) To delegate authority to the Executive Director of Children's Services and Learning, following consultation with the Heads of Legal, HR and Democratic Services; Property and Procurement, Finance and the Cabinet Member for Children's Services and Learning, to do anything necessary to procure the services set out above, in accordance with UK procurement rules and the Council's Contract Procedure Rules, including but not limited to, determining the method of procurement, selection of a preferred bidder, award of contract and contract completion.
- (iii) To delegate authority to the Executive Director of Children's Services and Learning, following consultation with the Heads of Legal, HR and Democratic Services; Property and Procurement, Finance and the Cabinet Member for Children's Services and Learning, to approve the details and completion of the letting of the Down to Earth Farm and Motor Vehicle Workshop to Oasis Community Learning at the appropriate time, following the vacation of the former Millbrook Community School site by Oasis Community Learning

70. SOLENT SKY MUSEUM - VARIATION TO PROPOSED LEASE TERMS

DECISION MADE: (Ref: CAB 11/12 7622)

On consideration of the report of the Cabinet Member for Resources, Leisure and Culture, Cabinet agreed the following:

- (i) To approve an extension of the term of the lease of the Solent Sky Museum to 125 years from 2012.
- (ii) To approve the removal of the condition for the Trustees to pay a profit rent.
- (iii) To approve a variation to the current agreed terms to enable future redevelopment of the Museum either on the existing site or to enable the Trustees to sell their interest in the site for an alternative use to finance the re-location of the Museum to an alternative site in the City.

71. AGREEMENT TO EXTEND LEASE ARRANGEMENTS MAYFIELD NURSERY

DECISION MADE: (Ref: CAB (CAB 11/12 7693)

On consideration of the report of the Cabinet Member for Resources, Leisure and Culture, Cabinet agreed the following:

- (i) In principle, to agree to the disposal of Mayfield Nursery by a lease to Solent Mind for a period of 10 years upon such terms as the Head of Legal, HR and Democratic Services considers reasonable.
- (ii) To authorise the Head of Legal, HR and Democratic Services to advertise the proposed disposal in accordance with Section 123 Local Government Act 1972.
- (iii) Should any objections be received, to refer these objections to Cabinet for determination. If no objections are received, to authorise granting a lease of Mayfield Nursery on the terms set out in this report without further referral to Cabinet.

Agenda Item 8

| | |
|-------------------------------------|--|
| DECISION-MAKER: | CABINET |
| SUBJECT: | THIRD QUARTER PERFORMANCE MONITORING FOR 2011/12 |
| DATE OF DECISION: | 13 FEBRUARY 2012 |
| REPORT OF: | THE LEADER OF THE COUNCIL |
| STATEMENT OF CONFIDENTIALITY | |
| NONE | |

BRIEF SUMMARY

This report outlines the progress made at the end of December 2011 against the targets and service improvement actions (commitments) contained within the 2011/12 Council Plan. The analysis contained in this report has been compiled on an exceptions basis. It only highlights variances for the targets and service improvement actions set out in the Council Plan.

RECOMMENDATIONS:

- (i) To note that 71% of Council's Key Critical Performance Indicators and 85% of the Service Improvement Actions and Projects set out in the 2011/12 Council Plan are reported to be on target.

REASONS FOR REPORT RECOMMENDATIONS

1. To provide an opportunity for Cabinet to collectively review the third quarter performance results against the targets and commitments contained within the 2011/12 Council Plan.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

2. To not submit this report. This option was rejected, as it is inconsistent with good management practice.

DETAIL (Including consultation carried out)

3. The Full Council meeting on 13th July 2011 approved the Council Plan which is a cross cutting document covering all areas of the Council's activities. The Plan 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.
4. The Council Plan identifies a short list of top priorities for improvement that the Council as a whole will focus on and progress. It has been agreed that progress against these priorities for improvement will be reported to Cabinet regularly. In addition, each directorate will also focus on a maximum of 12 priorities for improvement with the aim of narrowing our focus on the essential performance indicators within each directorate. The same approach will be taken at a service level, with the aim of focusing on the most important areas for improving performance.
5. This quarterly report outlines the progress made against the targets and service improvement actions set out in the 2011/12 Council Plan, on an exceptions basis. Any variations which are of concern will be escalated to the relevant Cabinet Member by Directors so that agreed appropriate action can be taken.

6. The 2011/12 Council Plan contains the agreed targets for 14 Council Critical Key Performance Indicators (CKPIs) and 71 Service Improvement Actions and projects with milestones for 2011/12. A top-level summary of the CKPIs at the end of December 2011 indicates that **71%** are on target, this is an improvement on the 57% reported to be on target at the end of September 2011. The approach this year has been to identify in the Council Plan only those performance indicators which are considered top priority for the council as a whole to focus on. Therefore, comparison with performance in previous years is difficult as the monitoring information until 2011/12 included all Performance Indicators. However, it is important to note that the performance in previous years was 62% at the end of March 2011 and 66% in the 3rd quarter of 2010/11.
7. The summary also indicates that **85%** of service improvement actions were also reported to be on target, compared to 89% at the end of September 2011, and 86% at the end of the 3rd quarter of 2010/11.
8. It should be noted that to ensure a consistent means of determining good and poor performance, the same assessment criteria have been applied as in previous monitoring reports. An indicator is therefore deemed to be:
 - On Target (Green) if performance is within 5% of the agreed target
 - Have a slight variance (Amber) if the variance is between 5% and 15%
 - Have a significant variance (Red) if the reported variance is more than 15% from the agreed target
 - Data Unavailable (Grey)
9. At the end of the 3rd quarter of 2011/12 the following three measures have been highlighted as having either significant or slight variances, explanations for these can be found in Appendix 1:
 - Percentage of household waste arising which have been sent by the authority for reuse, recycling, composting or anaerobic digestion (Former NI192) (Significant Variance)
 - Number of affordable homes delivered (gross)(Former NI155) (Significant Variance)
 - Increase the timeliness of Initial Child Protection work for vulnerable children (Slight Variance)
10. At the time of writing this report, data was unavailable for one measure:
 - Number of collections missed per 100,000 collections of household waste per quarter

11. The overview of the 14 CKPIs for the Council is as follows:

| Portfolio | Total | Monitored 3rd Qtr | Progress at the end of quarter two | | | |
|---|-----------|----------------------|------------------------------------|-----------|------------|-----------|
| | | | Green | Amber | Red | Grey |
| Adult Social Care & Health | 1 | 1 | 1 | 0 | 0 | 0 |
| Children's Services & Learning | 7 | 7 | 6 | 1 | 0 | 0 |
| Environment & Transport | 4 | 4 | 2 | 0 | 1 | 1 |
| Housing | 1 | 1 | 0 | 0 | 1 | 0 |
| Resources, Leisure and Culture | 1 | 1 | 1 | 0 | 0 | 0 |
| 3rd Qtr Total 2011/12 | 14 | 14 | 10 | 1 | 2 | 1 |
| % | | 100% | 71% | 7% | 14% | 7% |
| 2nd Qtr Total 2011/12 | 14 | 14 | 8 | 3 | 2 | 1 |
| % | | 100% | 57% | 21% | 14% | 7% |
| 1 st Qtr Total 2011/12 | 14 | 13 | 10 | 2 | 0 | 1 |
| % | | 100% | 77% | 15% | 0% | 8% |
| 3 rd Qtr Total 2010/11 | 52 | 47 | 31 | 8 | 8 | 0 |
| % | | 100 | 66% | 17% | 17% | 0% |
| 3 rd Qtr Total 2009/10 | 298 | 249 | 192 | 31 | 26 | 0 |
| % | | 100 | 77% | 13% | 10% | 0% |

Service Improvement Actions (Commitments)

12. There are 71 service improvement actions contained within the Council Plan designed to improve the quality, performance and reach of council services by the end of the financial year 2011/12. Progress reported against these items at the end of the 3rd quarter indicates that **85%** of these improvement actions are on track for completion by the end of March 2012.
13. At the end of the 3rd quarter of 2011/12, there is one Service Improvement Action that has significantly slipped, explanations for all variances can be found in Appendix 2:
- More interventions to improve children's dental health/more children with healthy teeth.
14. At the end of the 3rd quarter of 2011/12, there were also 9 Service Improvement Actions that have slightly slipped:
- Ensure caseloads are low enough to keep vulnerable children safe
 - Ensured that all children and young people in the local authority's care, live in the right placement, attend school regularly, make good progress at school, and leave care equipped to do well in adult life
 - Increased the percentage of children assessed whose needs for support are assessed in a timely way
 - Started the development of Watermark WestQuay
 - Demonstrated that customer views and needs are central to the planning and delivery of services and drive the Council's business planning
 - Empowered staff to have more time with customers and involve them in service design - encourage them to take personal responsibility and take the initiative to make improvements in their services

- Demonstrate effective business-friendly regulation across all our enforcement activities
- More people supported to move from Job Seekers Allowance into work
- Helped the participation of locally skilled workforce fully in the Government's Green Deal.

15. The commitment regarding completion of the agreed number of reviews and deliver £12m as part of our efficiency programme has not been reported and is being reviewed in light of the Change Programme.

Service Improvement Actions

| Portfolio | Total | Progress at the end of quarter three | | |
|---|------------|--------------------------------------|------------|-----------|
| | | Green | Amber | Red |
| Adult Social Care & Health | 10 | 10 | 0 | 0 |
| Children's Services & Learning | 22 | 18 | 3 | 1 |
| Environment & Transport | 5 | 5 | 0 | 0 |
| Housing | 8 | 8 | 0 | 0 |
| Leaders | 20 | 13 | 6 | 0 |
| Resources, Leisure and Culture | 6 | 6 | 0 | 0 |
| 3rd Qtr Total 2011/12 | 70 | 60 | 9 | 1 |
| % | 99% | 85% | 13% | 1% |
| 2nd Qtr Total 2011/12 | 71 | 63 | 7 | 1 |
| % | 100% | 89% | 10% | 1% |
| 1 st Qtr Total 2011/12 | 71 | 63 | 7 | 1 |
| % | 100% | 89% | 10% | 1% |
| 3 rd Qtr Total 2010/11 | 97 | 90 | 7 | 0 |
| % | 100% | 93% | 7% | 0% |
| 3 rd Qtr Total 2009/10 | 185 | 159 | 22 | 4 |
| % | 100% | 86% | 12% | 2% |

RESOURCE IMPLICATIONS

Capital/Revenue

17. None

Property/Other

18. None

LEGAL IMPLICATIONS

Statutory power to undertake proposals in the report:

19. Monitoring of the Council's performance against statutory and local performance indicators is in line with the Council's statutory duties under the Local Government Acts 1999, 2000 & 2003.

Other Legal Implications:

20. None

POLICY FRAMEWORK IMPLICATIONS

21. The Council Plan forms part of the Council's approved Policy Framework.

| | | | | |
|----------------|---------|--------------------------------|------|---------------|
| AUTHOR: | Name: | Mark Pirnie | Tel: | 023 8083 3886 |
| | E-mail: | Mark.Pirnie@southampton.gov.uk | | |

KEY DECISION? No

| | |
|------------------------------------|------|
| WARDS/COMMUNITIES AFFECTED: | None |
|------------------------------------|------|

SUPPORTING DOCUMENTATION

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

Appendices

| | |
|----|---|
| 1. | Council Plan Indicators: variances |
| 2. | Council Plan Service Improvement Actions and Projects (Commitments): Slippage |

Documents In Members' Rooms

| | |
|--|------|
| | None |
|--|------|

Integrated Impact Assessment

| | |
|--|----|
| Do the implications/subject of the report require an Integrated Impact Assessment (IIA) to be carried out. | No |
|--|----|

Other Background Documents

Integrated Impact Assessment and Other Background documents available for inspection at:

Title of Background Paper(s)

Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)

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Agenda Item 9

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|-------------------------------------|---|
| DECISION-MAKER: | CABINET |
| SUBJECT: | CORPORATE REVENUE FINANCIAL MONITORING FOR THE PERIOD TO THE END OF DECEMBER 2011 |
| DATE OF DECISION: | 13 FEBRUARY 2012 |
| REPORT OF: | CABINET MEMBER RESOURCES, LEISURE AND CULTURE |
| STATEMENT OF CONFIDENTIALITY | |
| N/A | |

BRIEF SUMMARY

This report summarises the General Fund and Housing Revenue Account (HRA) revenue financial position for the Authority for the nine months to the end of December 2011, and highlights any key issues by portfolio which need to be brought to the attention of Cabinet.

RECOMMENDATIONS:

General Fund

It is recommended that Cabinet:

- (i) Note the current General Fund revenue position for 2011/12 as at Month 9 (December), which is a forecast under spend at year end of **£141,000** against the budget approved by Council on 16 February 2011, as outlined in paragraph 4. This can be compared against the reported under spend at Month 6 of £20,000; an improvement of £121,000.
- (ii) Note that the baseline forecast over spend for portfolios is £2.1M.
- (iii) Note that portfolios plan to take remedial action to manage a number of the corporate and key issues highlighted in this report and that the financial impact is reflected in the forecast position.
- (iv) Note that the Risk Fund includes £1.9M to cover service related risks, and that the estimated draw at Month 9 is £0.8M to cover expenditure which is included within the baseline forecast portfolio over spend of £2.1M. The Risk Fund has been reviewed and it has been assumed that £204,200 of the Fund will not be required in 2011/12.
- (v) Note that the Revenue Development Fund totals £1.2M. The Revenue Development Fund has been reviewed and it has been assumed that £100,000 of the Fund will not be required in 2011/12.
- (vi) Note that contingency of £250,000 which was originally built into the 2011/12 budget has been fully utilised.
- (vii) Note the revised minimum balance of £5.0M, subject to approval by Council on 15 February 2012, as recommended by the Chief Financial Officer in line with good practice guidance.

- (viii) Note the forecast level of balances which will not fall below the revised minimum level of £5.0M in the medium term based on the current forecast.
- (ix) Note the use of £563,000 of in year under spend to increase the Interest Equalisation Reserve in 2011/12 to ensure that adequate provision is made for the future increase in interest costs associated with the ongoing utilisation of variable interest rates.
- (x) Note the performance to date with regard to the delivery of the agreed savings proposals approved for 2011/12 as detailed in Appendix 9.
- (xi) Note the performance against the financial health indicators detailed in Appendix 10.
- (xii) Note the performance outlined in the Quarterly Treasury Management Report attached as Appendix 11.

Housing Revenue Account

It is recommended that Cabinet:

- (xiii) Note the current HRA budget monitoring position for 2011/12 as at Month 9 (December), which is a forecast under spend at year end of **£4,400** against the revised budget which will be presented to Council for approval on 15 February 2012 and as outlined in paragraph 37.

REASONS FOR REPORT RECOMMENDATIONS

1. To ensure that Cabinet fulfils its responsibilities for the overall financial management of the Council's resources.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

2. Not applicable

DETAIL (Including consultation carried out)

3. Heads of Service, Budget Holders and Executive Directors have been consulted in preparing the reasons for variations contained in the appendices.

Financial Summary

4. Appendix 1 sets out a high level financial summary for the General Fund, and shows that the overall forecast outturn position for the Council is an under spend of **£141,000**, as shown below:

| | Forecast Outturn Variance £000's | Forecast Outturn Variance % |
|---|---|--|
| Baseline Portfolio Total | 2,086.3 A | 1.0 |
| Draw From Risk Fund | 780.0 F | |
| Portfolio Total | 1,306.3 A | 0.6 |
| Levies & Contributions | 60.7 A | |
| Capital Asset Management | 1,561.0 F | |
| Contribution to Interest Equalisation Reserve | 563.0 A | |
| Other Expenditure & Income | 205.8 F | |
| Risk Fund | 204.2 F | |
| Revenue Development Fund | 100.0 F | |
| Net Total General Fund | 141.0 F | 0.1 |

The above forecast takes account of the implications of the Capital Programme Update including additions to the Programme and slippage to future years for which Council approval will be sought in February 2012.

5. As shown in the above table, the forecast portfolio revenue outturn on net controllable spend for the end of the year compared to the working budget is an over spend of £1.3M and this is analysed below:

| Portfolio | Baseline Forecast Outturn Variance £000's | Risk Fund Items £000's | Forecast Outturn Variance | | See Appendix |
|--------------------------------|--|---------------------------------------|--|------------|-------------------------|
| | | | £000's | % | |
| Adult Social Care & Health | 1,035.2 A | 780.0 F | 255.2 A | 0.4 | 2 |
| Children's Services & Learning | 890.5 A | 0.0 | 890.5 A | 2.3 | 3 |
| Environment & Transport | 212.7 A | 0.0 | 212.7 A | 0.9 | 4 |
| Housing | 162.7 F | 0.0 | 162.7 F | 1.7 | 5 |
| Leader's | 127.7 F | 0.0 | 127.7 F | 1.7 | 6 |
| Leisure & Culture | 368.3 A | 0.0 | 368.3 A | 5.2 | 7 |
| Resources | 130.0 F | 0.0 | 130.0 F | 0.3 | 8 |
| Portfolio Total | 2,086.3 A | 780.0 F | 1,306.3 A | 0.6 | |

6. The corporate and key issues affecting each portfolio are set out in Appendices 2 to 8, as per the previous table.

Remedial Action

7. Portfolios plan to take remedial action to manage a number of the corporate and key issues highlighted in this report. Specific actions are included within Appendices 2 to 8 where applicable and the financial impact is reflected in the forecast position.
8. In addition, it was agreed by Cabinet on 24 October 2011, as part of the approval of the draft budget position, to put in place a spend moratorium on non essential expenditure for the remainder of 2011/12. This was agreed in order to ensure that the support which can be given to the challenging financial position the Council faces in both 2011/12 and 2012/13 can be maximised.

Levies and Contributions

9. Additional charges have been incurred from Hampshire County Council for the provision of the Coroner's Service and it is estimated that the full year impact of this will result in an over spend of £65,000, although this will be partially offset by small under spends on other levies and contributions. The Council bears a proportion of the cost of this service based on caseload statistics and this has increased above the estimated levels for 2011/12.

Capital Asset Management

10. Net interest payable is forecast to be below that originally estimated by £1.6M as a result of lower than anticipated borrowing costs. This has been as a consequence of lower borrowing levels due to slippage in the Capital Programme and also the fact that we have borrowed at lower rates than originally estimated. Lower rates have been achieved through a conscious decision to continue to utilise short term variable rate debt which remains available at lower rates than long term fixed rate debt due to the depressed market. The prediction based on all of the economic data available is that interest rates will remain lower for a sustained period of time and that this situation will therefore continue into 2012/13 and beyond.
11. In achieving interest rate savings, the Council has exposed itself to short term variable interest rate risk and whilst in the current climate of low interest rates this is obviously a sound strategy, 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 it has restructured. Furthermore, the volatility in the financial markets means that interest costs and investment income will continue to fluctuate for some time.
12. It was therefore recommended in the February 2009 Treasury Management Strategy report to Full Council that an Interest Equalisation Reserve be created from the savings arising from the switch to lower rate variable interest rate debt and maintained at a prudent level to help to manage volatility in the future and ensure that there is minimal impact on annual budget decisions. It has been recommended that an additional £563,000 is added to the Interest Equalisation Reserve in 2011/12 to ensure that adequate provision is made for the future increase in interest costs associated with the ongoing utilisation of variable

interest rates.

Other Expenditure & Income

13. The favourable variance of £205,800 relates to a number of off-setting factors the most material of which are set out below:

- **Corporate Savings (£1.8M A)**
 - **Delayed implementation of the changes to Terms & Conditions (£1,316,000 A)** – When the budget was set in February an implementation date of 1 April was assumed on the basis that a collective agreement was still possible. The implementation date achieved was delayed as no collective agreement was reached with the Trade Unions, meaning that a notice period of three months was required. As a consequence, the changes were not implemented until 11 July resulting in a reduction in the saving to be achieved in 2011/12.
 - **HMRC Mileage Rate (£27,000 A)** – The changes to Terms & Conditions included a reduction in mileage rates to match the HMRC rate. This rate was 40p but shortly after the budget decision HMRC increased it to 45p which reduced the saving to be achieved in 2011/12. The full year impact of this is £107,800 and this is reflected in the revised budget forecast position for future years.
 - **Management Restructure (£443,000 A)** – As part of a range of measures designed to address the severe financial position facing Southampton City Council and reflect the wider significant changes to the public sector, the Chief Executive announced plans to implement a new organisation of Council services early in 2011/12. The plans are well underway and will deliver proposed savings in 2012/13 of approaching £1.0M. However, in 2011/12 the originally estimated implementation timescale has been revised resulting in an in year adverse variance. Savings that accrue within 2011/12 will be included within portfolio forecasts due to the fact that the changes are being managed locally taking into account service needs.
- **Exceptional Items (£2.8M F)** – As a result of two separate issues a favourable variance has arisen. The items are:
 - **Supporting People (£1,340,000 F)** – In previous years this ring-fenced grant was not fully spent despite service plans being fully delivered and the balance was held separately for use in future years. This grant is no longer ring fenced and as such is available to use within the General Fund.
 - **Reduced Street Lighting PFI Payments (£1,462,000 F)** – During the early stages of the PFI contract the Council is to receive ‘service deductions’ in view of the fact that the contractor will need time to undertake work to install new columns. These deductions are currently estimated to be £1.46M in 2011/12.
- **Contribution to Direct Revenue Financing of Capital (DRF) (£1.0M A)** – Additions to the Capital Programme were included in the Capital Programme Update report which was approved by Council on 14

September 2011 which require funding of £1,045,000 from DRF.

- Surplus on Trading Areas (£116,700 F) – Fleet leasing costs have been lower than estimated due to a number of factors, most notably a number of vehicle lease extensions (which are less expensive than new leases) and the purchase of a number of vehicles in preference to leasing where this is currently more economic. During the period of the lease, charges to users are not currently reviewed and reduced.

At present, the full financial implications are under investigation and may, if appropriate justify an element of rebate to the main fleet users.

- Net Housing Benefit Payment (£118,100 F) – This is due to the increased income achieved from the improved recovery rate on overpayments.

14. These items are all one off in nature. However, when the budget was set in February it was planned to utilise the funding released from Supporting People to support the budget position in 2012/13 and this will no longer be possible. This change has been reflected in the revised budget forecast position for future years and has been addressed as part of the development of the budget for 2012/13.

Risk Fund

15. Potential pressures that may arise during 2011/12 relating to volatile areas of both expenditure and income are being managed through the Risk Fund. A sum of £1.9M is included in the budget to cover these pressures and is taken into account during the year as evidence is provided to substantiate the additional expenditure against the specific items identified.
16. The Risk Fund, which previously stood at £1.95M now totals £1.92M following the allocation of £36,500. The funding allocated is shown below:

| Portfolio | Service Activity | £000's |
|---|------------------------------|---------------|
| Environment & Transport | Street Lighting Energy Costs | 36.5 |
| Funding Allocated From the Risk Fund | | 36.5 |

- 17.. At Month 9, it is estimated that pressures within portfolios will require the allocation of £780,000 from the Risk Fund, as shown in the table below, leaving a balance of £1.1M:

| Portfolio | Service Activity | £000's |
|--------------------------------------|--|---------------|
| Adult Social Care & Health | Adult Disability Care – Dementia | 320.0 |
| Adult Social Care & Health | Adult Disability Care – Increase in Elderly population | 400.0 |
| Adult Social Care & Health | Learning Disability – Transition/ILF | 60.0 |
| Portfolio Draw From Risk Fund | | 780.0 |

18. At this stage of the year, it has been assumed that a further draw of £0.9M may be required in 2011/12 which will result in an overall forecast favourable variance on the Risk Fund of £204,200. The provision made within the Risk Fund has been reviewed as part of the development of the budget for 2012/13 to ensure that a sufficient allocation is included for such pressures in the future.

Revenue Development Fund

19. The majority of the revenue developments are complex strategic projects around which there are uncertainties in relation to timing and speed of progress. Consequently, it was agreed that funding for these projects be placed into a Revenue Development Fund to enable the Council to retain flexibility in funding. The Revenue Development Fund totals £1.2M. At this stage of the year it has been assumed that the remainder of the Fund will be fully utilised in 2011/12, with the exception of £100,000. This funding was brought forward from 2010/11 to cover any residual costs relating to completed projects and has not been required.

Contingency

20. The contingency was originally set at £250,000 and this was fully allocated by Month 6 (September), as reported to Cabinet in the Quarter 2 monitoring report approved on 21 November 2011.

Approved Carry Forward Requests & Potential Carry Forward Requests

21. Full Council has agreed to automatically carry forward any surplus/deficit on Central Repairs and Maintenance at year-end subject to the overall financial position of the Authority. Furthermore, Cabinet has approved the delegation of authority to the Chief Financial Officer (CFO), following consultation with the Cabinet Member for Resources, Leisure & Culture, to allocate premises related resources (revenue and capital) in order to maximise the efficient use of resources in respect of general repairs and maintenance, major works to civic buildings and the implementation of the accommodation strategy. At this stage of the year no variance to planned spend is anticipated and this will continue to be actively monitored for the remainder of the year.
22. Portfolios have not highlighted any potential carry forwards for submission.

Key Portfolio Issues

23. The corporate and other key issues for each portfolio are detailed in Appendices 2 to 8.
24. It is good practice to recognise that any forecast is based on assumptions about key variables and to undertake an assessment of the risk surrounding these assumptions. Having done this a forecast range has been produced for each corporate and key issue, where applicable, which represents the pessimistic and optimistic forecast outturn position. This range is included within the detail contained in Appendices 2 to 8.

25. There are, however, certain corporate issues which are highlighted in the tables below as being the most significant for Cabinet to note. The adverse variances are noted in the first table, with any significant favourable variances detailed in the second table:

Corporate Adverse Variances

| Portfolio | Corporate Issue | Adverse Forecast £000's | See Appendix & Reference |
|--------------------------------|---|------------------------------------|---|
| Adult Social Care & Health | Adult Disability Care Services | 600.7 | 2 – ASCH 1 |
| Adult Social Care & Health | Learning Disability | 994.7 | 2 – ASCH 2 |
| Children's Services & Learning | Tier 4 Safeguarding Specialist Services | 1,312.3 | 3 – CSL 3 |
| Children's Services & Learning | Safeguarding Mgt & Legal Services | 592.4 | 3 – CSL 4 |
| Children's Services & Learning | Tier 3 Social Work Teams | 685.1 | 3 – CSL 5 |
| Environment & Transport | Off-Street Car Parking | 220.9 | 4 – E&T 1 |
| Environment & Transport | Itchen Bridge | 252.8 | 4 – E&T 2 |

Corporate Favourable Variances

| Portfolio | Corporate Issue | Favourable Forecast £000's | See Appendix & Reference |
|--------------------------------|---------------------------------------|---------------------------------------|---|
| Children's Services & Learning | Commissioning & Workforce Development | 1,011.0 | 3 – CSL 1 |
| Children's Services & Learning | Prevention & Inclusion Teams | 417.0 | 3 – CSL 2 |
| Environment & Transport | Waste Disposal | 455.4 | 4 – E&T 3 |
| Resources | Corporate Management | 250.0 | 8 – RES 1 |

Impact of the Strike Action

26. The financial impact of the strike on General Fund services is reflected in the forecast position and details relating to each portfolio are included in Appendices 2 to 8. The corporate position as at Month 9 (December) is summarised below but it should be noted that this does not reflect fully the strike deductions to be made from pay as a result of the action taken on 30 November, due to the timing of the payroll:

| | £000's |
|-----------------------------------|---------------|
| Additional Costs / Loss of Income | 1,106 |
| Strike Deductions from Pay | (586) |
| Other Savings | (245) |
| Net Impact | 275 |

There will be an ongoing financial impact until the dispute is resolved and this position will be monitored closely.

27. The position in relation to the dispute has moved on following the rejection of the improved offer put to trade union members at the end of 2011. On the basis that this was the best offer that could be achieved through negotiation the offer has been withdrawn. If the offer had been accepted then the additional cost to the council in 2011/12 would have been in the region of £475,000, with £300,000 being the cost of backdating the changes. This was not factored into the forecast position for Quarter 2, presented in November to Cabinet, and so withdrawal of the offer does not have an impact on the reported financial position in 2011/12.
28. As a negotiated settlement has not been reached, as part of the development of the budget for 2012/13, provision will be made to fund any costs, (including legal costs), arising from defending the Council's position at the employment tribunal.

General Fund Balances

29. It is important for Cabinet to consider the position on balances. The table below shows the latest predicted position after taking into account the outturn for 2010/11, the update of the capital programme and the published budget proposals to be approved by Council on 15 February, and the forecast position for 2011/12 as outlined in this monitoring report:

| | 2010/11 | 2011/12 | 2012/13 | 2013/14 | 2014/15 & 2015/16 £000's |
|----------------------------------|-----------------|-----------------|-----------------|----------------|-----------------------------------|
| | £000's | £000's | £000's | £000's | £000's |
| Opening Balance | 19,849.5 | 17,393.9 | 14,249.7 | 5,696.6 | 5,294.7 |
| Draw from / (to Support) Revenue | 2,369.2 | 3,145.0 | (136.0) | 4,000.0 | 8,000.0 |
| Draw to Support Capital | (499.6) | (203.0) | (492.0) | (250.0) | |
| Draw for Strategic Schemes | (4,325.2) | (6,086.2) | (7,925.1) | (4,151.9) | (8,164.7) |
| Closing Balance | 17,393.9 | 14,249.7 | 5,696.6 | 5,294.7 | 5,130.0 |

30. The minimum level of balances is currently set at £4.5M but this is reviewed annually and in recognition of the risks facing the Council it has been recommended that the minimum level of balances is increased from £4.5M to £5.0M in line with good practice guidance. Subject to approval of this increase, by Council on 15 February, the above prediction indicates that the new level of minimum balances will be maintained in the medium term. As a consequence £130,000 is available within balances and this can be used to fund future initiatives or contribute to the revenue budget in future years..

Implementation of Savings Proposals

31. Savings proposals of £11.9M were approved by Council in February 2011 as part of the overall budget package for 2011/12. This was subsequently reduced due to changes made in relation to Meals on Wheels and Grants to Voluntary Organisations, with the reduction met from contingencies. The delivery of the remaining savings, which total £11.8M, is crucial to the financial position of the authority. Below is a summary of the progress as at the end of the third quarter to highlight where there are risks associated with delivery and Appendix 9 contains further details:

| | % |
|---|--------------|
| Implemented and Saving Achieved | 80.1 |
| Not Yet Fully Implemented and Achieved But Broadly on Track | 14.5 |
| Saving Not on Track to be Achieved | 5 |
| | 100.0 |

32. Where savings are not on track to be achieved and a high level of risk is associated with delivery then this is due to non implementation in some cases but also due to the impact of factors such as rising demand for services which have meant that despite being implemented the financial savings have not materialised.

33. The overall financial shortfall in the delivery of the savings proposals is currently forecast as £0.8M or 7% of the total to be delivered. The breakdown of the financial consequences is shown by portfolio in Appendix 9.
34. The financial implications of the delivery of these proposals are reflected in the current forecast position and areas of ongoing concern have been fully reviewed and appropriate action plans put into place. In addition, any implications for the budget for 2012/13 and future years will be addressed as part of the development of the budget.

Financial Health Indicators

35. In order to make an overall assessment of the financial performance of the authority it is necessary to look beyond pure financial monitoring and take account of the progress against defined indicators of financial health. Appendix 10 outlines the performance to date, and in some cases the forecast, against a range of financial indicators which will help to highlight any potential areas of concern where further action may be required.

Quarterly Treasury Management Report

36. The Council approved a number of indicators at its meeting of the 16 February 2011 and Appendix 11 outlines current performance against these indicators in more detail. These indicators will be reviewed and updated as required as part of the Treasury Management Strategy report which is to be approved by Council on 15 February 2012.

Housing Revenue Account

37. The expenditure budget for the HRA was originally set at £63.9M and the income budget at £63.9M, resulting in a net draw from balances of £3,500. Since then a revised budget has been prepared and subject to approval by Council on 15 February the revised net position will be a contribution to balances of £472,700. The overall forecast position for the year end shows a favourable variance of £4,400 compared to this revised budget. There are no corporate variances to report but the detail is set out in Appendix 12.

RESOURCE IMPLICATIONS

Capital

38. None.

Revenue

39. Contained in the report

Property/Other

40. None

LEGAL IMPLICATIONS

Statutory power to undertake proposals in the report:

41. Financial reporting is consistent with the Chief Financial Officer's duty to ensure good financial administration within the Council.

Other Legal Implications:

42. Not applicable.

POLICY FRAMEWORK IMPLICATIONS

43. Not applicable.

| | | | | |
|----------------|---------|---------------------------------|------|---------------|
| AUTHOR: | Name: | Alison Chard | Tel: | 023 8083 4897 |
| | E-mail: | Alison.Chard@southampton.gov.uk | | |

KEY DECISION? Yes/No YES **WARDS/COMMUNITIES AFFECTED:** ALL

SUPPORTING DOCUMENTATION

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

Appendices

| | |
|-----|--|
| 1. | General Fund Summary |
| 2. | Adult Social Care & Health Portfolio |
| 3. | Children's Services & Learning Portfolio |
| 4. | Environment & Transport Portfolio |
| 5. | Housing Portfolio |
| 6. | Leader's Portfolio |
| 7. | Leisure & Culture Portfolio |
| 8. | Resources Portfolio |
| 9. | Implementation of Savings Proposals |
| 10. | Financial Health Indicators |
| 11. | Quarterly Treasury Management Report |
| 12. | Housing Revenue Account |

Documents In Members' Rooms

| | |
|----|------|
| 1. | None |
|----|------|

Integrated Impact Assessment

| | |
|--|--------|
| Do the implications/subject of the report require an Integrated Impact Assessment (IIA) to be carried out. | Yes/No |
|--|--------|

Other Background Documents

Integrated Impact Assessment and Other Background documents available for inspection at:

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

| | | |
|----|---|--|
| 1. | General Fund Revenue Budget Report 2011/12 to 2013/14 (Approved by Council on 16 February 2011) | |
|----|---|--|

| | |
|-------------------------------------|--|
| DECISION-MAKER: | CABINET |
| SUBJECT: | CORPORATE GENERAL FUND CAPITAL FINANCIAL MONITORING FOR THE PERIOD TO THE END OF DECEMBER 2011 |
| DATE OF DECISION: | 13 FEBRUARY 2012 |
| REPORT OF: | CABINET MEMBER FOR RESOURCES, LEISURE AND CULTURE |
| STATEMENT OF CONFIDENTIALITY | |
| N/A | |

BRIEF SUMMARY

This report summarises the General Fund capital financial position for the Authority for the nine months to the end of December 2011, and highlights any key issues by Portfolio which need to be brought to the attention of Cabinet. In addition, it also includes an update of the overall project management status of the schemes within the Capital Programme as highlighted through the Council's project management system (Sharepoint).

RECOMMENDATIONS:

It is recommended that Cabinet:

- (i) Note the current General Fund capital budget monitoring position for 2011/12 as at Month 9 (December), which is an in-year forecast over spend of **£396,000**.
- (ii) Note the current General Fund capital budget monitoring position for the overall programme, which is a forecast over spend for all schemes of **£87,000**.
- (iii) Note that two schemes (0.9%) out of a total of 214 active schemes have an overall Red RAG status. This represents around £6.5M (2.2%) out of a total overall programme budget of £296M.
- (iv) Note the capital funding position which is an overall forecast deficit of £751,000 in the programme as detailed in paragraph 8. This is within the previously approved tolerances and can be compared to the figure reported to Council in September of £8.1M.
- (v) Note that the reduction in the forecast funding deficit is largely down to additional or increased forecast future capital receipts where the timing and exact value is to a degree uncertain
- (vi) Note that the deficit will need to be met from new resources and note that any shortfall in funding at the end of 2011/12 will need to be met through the use of delegated powers to undertake temporary borrowing the revenue implications of which have been reflected in the budget forecast for the General Fund.

- (vii) Note the action plans in place, where applicable, to ensure capital expenditure remains within allocated budgets and that project delivery targets are met.

REASONS FOR REPORT RECOMMENDATIONS

1. To ensure that Cabinet fulfils its responsibilities for the overall financial management of the Council’s resources.

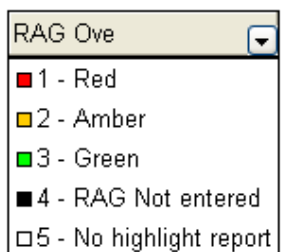
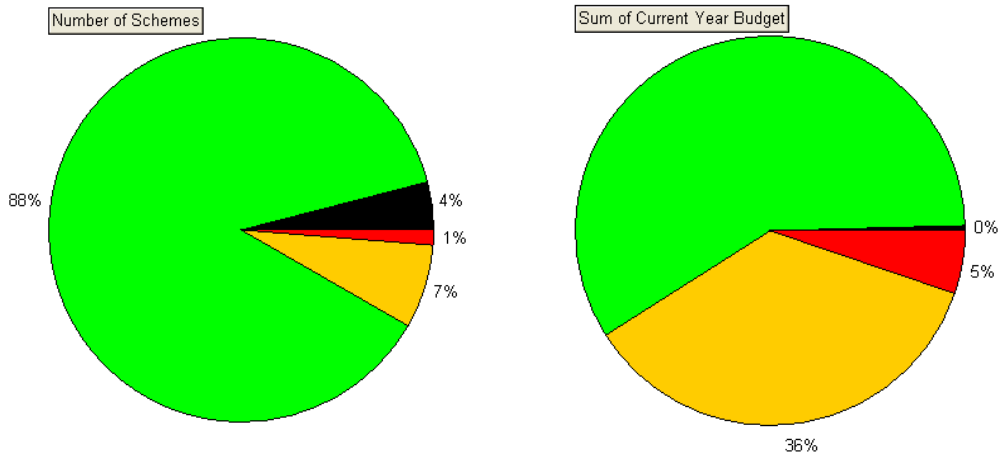
DETAIL (Including consultation carried out)

CONSULTATION

2. Heads of Service, Budget Holders and Executive Director’s have been consulted in preparing the reasons for variations contained in the financial appendices. The detailed financial and project monitoring information has also been reviewed by Capital Boards as part of the current regime. This report will also be made available to all Scrutiny Panels.

Financial Summary

3. The total current year budget represented by active projects in Sharepoint is £87.1M. Of this £4.5M relates to schemes with a budget RAG status of Red, £30.7M relates to schemes with a status of Amber and £50.8M relates to schemes with a status of Green. No RAG status was entered for a number of projects at Month 9. The following charts show the percentage split of the budget RAG status based on the number of schemes and value of schemes:



4. The capital programme is being updated elsewhere on this agenda and this report reflects the proposed new programme. Appendix 1 sets out a high level summary for the General Fund showing the overall forecast outturn position for the Council is an over spend of £396,000 in the current year and an overall forecast programme over spend for all schemes of £87,000. This is summarised below:

| Portfolio | Budget 2011/12 £000's | Forecast Outturn Variance | | Forecast Scheme Variance £000's | See Appendix |
|---|---------------------------------|------------------------------|------------|--|-----------------|
| | | £000's | % | | |
| Adult Social Care & Health | 2,652 | 0 | 0.0 | 0 | 2 |
| Children's Services & Learning | 38,765 | 651 | 1.7 | (13) | 3 |
| Environment & Transport | 20,550 | 30 | 0.1 | 32 | 4 |
| Housing A - Housing General Fund | 2,406 | 0 | 0.0 | 0 | 5 |
| Housing B - Local Services & Community Safety | 1,377 | (80) | (5.8) | (30) | 6 |
| Leader's | 2,356 | (240) | (10.2) | (86) | 7 |
| Leisure & Culture | 14,458 | 35 | 0.2 | 184 | 8 |
| Resources | 11,777 | 0 | 0.0 | 0 | 9 |
| Portfolio Total | 94,341 | 396 | 0.4 | 87 | |

5. The Key issues affecting each portfolio are set out in Appendices 2 to 9, as per the table above.

Corporate Financial Issues

- 6.. There are two schemes where a material variance is being forecast. This is to be expected due to the fact that the budgets have recently been reviewed as part of the update of the Capital Programme which is to approved by Council on 15 February 2012. The variances which are adverse are shown in the table below.

Key Adverse Variances

| Portfolio | Scheme | Adverse Forecast £000's | See Appendix & Reference |
|-------------------------|---------------------------|------------------------------------|---|
| Environment & Transport | Roads St Michael's Street | 108 | 4 – E&T 1 |
| Leisure & Culture | Sea City | 185 | 8 – LC 1 |

Slippage

7. There are no schemes where there is any significant slippage forecast in the year. This again is largely due to the fact that the budgets have recently been reviewed ready to be approved in February 2012 as part of the Capital Programme Update. However historic spend shows that there is consistently slippage from the figures approved in February and therefore it is anticipated that there will in fact be slippage from the forecasts outlined in this report.

Funding the Capital Programme

8. A variety of resources can be utilised to fund the capital programme such as grants from government and other bodies, contributions, capital receipts and unsupported borrowing. In the proposed update of the capital programme elsewhere on this agenda there is forecast deficit of £751,000 which can be compared to the £8.1M deficit reported in September 2011.
9. The largest increase in available resources relates to forecast future capital receipts. The Council has recently reviewed its property portfolio with a view to selling those assets that are surplus to requirements, thus potentially realising a significant level of capital receipts. The increased forecast for future capital receipts and the resulting reduced forecast deficit outlined in this report represents the first step in this process. It should be noted that the exact total and timing of such receipts is still very much unknown and will be subject to change.
10. The forecast of capital receipts includes a risk factor calculated by Valuation Services that reduces some receipt values to take account of the uncertainty inherent in these estimated values. This should mitigate the impact of any individual changes in receipts and also ensure that an appropriately realistic forecast is presented. Capital receipts are actively monitored throughout the year and this will continue.
11. At this stage rather than make any changes to the existing programme, it is recommended that the Council continue to "over-programme" on the basis that in future years the position should improve as evidenced by the large reduction in the forecast deficit since September. The deficit represents 0.4% of the overall capital programme which is well within the limit of 5% set in the Medium Term Financial Strategy and approved on the 13 May 2009.

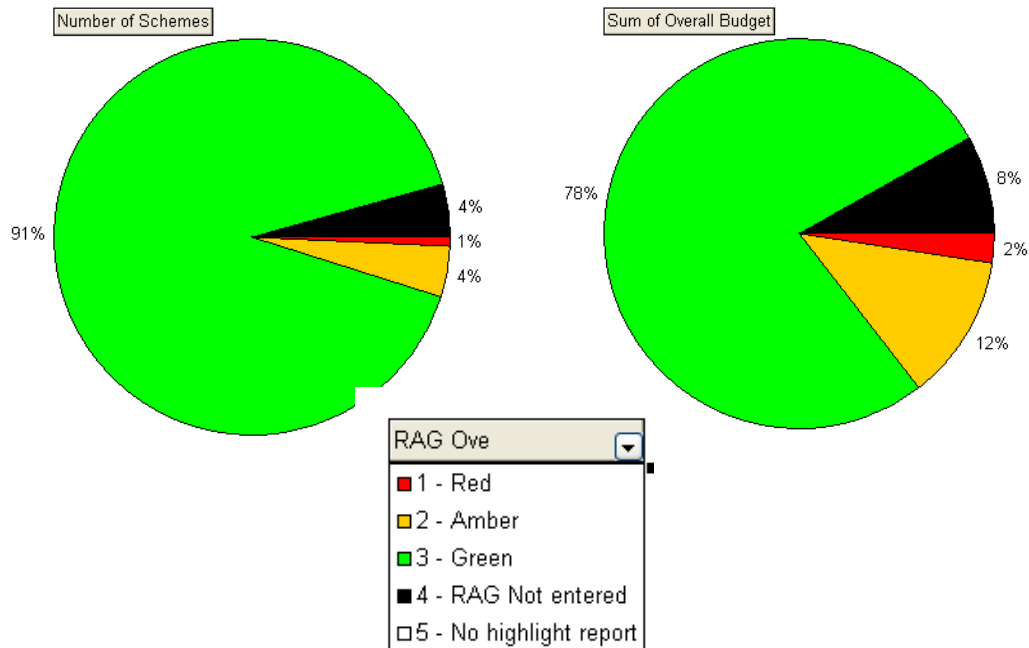
12. The overall deficit of £751,000 in the programme will be met from new resources that will become available in future years or by the use of prudential borrowing, the costs of which will have to be built into future budget forecasts. There is deficit funding in 2011/12 of £12.2M. However, analysis of likely slippage estimates that the size of the cash flow problem should be less than £10.0M. It is proposed at this stage to manage the deficit in 2011/12 by using delegated powers to prudentially borrow until future receipts allow this to be reversed and the revenue implications of this have been considered as part of the budget forecast. There is currently no reserve of receipts to fund expenditure incurred ahead of related receipts being received.

Capital Programme Management

13. Whilst this report focuses on the financial monitoring of the Capital Programme, effective and robust reporting also requires an assessment of the overall effectiveness of the delivery of the programme, for example, with regard to outcomes and timeliness.
14. In the past, there have been issues with regard to delivery of schemes in the light of which a review of project management within the Council was undertaken and a project management system, (Sharepoint), developed and implemented. Following a period to establish the efficient and effective use of Sharepoint across the Council this report includes an assessment of all facets affecting the delivery of the Capital Programme.
15. Within Sharepoint, projects are allocated a RAG status based on the following broad criteria:
- **RED – Significant Concern** - Low level of confidence that the project can be delivered to the originally agreed Time, Cost and / or Quality specified at Gateway 3 (project initiation). Any significant risks or issues should be noted under 'Highlighted Risks and Issues' on the Highlight Report and a Red RAG status selected where the Project Manager believes that the risk and/or issue may lead to significant slippage or impact cost and / or quality.
 - **AMBER – Some Concern** - Medium level of confidence that the project can be delivered to the originally agreed Time, Cost and / or Quality specified at Gateway 3. Any medium risks or issues should be noted under 'Highlighted Risks and Issues' on the Highlight Report and an Amber RAG status selected where the Project Manager believes that the risk and/or issue may lead to some slippage or impact cost and / or quality.
 - **GREEN – On Track** - High level of confidence that the project can be delivered to the originally agreed Time, Cost and / or Quality specified at Gateway 3. Any minor risks or issues can be noted under 'Highlighted Risks and Issues' on the Highlight Report. The RAG status would remain 'Green' unless the risk and/or issue is likely to lead to some or significant slippage or impact cost and / or quality.

Project Management Summary

16. At Month 9, of the 214 active projects currently in Sharepoint, two have an overall RAG status of Red, seven have a status of Amber and 184 have a status of Green (leaving 21 with no recorded RAG status). The following graphs show the percentage split of the overall RAG status based on the number of schemes and the value of schemes:



17. The following table shows a portfolio breakdown of the value pie chart above:

| Portfolio | Red | Amber | Green | RAG Not Entered | No Highlight Report | Total |
|---|-------------|--------------|--------------|-----------------|---------------------|---------------|
| Adult Social Care & Health Capital | 0.0% | 0.0% | 100.0% | 0.0% | 0.0% | 100.0% |
| Children's Services & Learning Capital | 10.9% | 0.9% | 87.7% | 0.5% | 0.0% | 100.0% |
| Environment & Transport Capital | 0.0% | 4.4% | 95.4% | 0.1% | 0.0% | 100.0% |
| Housing General Fund Capital | 0.0% | 0.0% | 100.0% | 0.0% | 0.0% | 100.0% |
| Leader's Portfolio Capital | 0.0% | 0.0% | 100.0% | 0.0% | 0.0% | 100.0% |
| Leisure & Culture Capital | 0.0% | 0.0% | 99.7% | 0.3% | 0.0% | 100.0% |
| Local Services & Community Safety Capital | 0.0% | 1.2% | 97.8% | 1.0% | 0.0% | 100.0% |
| Resources Capital | 0.0% | 90.3% | 9.7% | 0.0% | 0.0% | 100.0% |
| Total | 3.2% | 13.4% | 83.1% | 0.3% | 0.0% | 100.0% |

Corporate Project Management Issues

18. There are a small number of schemes where there are corporate project issues to report this month. These schemes are highlighted in the table below with further explanation provided in Appendices 2 and 9

| Portfolio | Scheme | Project Category | Overall RAG Status | See Appendix & Reference |
|--------------------------------|--|-------------------------|---------------------------|-------------------------------------|
| Children's Services & Learning | Bitterne Park 6 th Form | Gold | Red | 3 – CSL 1 |
| Children's Services & Learning | Increased Places at Freemantle Academy | Silver | Red | 3 – CSL2 |
| Resources | Accommodation Action Strategy Programme (ASAP) | Gold | Amber | 9 – RES 1 |

RESOURCE IMPLICATIONS

Capital/Revenue

19. The capital implications are contained in the report and there are no revenue implications in 2011/12.
20. The revenue implications of any additional temporary borrowing which is needed to finance the capital programme will need to be built into the budget forecast for future years.

Property/Other

21. None.

LEGAL IMPLICATIONS

Statutory Power to undertake the proposals in the report:

22. Financial reporting is consistent with the Chief Financial Officer's duty to ensure good financial administration within the Council.

Other Legal Implications:

23. None.

POLICY FRAMEWORK IMPLICATIONS

24. Not applicable.

| | | | | |
|----------------|---------|---------------------------------|------|---------------|
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SUPPORTING DOCUMENTATION

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

Appendices

| | |
|----|---|
| 1. | General Fund Financial Summary |
| 2. | Adult Social Care & Health Portfolio |
| 3. | Children's Services & Learning Portfolio |
| 4. | Environment & Transport Portfolio |
| 5. | Housing Portfolio A – Housing General Fund |
| 6. | Housing Portfolio B – Local Services & Community Safety |
| 7. | Leader's Portfolio |
| 8. | Leisure & Culture Portfolio |
| 9. | Resources Portfolio |

Documents In Members' Rooms

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| 1. | None |
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Integrated Impact Assessment

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| Do the implications/subject/recommendations in the report require an Integrated Impact Assessment to be carried out. | No |
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Other Background Documents

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| 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. | The General Fund Capital Programme 2011/12 to 2014/15 to be approved by Council on 15 February 2012 | |
|----|---|--|

Integrated Impact Assessment and Other Background documents available for inspection at:

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|------------------------------------|------|
| WARDS/COMMUNITIES AFFECTED: | None |
|------------------------------------|------|

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| DECISION-MAKER: | CABINET MEMBER FOR CHILDREN'S SERVICES AND LEARNING |
| SUBJECT: | APPOINTMENT OF LOCAL AUTHORITY GOVERNORS |
| DATE OF DECISION: | 13 FEBRUARY 2012 |
| REPORT OF: | ASSISTANT DIRECTOR OF CHILDREN'S SERVICES AND LEARNING |
| STATEMENT OF CONFIDENTIALITY | |
| None. | |

BRIEF SUMMARY

To consider the selection and appointment of Local Authority governors across maintained and non maintained schools in Southampton.

RECOMMENDATIONS:

- (i) To support the appointment of Local Authority governors to governing bodies of all schools in Southampton.
- (ii) To agree a code of practice for the appointment of Local Authority governors and to approve a procedure for removal of LA governors as set out in appendix 1 and 2 to the report.

REASONS FOR REPORT RECOMMENDATIONS

1. Current arrangements for the appointment of Local Authority (LA) governors do not take account of the different types of schools now in place, including Foundation and Academy schools.
2. Currently there is no process to follow for the removal of a LA appointed governor.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

3. Not Applicable.

DETAIL (Including consultation carried out)

4. The arrangements for appointing LA governors were last reviewed in 1999 post Local Government Reorganisation (LGR). At that time the constitution for all governing bodies for all categories of schools included an LA governor. (School Standards and Framework Act 1998).
5. Maintained schools (including Foundation Trust and Voluntary schools), consider their Governing Bodies (GB) constitution according to a framework set out in School Governance (Constitution) (England) Regulations 2007 – the "Constitution Regulations" as amended.
6. Under current legislation there is a requirement for the above schools to include an LA governor in GB constitutions. There is no such requirement for Academies although Academy Trust members can choose to include an LA governor in the constitution if they wish to do so.
7. This report seeks to re-affirm the appointment process of LA governors to maintained schools *and* to recommend that the Council asks that all non maintained schools (Academies) consider the inclusion of an LA governor in

GB constitutions / Academy Trust arrangements. The rationale for this is that irrespective of the type of school the city council has a duty to ensure that all children in the city receive a high standard of education and are appropriately safeguarded. All LA governors will be CRB checked. This applies to all schools. In supporting the principle of an LA governor in every school this will provide another vehicle for the Council to engage and communicate with partners across a range of differing organisations.

8. Having a formal process in place to appoint LA Governors will also assist Members in participating in Council decisions without the need to declare pecuniary interests (just personal interests as Council appointees) under current standards and decision making arrangements and will allow them to participate in decision making that they would otherwise be required to take no part in as a result of an unofficial appointment or acting in a private capacity at law.
9. As a result of appointing LA governors to all types of schools in the city it may be appropriate to facilitate meetings if required, for LA governors, to share information and updates between all partners.
10. The report seeks the approval of the code of practice for appointment of LA governors in Southampton, including appointment of LA governors to non maintained schools where requested to do so. See Appendix 1.
11. The report also seeks the support and agreement to a procedure for removal of an LA governor as no such guidance currently exists in Southampton. See Appendix 2.

RESOURCE IMPLICATIONS

Capital/Revenue

12. Not applicable.

Property/Other

13. Not applicable.

LEGAL IMPLICATIONS

Statutory power to undertake proposals in the report:

14. As set out in the body of the report.

Other Legal Implications:

15. In exercising the Council's functions, including the appointment of LA governors and the selection process to be followed for such, the Council must have regard to the provisions of the Equalities Act 2010.

POLICY FRAMEWORK IMPLICATIONS

16. The proposals in this report are consistent with the Council's Policy framework, in particularly the aims and objectives of the Children & Young Peoples Plan and City Strategy.

| | | | | |
|----------------|---------|--|------|---------------|
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KEY DECISION Yes

| | |
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| WARDS/COMMUNITIES AFFECTED: | ALL |
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SUPPORTING DOCUMENTATION

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

Appendices

| | |
|----|---|
| 1. | Code of Practice for Appointment of Authority Governors in Southampton 1A Flowchart for Appointments |
| 2. | Procedures for Removal of Authority Governors |

Documents In Members' Rooms

| | |
|----|------|
| 1. | None |
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Integrated Impact Assessment

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| Do the implications/subject of the report require an Integrated Impact Assessment (IIA) to be carried out. | No |
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Other Background Documents

Integrated Impact Assessment and Other Background documents available for inspection at:

| Title of Background Paper(s) | Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable) |
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| 1. | None | |
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| DECISION-MAKER: | CABINET MEMBER FOR CHILDREN'S SERVICES AND LEARNING |
| SUBJECT: | COLLABORATIVE PROCUREMENT OF INDEPENDENT FOSTERING AGENCY PLACEMENTS |
| DATE OF DECISION: | 13 FEBRUARY 2012 |
| REPORT OF: | ASSISTANT DIRECTOR OF CHILDREN'S SERVICES AND LEARNING |
| STATEMENT OF CONFIDENTIALITY | |
| None. | |

BRIEF SUMMARY

Southampton City Council has led a sub-regional collaboration of 11 Local Authorities in the South East, commissioning Independent Fostering Agency (IFA) placements. The collaboration aims to:

- Improve outcomes for children and young people.
- Increase the availability of diversity in placement choice.
- Increase the number of local placements.
- Reduce placement costs.

The procurement exercise has resulted in a range of providers selected to join one or more of the framework contracts. The new contractual arrangements have improved value for money, and produced an actual financial saving, against current expenditure of 7.4%.

RECOMMENDATIONS:

- (i) To appoint the organisations set out in Appendix 1 to the frameworks and to delegate to the Head of Legal, HR and Democratic Services, following consultation with the Executive Director for Children's Services and Learning and the Head of Finance authority to enter into contractual arrangements with such organisations and to do all such ancillary activities as may be necessary to give effect to the proposals contained in this report.
- (ii) To delegate to the Executive Director for Children's Services and Learning the authority to purchase Independent Fostering Agency placements via those Framework Contracts, where placements are bought at a pre-agreed price on a spot purchase basis as required.

REASONS FOR REPORT RECOMMENDATIONS

1. The decision to go out to tender was based on the need to achieve better outcomes, improve choice and secure value for money in purchasing IFA placements.
2. A sub-regional collaborative approach to commissioning enabled Southampton to take advantage of increased scale, increased market power and transparency, and pooled commissioning capacity and capability.
3. Southampton City Council has a statutory requirement to meet the Sufficiency Duty placed on local authorities under 22 (G) of the Children Act 1989. It was recognised that a competitive tendering process would manage the market and ensure that the local placement needs of our children and young people could be met more effectively.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

4. Option 1 - Do nothing. This option was rejected, as the present arrangements are non-compliant and cannot be proven to obtain value for money.
5. Option 2 – Set up frameworks for Southampton as a stand-alone exercise. This option was rejected, as analysis suggested that greater economies of scale, improved outcomes (e.g.; placement stability) and better value for money could be obtained through a collaborative procurement process with neighbouring authorities.

DETAIL (Including consultation carried out)

6. Southampton is one of 11 authorities in the South East region that have formed a collaboration to pursue a joint commissioning approach to the procurement of IFA placements. The other authorities are: Hampshire, Portsmouth, Surrey, Oxfordshire, and the six authorities that make up Berkshire.
7. Southampton led the project on behalf of the participating authorities. Therefore Southampton will be the lead purchaser. This means Southampton enters into the Framework Contracts on behalf of all the authorities. The contracts indicate an intention to purchase places but not volumes, which will be dependent on the requirements of each authority.
8. Following the procurement process, Providers have been selected to join one or more of three frameworks contracts:
 - Framework 1 General Fostering Placements - 27 providers
 - Framework 2 Parent and Child Placements - 25 providers
 - Framework 3 Disabled Children Placements - 13 providers
9. Individual authorities who are permitted to use the framework will enter into their own call-off agreements for individual frameworks, purchasing placements directly with the providers as and when required. Southampton City Council will not be liable for these.
10. Providers have been contracted for three years initially, with the option to extend for a further two years.
11. The frameworks contracts will ensure that external placements are of a high quality. In order to join the frameworks, providers must have an Ofsted rating of 'Good' or above. Providers on each framework contract are ranked according to cost, and all referrals will go to the top ranked providers first and foremost.
12. The prices under the framework contracts are fixed for the first three years, and there will be no inflationary increase.

RESOURCE IMPLICATIONS

Capital/Revenue

13. The 2010/11 Southampton spend on IFA placements was £2.1m. The anticipated savings in the first year of the contract are 7.4%, representing a saving of approximately £160,000 based on the 51 anticipated placements identified as being required from 1 April 2012. This saving will increase or

reduce in line with any changes in placement numbers from the projected level. Current projections indicate that the numbers of IFA placements should reduce year on year, meaning that the annual cost saving from this exercise should also reduce in years 2 and 3 of the contract.

Property/Other

14. None

LEGAL IMPLICATIONS

Statutory power to undertake proposals in the report:

15. Southampton City Council has a statutory requirement to meet the Sufficiency Duty placed on local authorities under 22 (G) of the Children Act 1989.

Other Legal Implications:

16. The legal powers to pursue the procurement as outlined in this report are contained in the Local Government Acts 1972, 1999 and 2000. The procurement process itself is governed by the EU procurement Rules (as embodied in UK law by the Public Contracts Regulations 2006), albeit the services procured are part B services so the procurement was not subject to the full regime.

POLICY FRAMEWORK IMPLICATIONS

17. The proposals contained in this report are in accordance with the Children and Young People’s Plan.

| | | | | |
|----------------|---------|------------------------------|------|---------------|
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KEY DECISION? Yes

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|------------------------------------|-----------|
| WARDS/COMMUNITIES AFFECTED: | All wards |
|------------------------------------|-----------|

SUPPORTING DOCUMENTATION

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

Appendices

| | |
|----|--|
| 1. | List of organisations to be appointed to the frameworks. |
|----|--|

Documents In Members' Rooms

| | |
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| 1. | None |
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Integrated Impact Assessment

| | |
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| Do the implications/subject of the report require an Integrated Impact Assessment (IIA) to be carried out. | Yes |
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Other Background Documents

Integrated Impact Assessment and Other Background documents available for inspection at: Commissioning Team, Ground Floor, Southbrook Rise, 4-8 Millbrook Road East, Southampton SO15 1YG

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. | Service Specification | N/A |
| 2. | Framework Particulars | N/A |
| 3. | Core Terms | N/A |
| 4. | Monitoring Schedule | N/A |
| 5. | Individual Placement Agreement | N/A |

| | |
|-------------------------------------|---|
| DECISION-MAKER: | CABINET |
| SUBJECT: | 2012/13 GRANTS TO VOLUNTARY ORGANISATIONS |
| DATE OF DECISION: | 13 FEBRUARY 2012 |
| REPORT OF: | CABINET MEMBER FOR HOUSING |
| STATEMENT OF CONFIDENTIALITY | |
| Not applicable. | |

BRIEF SUMMARY

Southampton City Council has a long history of supporting the contribution of the voluntary and community sector in the city with grants, contracts and other help in kind. In order to provide some stability to the voluntary and community sector in Southampton and despite significant financial pressures on the council, in August 2011 Cabinet approved a 2012/13 grants to voluntary organisations budget of £1,907,300, at the same level as 2011/12.

In October 2011 following consultation the Interim Director of Environment approved the proposal to suspend the grants process and renew 2011/12 grants for another year until 31st March 2013, subject to satisfactory monitoring. That monitoring has been completed and this report now seeks approval for the individual grant recommendations for 2012/13.

RECOMMENDATIONS:

Having considered the Southampton City Council Plan 2011-14, particularly where grants are authorised under S.2 of the Local Government Act 2000 in pursuance of the council's priorities, the Cabinet is requested:

- (i) To approve the grant recommendations set out in the attached Appendix 1.
- (ii) To delegate authority to the Manager of the Communities Team following consultation with the Cabinet Member for Housing to allocate Community Chest grants during the year.
- (iii) To delegate authority to the Manager of the Communities Team following consultation with the Cabinet Member for Housing to allocate the unallocated budget of £31,721 during the year as grants to voluntary organisations for crisis funding, exceptional projects or any ad hoc grant applications received during the year that meet the council's funding priorities.
- (iv) To delegate authority to the Director of Economic Development following consultation with the Cabinet Member for Housing to:
 - determine any outstanding applications for grants for 2012/13 and to authorise grants to applicants subject to remaining within approved budgets
 - do anything necessary to give effect to allocation of grants for 2012/13

REASONS FOR REPORT RECOMMENDATIONS

1. Southampton City Council has a long history of supporting the contribution of the voluntary and community sector to the city with grants, contracts and other help in kind.

2. On 27th October 2011 it was agreed under officer delegated authority to suspend the 2012/13 grants process and renew 2011/12 grants for another year until 31st March 2013 and report to Cabinet on the detail of those grants.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

3. The option of continuing the current open, competitive grant application process for awarding grants in 2012/13 was considered and rejected as it perpetuates annual short term decision making when the council needs to be making long term strategic decisions about its grant making process.

DETAIL (Including consultation carried out)

4. On 1st August 2011 Cabinet approved in principle a grants to voluntary organisations budget of £1,907,300 for 2012/13 (the same as in 2011/12) and authorised council staff to undertake stakeholder consultation on:
 - suspending the current grant application process for awarding grants from the corporate grants budget for 2012/13
 - renewing 2011/12 grants at current levels, excluding any paid notice, for a further year until 31st March 2013 subject to satisfactory monitoring
5. Cabinet also delegated authority to the Interim Director of Environment following consultation with the Cabinet Member for Housing to determine whether or not to proceed with these proposals and, within approved budgets, to take any other decisions necessary or expedient to determine the award of all grants for the 2012/13 financial year.
6. Consultation on the 2012/13 grants process was conducted between 11th August and 6th October 2011 and a final report recommending the proposals to suspend the process and renew the 2011/12 grants was submitted to the Interim Director of Environment for decision. On 27th October 2011 the Interim Director of Environment approved the proposals.
7. The 2011/12 grant recipients were then invited to submit a grant renewal application. These applications updated the recipient's targets and financial information for 2012/13 to ensure the work funded is still meeting the council's and city's needs and that the organisation is financially viable. All but one of the organisations listed in Appendix 1 have completed the grant renewal application and provided satisfactory target, financial and monitoring information. The exception is Southampton Action for Access who have chosen not to renew their grant, as detailed in paragraph 8.

Changes from 2011/12

8. There are four exceptions to the straight renewal of 2011/12 grants.

Saints Foundation received £43,466 in 2011/12 on the understanding that it would be the final year of their New Projects Fund grant. Therefore Saints Foundation is not eligible for a renewed grant in 2012/13.

Shopmobility received a grant of £46,000 in 2011/12. However, following extensive consultation and negotiation it was proposed in December 2010 that their grant would be tapered down over three years. Therefore Shopmobility are recommended to receive £35,000 in 2012/13.

Solent Sky received a grant of £24,250 in 2011/12. However, due to a delay in the start of their project they did not spend all of their 2010/11 grant and

carried forward an additional £25,750. Solent Sky's total grant in 2011/12 was therefore £50,000 and they are recommended to receive this amount again in 2012/13.

Southampton Action for Access received a grant of £3,000 in 2011/12. However, they currently have £7,000 in reserve which is enough to fund their running costs of approximately £2,000 per annum for the next 2 or 3 years. In addition, the Equalities Act of 2010 has resulted in fewer requests for access audits which has reduced their running costs. Therefore they have not applied for a renewed grant in 2012/13.

9. The net result of these changes is an unallocated budget of £31,721. Approval is sought for delegated authority to the Manager of the Communities Team following consultation with the Cabinet Member for Housing to allocate this during the year as grants to voluntary organisations for crisis funding, exceptional projects or any ad hoc grant applications received during the year that meet the council's funding priorities.

Community Chest

10. During consultation with voluntary organisations on the process for awarding grants in 2013/14 and beyond queries were raised about the possibility of outsourcing Community Chest to a voluntary organisation. The Communities team is investigating the possibility of outsourcing the grant and will take into consideration the outcome of the consultation which is due in March 2012. In the meantime it is proposed to run Community Chest in the usual way and as in previous years approval is sought for delegated authority to the Manager of the Communities team following consultation with the Cabinet Member for Housing to allocate Community Chest grants during the year. A list of Community Chest grants awarded in 2011/12 is attached at Appendix 3.

2013/14 and beyond

11. On 14th March 2011 Cabinet delegated authority to:
- conduct a review of whether it would be more appropriate to move towards commissioning and purchasing some of the services that are currently grant aided
- It was also noted in the report submitted to Cabinet on 1st August 2011 that in the current stringent national economic circumstances in which all local authorities must make significant financial savings to achieve a balanced budget, it is unlikely that the council will be able to maintain the corporate grants budget at current levels beyond 2012/13 and that subject to consultation and the assessment of impact, consideration will therefore have to be given to reducing some grants over the medium term.
12. Consultation on the process for awarding grants to voluntary organisations in 2013/14 and beyond was undertaken between 8th November 2011 and 3rd February 2012. A report recommending actions following this consultation will be submitted to Cabinet in March 2012.

RESOURCE IMPLICATIONS

Capital/Revenue

13. The 2012/13 grants to voluntary organisations budget, as agreed in principle by Cabinet on 1st August 2011, is made up of the following elements.

| 2012/13 Budget | £ |
|--|------------------|
| Corporate Grants Budget (Housing General Fund) | 1,831,800 |
| Housing Revenue Account (HRA) Budget | 19,600 |
| Dedicated Schools Grant (DSG) Budget | 55,900 |
| Total | 1,907,300 |

14. Changes to four of the grants, as outlined in paragraph 8 above, have resulted in an unallocated budget of £31,721. Approval is being sought for this to be awarded under delegated authority throughout 2012/13 for crisis funding, exceptional projects or any ad hoc grant applications received during the year that meet the council's funding priorities.

Property/Other

15. No immediate property implications are raised by this report. If, through the development of a grant supported initiative, a property issue is generated it will be subject to detailed consultation in the usual way.

LEGAL IMPLICATIONS

Statutory power to undertake proposals in the report:

16. The legal powers under which grants are made are listed in Appendix 2 and shown against the grant recommendations for each organisation in Appendix 1 – Schedule of Recommended Grants for 2012/13.
17. Section 2 of the Local Government Act 2000 (the power of well-being) gives the council a general grant making power. Section 2 states that the council may do anything for the promotion or improvement of the economic, social or environmental well-being of its area. The power explicitly permits the incurring of expenditure and the giving of financial assistance to any person, including the giving of grants and loans. The power of well-being is a power of first resort and may be used even where another power exists to do the same thing. The power of well-being is subject to any express restrictions made in any other legislation and may not be used to circumvent restrictions.

Other Legal Implications:

18. The council is mindful of case law established through the judicial reviews of Haringey Council in 2000, Leicester City Council in 2004, Ealing Borough Council in 2008 and London Councils in February 2011. Accordingly, the council follows four main principles during the annual revenue grants process, namely timely and meaningful consultation with voluntary organisations, with a clear explanation of proposals and an open, transparent, corporate, co-ordinated approach. Decision makers must be satisfied that consultation with affected organisations has been adequately carried out and that where appropriate any notice period given before the implementation of any reduction in grant is adequate and reasonable.

19. The Council recognises its equalities duties and in making its decision will pay due regard to the need to eliminate discrimination and promote equality.
20. Integrated Impact Assessments (IIAs) were conducted on the 2011/12 grant decision. As the 2012/13 grants are a repeat of the 2011/12 grants and no new issues were raised during the consultation on renewing the grants the existing IIAs are still applicable and do not need to be updated at this time.

POLICY FRAMEWORK IMPLICATIONS

21. Grant recommendations relate to the relevant policy framework plans and the services provided by the grant-aided organisations will assist the council in meeting the overall aims of its policy framework including the objectives set out in the Southampton City Council Plan 2011-14.

| | | | | |
|----------------|---------|---|------|----------------------|
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KEY DECISION? Yes

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| WARDS/COMMUNITIES AFFECTED: | All |
|------------------------------------|-----|

SUPPORTING DOCUMENTATION

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

Appendices

| | |
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| 1. | Schedule of Recommended Grants for 2012/13 |
| 2. | Legal Powers under which grants are made |
| 3. | List of Community Chest Grants made in 2011/12 |

Documents In Members' Rooms

| | |
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| 1. | None |
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Integrated Impact Assessment

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| Do the implications/subject of the report require an Integrated Impact Assessment (IIA) to be carried out. | No |
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Other Background Documents

Integrated Impact Assessment and Other Background documents available for inspection at: Communities Team, 3rd Floor, One Guildhall Square

| 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. | 2012/13 Grant Renewal Applications | Paragraphs 1 and 3 (personal information and financial/business information of individuals / business). Contains commercially sensitive information |
| 2. | 2012/13 Grant Renewal Appraisals | Paragraphs 1 and 3 (personal information and financial/business information of individuals / business). Contains commercially sensitive information |

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| DECISION-MAKER: | CABINET |
| SUBJECT: | OXFORD STREET CONSERVATION AREA APPRAISAL |
| DATE OF DECISION: | 13 FEBRUARY 2012 |
| REPORT OF: | CABINET MEMBER FOR ENVIRONMENT AND TRANSPORT |
| STATEMENT OF CONFIDENTIALITY | |
| None. | |

BRIEF SUMMARY

An appraisal was carried out of the Oxford Street Conservation Area during 2010 as part of the continuing appraisal programme. While no boundary changes have been suggested, (page 51 of the Appraisal will be amended to reflect this), the final document recommends a number of management proposals that will help to guide future development in the area over the coming years.

RECOMMENDATIONS:

- (i) To adopt the Conservation Area Appraisal and to agree that the policies contained within the Management Proposals will guide future development proposals in the Conservation Area.

REASONS FOR REPORT RECOMMENDATIONS

1. To enable the Council to manage change inside the Conservation Area within a clear framework.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

2. Not to adopt the Conservation Area Appraisal (CAA). This would result in a significant loss of good will built up with the residents and traders over the last year, and would result in additional strains on resources, as the Council is obliged to review the existing Appraisal in any event.

DETAIL (Including consultation carried out)

3. A Conservation Area (CA) is 'an area of special architectural or historic interest, the character or appearance of which it is desirable to preserve or enhance'. Southampton City Council designated Oxford Street as a CA in 1972 to conserve the special character and appearance of the area. The last appraisal of the area was published in 1982, and is therefore some 30 years old.
4. The Oxford Street Conservation Area is a mix of buildings of different ages, with primarily commercial properties at the east end, and primarily residential; at the west. Many of the properties on Oxford Street itself are listed, dating from the middle of the 19th century. There are some 1960s-1970s blocks, mainly of poor quality, and a substantial amount of more recent residential units which attempt to reference the predominant Georgian style of the area.
5. The Appraisal was carried out over several months by Turley Associates, who were appointed after a process of competitive tender. As well as carrying out an analysis of the area, they arranged for public consultation, including postcard drops and public meetings. It was finalised and approved in November 2011.

6. Since the appraisal was commissioned there have been a number of policy proposals that will or may have an effect on the area. Chief amongst these are the proposals to dual Platform Road, (which forms the southern boundary of the Conservation area), and the partial pedestrianization of the eastern end of Oxford Street. Both of these proposals were discussed at public meetings, and both received broad support for the attendees.
7. The main issue raised by both residents and traders was the volume and speed of traffic in the area, particularly along John Street and around Queens Park. While it is outside the scope of the appraisal to resolve these issues, it is clear that the work currently being undertaken by the Council will go some way to improving the situation.
8. Anti-social behaviour and an increase in begging were seen as another key issue, although there was no general agreement as to the extent and nature of the problem. Many residents felt that instances had increased since the refurbishment of the Salvation Army hostel, but the views among traders were less clear-cut. While it may be possible to influence this issue through measures such as designing new projects to reduce opportunities for anti-social behaviour, much of the solution lies outside the scope of this appraisal.
9. In common with other areas of the city, vacant properties are potentially damaging to the perception and viability of the CA. This is largely the result of the current economic climate and the problem is not unique to Oxford Street. The CAA will help with any eventual recovery by ensuring that the character of the area (which remains vibrant despite the downturn) is protected and enhanced by providing guidance on appropriate design for redevelopment. It should be noted that the appraisal makes it clear that there is no reason why certain sites could not be developed using modern architectural practices. The key to such development lies not in a slavish adherence to neo-Georgian pastiche, but in respecting the character of the area through good design, appropriate materials, and a respect for the scale and massing of existing buildings in the area.
10. The adoption of this appraisal will assist the Local Planning Authority to ensure that proposals for future development both enhance the area and assist with future regeneration.

RESOURCE IMPLICATIONS

Capital/Revenue

11. There are no capital implications arising from this report.
12. The revenue costs of publicity of up to £3,000 arising from this report can be contained within existing approved Environment & Transport revenue estimates.

Property/Other

13. There are no Property implications arising from the recommendations contained within this report.

LEGAL IMPLICATIONS

Statutory power to undertake proposals in the report:

14. The Planning (Listed Buildings and Conservation Areas) Act 1990.

Other Legal Implications:

15 The Council must be satisfied that any conservation area management plan conforms to the requirements of the Human Rights Act 1998, in particular Article 1 of the First Protocol in relation to the Protection of Property. Any interference with property rights (including restricting development opportunities etc) must be necessary and proportionate in order to control the use of property in accordance with the general public interest.

POLICY FRAMEWORK IMPLICATIONS

16 The recommendations set out in the CAA are based on and complement the existing policies set out in the Core Strategy and the saved policies of the City of Southampton Local Plan Review.

| | | | | |
|----------------|---------|--------------------------------|------|---------------|
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KEY DECISION? No

| | |
|------------------------------------|---------|
| WARDS/COMMUNITIES AFFECTED: | Bargate |
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SUPPORTING DOCUMENTATION

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

Appendices

| | |
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| 1. | Oxford Street Conservation Area Appraisal |
|----|---|

Documents In Members' Rooms

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| 1. | N/A |
|----|-----|

Integrated Impact Assessment

| | |
|--|----|
| Do the implications/subject of the report require an Integrated Impact Assessment (IIA) to be carried out. | No |
|--|----|

Other Background Documents

Integrated Impact Assessment and Other Background documents available for inspection at:

| Title of Background Paper(s) | Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable) |
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| 1. | N/A | |
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| DECISION-MAKER: | CABINET MEMBER FOR ENVIRONMENT AND TRANSPORT |
| SUBJECT: | CONCESSIONARY FARES REIMBURSEMENT RATE FOR 2012/13 |
| DATE OF DECISION: | 13 FEBRUARY 2012 |
| REPORT OF: | CABINET MEMBER FOR ENVIRONMENT AND TRANSPORT |
| STATEMENT OF CONFIDENTIALITY | |
| None. | |

BRIEF SUMMARY

This report seeks agreement to the proposed reimbursement rate to be paid to bus operators for revenue forgone as a result of participation in the Council's Concessionary Fares scheme. The report also seeks agreement to publishing the final details of the Concessionary Fares Scheme for 2012/13

RECOMMENDATIONS:

- (i) To reimburse operators at a rate of 48.0p in the £, plus 6.7p per generated journey in accordance with the guidance given by the Department for Transport (DfT);
- (ii) To introduce an administration payment of 0.2p for each journey undertaken on the scheme to cover operator administration costs;
- (iii) To retain the ticket types used in the calculation of the average fare to include day tickets, carnet (multi-trip), single and returns as per the guidance issued by the DfT;
- (iv) To delegate authority to the Head of Planning and Sustainability to enter into arrangements with some smaller operators to agree reimbursement at a fixed rate in accordance with the revised DfT guidance for 2012/13;
- (v) To delegate authority to the Head of Planning and Sustainability in consultation with the Head of Finance and the Executive Director of Corporate Services following consultation with the Cabinet Members for Environment and Transport and Leisure, Culture and Resources to make any necessary variations or changes for 2012/13 year scheme arising from the outstanding appeal to take any action necessary to give effect to the recommendations including but not limited to the service of statutory Notices (including Variation and Participation Notices) and participation in and determination of any appeal against the proposed Concessionary Fares Scheme or reimbursement arrangements for 2012/13; and
- (vi) To delegate authority to the Head of Planning and Sustainability in consultation with the Director of Corporate Services following consultation with the Cabinet Members for Environment and Transport and Leisure, Culture and Resources to consider any operators claim for additional capacity and capital costs subject to overall affordability.

REASONS FOR REPORT RECOMMENDATIONS

1. To enable the Council to comply with the statutory requirement to serve bus operators with minimum 28 days notice of the reimbursement arrangements to be used during 2012/13.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

2. It is a statutory requirement that the Council has to publish details of its proposed reimbursement calculation in advance of the scheme introduction, so the only options that could be considered are to vary the level of generation factor employed, or the level of additional costs allowed, or the proportion of non-single journeys included in the calculations. The first two of these factors have been assessed in the light of the adjudication in February 2010 received from the Secretary of State and the contents of the Guidance issued by the Department for Transport (DfT) in 2011 for use in 2012/13.

DETAIL (Including consultation carried out)

3. The concessionary fares scheme for 2012/13 will be the same as the scheme in 2011/12 in accordance with the requirements of the Transport Act 2000. The Council is required by law to advise bus operators 28 days before the start of the scheme what the reimbursement arrangements will be. Bus operators then have 56 days from the start of the scheme to appeal to the Secretary of State on the proposed reimbursement arrangements. In the 2011/12 year the Council received 1 appeal, which has not been determined by the Secretary of State so far, so at present it is not possible to incorporate any recommendations in the reimbursement arrangements for 2012/13 although it maybe possible that a determination will be made prior to this decision.
4. The DfT have issued revised reimbursement guidance for 2012/13 designed to more accurately reimburse bus operators. The City Council have chosen to use this methodology. Using this guidance the proposed reimbursement rate is 48.0p in the £, a slight increase on the 47.6p in the £ in 2011/12. The guidance also recommends reducing the figure per generated trip where at present operators receive 7.5p (around two thirds of trips are generated). The new figure will be 6.7p per generated trip. The other change is that a request has been made by one of the main operators that an administration payment of 0.2p be made to operators for each journey undertaken on the scheme to cover their administration costs and it is proposed to include this.
5. The Council has consulted with bus companies about the scheme for 2012/13 and they have again expressed serious concerns at the Councils proposals but the Council believes that this is in line with the concept of no better or no worse off. The bus operators do not believe that the new guidance issued by DfT is any more suitable than the previous guidance and they may appeal to the Secretary of State (SoS).

RESOURCE IMPLICATIONS

Capital/Revenue

6. The cost of the scheme in 2012/13 is forecast to be accommodated within the budget of £4,605,200. However, this is subject to increases in bus fares not

being above the predicted level of inflation. One operator has lodged an appeal against the 2011/12 scheme with the Secretary of State (SoS) and this has not been determined yet. The Council has also received a claim for additional capacity costs for 2011/12 from one operator which is being worked through but the final figure is not known yet. It is very likely a further claim will be made in 2012/13 for additional capacity costs which would need to be funded from within the budget.

Property/Other

7. There are no property implications.

LEGAL IMPLICATIONS

Statutory power to undertake proposals in the report:

8. Concessionary fares are governed by the Transport Acts of 1985 and 2000, and the Concessionary Fares Act of 2007. If it is agreed that in the future, no enhancements over and above the statutory minimum will be offered, then the 1985 Act does not apply.

Other Legal Implications:

9. The provision of a concessionary travel scheme in accordance with the national minimum is a statutory duty. A discretionary power exists to provide a scheme that extends entitlement of services over and above the national minimum. Any scheme must be made having regard to the Human Rights Act 1998 (with which any national minimum scheme will be deemed to comply). Statutory notice of the amendments to the 2012 scheme were given by 1 December 2011 and any representations received in accordance with this Notice were considered and are hereby determined in accordance with the Act and Regulations. Regard must also be had to the DfT guidance on reimbursement of operators issued with respect the 2012/13 operating year.

POLICY FRAMEWORK IMPLICATIONS

10. The provision of concessionary travel accords with the policy direction of the City’s adopted Local Transport Plan 3 by helping the Council meet its targets for increasing the use of sustainable transport modes (and bus travel in particular) and also increasing accessibility and promoting social inclusion.

| | | | | |
|----------------|---------|-------------------------------|------|---------------|
| AUTHOR: | Name: | Simon Bell | Tel: | 023 8083 3814 |
| | E-mail: | simon.bell@southampton.gov.uk | | |

KEY DECISION? YES

| | |
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| WARDS/COMMUNITIES AFFECTED: | ALL |
|------------------------------------|-----|

SUPPORTING DOCUMENTATION

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

Appendices

| | |
|----|----------------|
| 1. | Scheme details |
|----|----------------|

Documents In Members' Rooms

| | |
|----|------|
| 1. | None |
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Integrated Impact Assessment

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| Do the implications/subject of the report require an Integrated Impact Assessment (IIA) to be carried out. | Yes/No |
|--|--------|

Other Background Documents

Integrated Impact Assessment and Other Background documents available for inspection at:

Title of Background Paper(s)

Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)

| | | |
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| 1. | None | |
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SOUTHAMPTON CONCESSIONARY FARES SCHEME 2012 ('the Scheme')

Introduction

The Concessionary Fares Scheme agreed by Southampton City Council will come into effect on Sunday, 1 April 2012 and continues until further notice. This Notice and Scheme replaces the Southampton Concessionary fares Scheme 2011 and supersedes all previous Schemes and Notices

Legislation

The scheme is made in accordance with the Concessionary Bus Travel Act 2007, the Transport Act 2000, the Travel Concessions (Eligibility) Act 2002 and the discretionary powers contained in the Transport Act 1985 ('the Acts').

Responsible Authority

The responsible authority for the Scheme shall be Southampton City Council. The Scheme shall be funded by Southampton City Council. The Scheme shall be administered by either Southampton City Council or its appointed agent(s).

All enquiries regarding the Scheme and all Notices required to be served upon the responsible authority under the Acts should be addressed to:

Paul Nicholls, Head of Planning and Sustainability, 45 Castle Way, Southampton, SO14 7PD.

A copy of the Scheme will be supplied to any person on request by post from the person specified above and is available on the Council website at www.southampton.gov.uk.

Operator Eligibility

Operators of registered bus services running within the City which are also eligible for bus service operators grant.

User Eligibility

Residents of Southampton who meet any of the following criteria will be eligible for a free concessionary fares pass:

- men and women aged 60 years and older;
- blind people;
- partially sighted people;
- deaf people;
- people without speech (in any language);
- people with a disability, or who have suffered an injury, which, in the opinion of a qualified medical practitioner, seriously impairs their ability to walk;
- people without the use of both arms;
- people with a learning difficulty;
- people who would be refused the grant of a driving licence to drive a motor vehicle under Section 92 of Part III the Road Traffic Act 1988;
- people with a long term mental health problem; and
- travelling companions/escorts of disabled people.

For those under the age of 60, applicants must either provide confirmation that:

- i) They are in receipt of Disability Living Allowance (mobility component); or
- ii) They are in receipt of Disability Living Allowance (care component); or
- iii) They are in receipt of War Pensions Mobility Supplement; or
- iv) They have a valid registration card for their disability; or
- v) Certification of Vision impairment; or
- vi) Have learning difficulties and attend Southampton Day Services; or
- vi) They have a signed form from their doctor confirming eligibility.

Hours of Operation

The Southampton concessionary fares scheme will be based on bus travel alone. Concessionary travel available all day on Saturdays, Sundays, Bank Holidays and declared public holidays and between 09:00 and 00:30 on other days for residents of Southampton and between 0930 and 2300 for all others. Blind persons resident in Southampton will be permitted to travel at any time.

Area of Travel

Any journey that starts within the boundary of Southampton (NOTE: funding of such travel shall be subject to any inter-authority boundary/funding agreements which may be entered into and shall be deemed to be part of this Scheme. This will not affect user eligibility or operator reimbursement).

Level of Concession

The proposed scheme provides free travel on presentation of a valid pass:

Administration

The administration of the issue of concessionary fares scheme passes will be carried out by the Public Transport Team. A database of all people who are issued with a bus pass will be kept. The City Council will be responsible for meeting the statutory requirements for data protection.

Reimbursement

Operators will submit monthly returns to the City Council unless otherwise agreed in advance. Payment of 85% of the estimated figure for the month will be agreed with the operator be made on the 15th of the month. The outstanding figure paid once exact figures are known and the claim should identify the number of journeys undertaken and the average fare payable.

The City Council will require all information required to be produced in support of claims under the scheme to be certified as accurate by a "responsible person".

The returns will be subject to periodic audit by the City Council or its nominated representatives. Bus operators will be expected to provide information reasonably required for this purpose.

The City Council will reimburse you at 48p in the £. An additional amount of 6.7p per generated trip will also be paid to recognise operators' additional costs in providing the concession. A payment of 0.2p will also be paid for every trip made on the scheme.

Guidelines on evidence required to substantiate Additional Capacity Cost claims to the Concessionary Fares Scheme

The Southampton Concessionary Fares Scheme makes provision for operators to claim specific additional costs “to cover the costs of providing additional vehicle capacity to cope with growth in patronage brought about by concessionary travel”, in addition to the standard marginal additional costs allowance. Such Additional Capacity Costs are considered on a case-by-case and service-specific basis, on submission of written evidence of the circumstances together with a statement of the costs incurred.

The following checklist gives guidance on the nature of information which is considered necessary to substantiate Additional Capacity Cost claims. It should be appreciated that the amount and detail of information required will increase with claims of greater scope: one duplicate journey will require much more limited evidence than that to support a general increase of service frequency.

The claimant should demonstrate, with auditable evidence for each affected service:

- a) The extent of the capacity increase which is deemed necessary, itemising the resources entailed in its provision.
- b) The rationale for the increase, including –
 - u the average distribution of capacity and utilisation by day / time and direction, and the scale and frequency of peaks in each;
 - u the decision thresholds applied; and
 - u any constraints on those decisions (e.g. maintaining clockface frequency).
- c) The proportions of concessionary passengers using the service at relevant times, and the contribution towards costs made by commercial passengers generated by the additional capacity.
- d) The relevant costs, clearly distinguishing –
 - u marginal costs of operation (e.g. driver’s time, fuel, tyres);
 - u semi-variable costs (e.g. maintenance);
 - u attributable overheads (if any); and
 - u capital / financing costs and profit margin (if capital investment is involved).

Account should be taken of the standard Additional Marginal Costs allowance, either by netting off the cash sum or the exclusion of relevant cost headings.

On request, the operator must make available historic boarding data for affected services; this will normally be in the form of unprocessed data from electronic ticket machine systems.

Claims must be submitted by the end of the calendar year to which they relate and may only relate to the preceding 12 months operation of the scheme. No more than 1 claim per operator may be submitted in each calendar year.

Any challenge to any decision by the Authority in relation to any claim for additional capacity costs must be brought in accordance with the paragraph below headed “Operator Representations and Complaints”.

Reimbursement arrangements will be determined annually by 3rd March following discussions with operators and determined in accordance with the Acts and any guidance issued by the Secretary of State. Operators will be notified of final determination of reimbursement arrangements as soon as possible after 3rd March each year. Any newly determined reimbursement arrangements will comprise part of this Scheme and replace Schedule 1 accordingly.

Right to Survey

The City Council has the right to carry out surveys on vehicles on which concessions are given. Bus operators will be consulted as to how and when the survey will be carried out and operators will be given reasonable prior notice of the City Council's intention.

Variations

Southampton City Council reserves the right to vary the Scheme or to offer discretionary enhancements to the Scheme in accordance with the provisions of the Transport Act 1985 and any reimbursement arrangements relating to and forming part of the Scheme at any time in accordance with the provisions of the Acts, upon relevant Notice. Southampton City Council shall give 28 days notice in writing to Operators of any proposed variations or changes to the Scheme, save where changes relate to reimbursement arrangements in relation to which the Authority shall give 4 months notice of any proposed changes reimbursement arrangements, but the period of such notice may be shortened by mutual agreement.

Right of Participation

Notwithstanding the mandatory participation of Operators in accordance with the Transport Act 2000 and the Concessionary Bus Travel Act 2007, Southampton City Council may require and notify any Operator to participate in the Scheme or any variation of the Scheme in accordance with the Transport Act 1985, and such participation will commence not less than 28 days after receipt of such written notification. At the date of notification the Operator will be supplied with a copy of this Scheme and any Variations thereto.

Operator Representations and Complaints:

If an Operator participating in this Scheme wishes to make any representations in relation to this scheme or reimbursement under this scheme (including any challenge, complaint, concern or grievance in relation to the Scheme) such a representation should be made in writing to the Responsible Authority at the address set out above. Representations will be considered by the Council on their merits and without prejudice to the Operators rights of Appeal under the Acts. Operators also have the right to avail themselves of the Authority's Corporate Complaints Policy, details of which may be found on the Authority's website at www.southampton.gov.uk

Right of Appeal

Any Operator has a right of appeal to the Secretary of State against the terms of reimbursement of the Scheme under the Transport Acts 1985 and 2000 or against participation in any discretionary element of the Scheme under the Transport Act 1985 on the grounds that:-

(a) There are special reasons why their company's participation in the scheme in respect of any of the services to which the notice applies would be inappropriate (under both the 2000 Act and the 1985 Act); or

(b) Any provision of the scheme or of any of the scheme arrangements are inappropriate for application in relation to any operators who are not voluntarily participating in the scheme (1985 Act only).

Prior to making such an application, notice in writing must be given to the person and at the address specified under the 'Responsible Authority Heading above.

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| DECISION-MAKER: | CABINET |
| SUBJECT: | CITY WIDE MASTERPLANNING FOR ESTATE REGENERATION |
| DATE OF DECISION: | 13 FEBRUARY 2012 |
| REPORT OF: | CABINET MEMBER FOR HOUSING |
| STATEMENT OF CONFIDENTIALITY | |
| None | |

BRIEF SUMMARY

The city wide Estate Regeneration programme is now gathering pace.

It is proposed to procure consultants to produce a city wide Estate Regeneration Framework that would be a high profile and ambitious project that will have a long-term transformational impact on the social, economic and environmental aspects of the city.

RECOMMENDATIONS:

- (i) To delegate authority to the Director for Economic Development, following consultation with the Cabinet Member for Housing and Director for Environment to commence a programme of consultation and engagement with residents and stakeholders and to procure and appoint consultants to prepare a city wide Estate Regeneration Framework document.
- (ii) Subject to the approval of the HRA capital programme by Council on 15 February 2012, to approve for the purposes of Financial Procedure Rules, capital spending of £50,000 in 2011/12, and up to £450,000 in 2012/13 on the masterplanning of a city wide Estate Regeneration Framework and associated fees and costs, provision for which exists in the HRA capital programme being submitted to Council on 15 February 2012.

REASONS FOR REPORT RECOMMENDATIONS

1. . Estate Regeneration is a major programme of renewal which is part of a wider commitment by the Council to deliver sustained economic growth and tackle deprivation on Southampton's council estates. The Estate Regeneration programme has grown from the Phase One pilot at Hinkler Parade through to an Estate Regeneration Framework for Townhill Park, which is focused on developing a strategic approach to delivery across the estate. It is proposed that the next phase of the programme, the subject of this paper, takes this a step further, with the preparation of an Estate Regeneration Framework which provides a long term strategic approach to the delivery of Estate Regeneration across the city. The Framework will comprise a series of documents including master plan and delivery options. (This will also enable economies of scale resulting in better value for money to be achieved).
2. Producing a city wide Regeneration Framework will (together with the Housing Revenue Account Business Plan) provide the strategic direction and overview for the long term future of the council's housing. This will enable a co-ordinated and focused delivery in a planned way over the next twenty years.

3. This strategic, long term approach will inform the long term business planning of the HRA , which is required as part of the new self financing regime.
4. Selecting areas of the city which are the most deprived, but have the greatest potential for housing gain will also contribute to the city wide priority of economic growth, and the Core Strategy target of delivering over 16,000 new homes between 2010 and 2026.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

5. The option of doing nothing would result in a lack of strategic direction for the regeneration of the city's Council housing stock and a lost opportunity to meet the Council's objectives of economic growth.

DETAIL (Including consultation carried out)

Core Principles of the Estate Regeneration Programme

6. The Estate Regeneration programme is a key component in delivering the City wide priority of sustained economic growth. The programme is also key to tackling economic deprivation and social disadvantage on Southampton's Council estates. Poor health outcomes and educational standards would also be expected to improve.
7. The objective of the estate regeneration programme is to create successful communities on our estates where people will want to live in the future. Communities will be comprised of people of different ages and backgrounds where work is the 'norm' for all who are able to. Homes and public spaces will be designed to provide safe and secure environments and local people will take an active involvement in ensuring the success of the community.
8. The outline principles of the programme are :
 - Taking a comprehensive approach to renewal in order to transform neighbourhoods into places where people want to live for years to come.
 - Maximising the number of new homes, including family homes, as part of the re-development.
 - Promoting mixed communities made up of affordable and private homes.
 - Involving local people in developing and designing their community for the long term.
 - Providing shops and community facilities, where needed and practicable.
 - Promoting economic growth and the creation of jobs and training opportunities
 - Providing homes and an environment that positively contributes towards sustainable development

Current Progress

9. Phase 1 – Hinkler Parade, £16M - Pilot project is now well underway, with the first homes in Phase 1 sold, first phase of affordable homes now fully occupied and shops all occupied and trading. The second phase of the development is under construction and due for completion by the summer of 2012.

10. Phase 2 – 4 sites, £30-40M project - Lovell has been appointed as the preferred developer for three out of the four sites, Exford Avenue Shopping Parade, 222-252 Meggeson Avenue and Laxton Close. Planning consent was granted on 22nd November 2011 and work will commence with demolition in the Spring of 2012.
11. The land disposal of Cumbrian Way is progressing with the site being demolished by the Council early in 2012 and the planning application due to be submitted imminently for 50 new homes and retail space.
12. Local Authority New Build - £7M Project – The first 6 sites totalling 33 new homes were completed and occupied by March/ April 2011. A further 4 new homes at Leaside Way were completed in May 2011, and 16 new homes at Cumbrian Way are on schedule to complete by March 2012. In total, both Phases will provide 53 new Council homes built at Code for Sustainable Homes Level 4.
13. Phase 3 - Weston Shopping Parade
£10M project to redevelop the existing shopping parade and two adjacent blocks of flats. Site is 70% decanted. Developer is being sought from January 2012 using the HCA's Delivery Partner Panel framework. The target densities are 60-75 dwellings per hectare.
14. Total New Homes - In total the current Estate Regeneration programme, including the above sites, is set to deliver between 487 and 504 new homes, community facilities and retail units across 13 sites in the city. Links have been established to promote social and economic regeneration. For example, on Hinkler Parade, over 25% of the workforce constructing the project are local people and this project has supported new business start-ups.
15. Phase 3 - Townhill Park Estate Regeneration Framework.
The development of this estate-wide project has been in progress for the last five months and will result in the production of a physical Master Plan, socio economic strategy and delivery model for the area to be completed by March 2012. The Estate Regeneration Framework will not only ensure that new developments are of mixed tenure and that existing homes are improved, but that physical changes will bring about job and training opportunities and improvements in health and education. A report will go to Cabinet on 12 March 2012, with developer procurement soon thereafter.

Sustainability

16. The framework will seek to incorporate sustainable development measures which will contribute towards meeting sustainability requirements. These could include: proposals to transform the energy profile of our estates (and reduce fuel poverty) both through retrofit and high energy standards in new build; to design in sustainable travel through integrated transport and spatial masterplanning planning (which includes ensuring there is a full range of local community services); to plan for effective and accessible public transport services to our estates (as part of our broader Local Sustainable Transport Fund (LSTF) investment programme); to give full weight to biodiversity and landscape quality considerations; to carefully consider medium and long term flood risk and to incorporate appropriate flood mitigation measures to take us through the 21st

century and to take on board the requirements of the new Sustainable Urban Drainage System (SUDS) provisions.

Masterplanning

17. A Master Plan is a comprehensive long range plan intended to guide growth and development of a community or region. It includes analysis, recommendations, and proposals for the community's population, economy, housing, transportation, community facilities, and land use. It is based on public input, surveys, planning initiatives, existing development, physical characteristics, and social and economic conditions. Producing a city wide Estates Regeneration Framework will (together with the Housing Revenue Account Business Plan) provide the strategic direction and overview for the long term future of the council's housing. This will enable a co-ordinated and focused delivery in a planned way over the next twenty years. Links with key community infrastructure such as schools, healthcare, business and transport facilities are shown, together with maximising opportunities brought about by the new jobs proposed in the city centre.
18. The city centre is the economic driver of the city and the City Centre Master Plan identifies many transformational projects aimed at delivering economic growth in the next 20 years. Delivering modern and strong communities, where residents have access to employment opportunities in the city is central to the overarching city vision. The city- wide Estate Regeneration Framework will need to complement the City Centre Masterplan, maximising opportunities for residents on Southampton's Estates to access jobs in the city centre.
19. The Townhill Park Estate Regeneration Framework will in addition set out a strategy which intrinsically links physical and socio-economic regeneration across the estate. It is intended that the city wide Estate Regeneration Framework continues this work.

The Case for Regeneration and Masterplanning

20. In 2009, Terence O'Rourke consultants completed an Estate Regeneration Capacity Study. This identifies capacity to accommodate renewal and housing growth across the Council's housing estates to 2026.
21. In order to maximise housing growth through Estate Regeneration, the study recommends that the Council would need to focus on those sites which offer the most potential for housing gain (net increase on the existing properties). The study also identified those areas in the city which were the most deprived and in need of intervention. The table below provides a summary of the key findings of the study:

| Estate | Potential for Growth | IMD 2010 Overall Rank of LSOA in the 10% most deprived in England with their rank in Southampton (where 1 is the most deprived) |
|----------------|----------------------|---|
| Townhill Park* | 36.5% | not in 10% most deprived |
| Northam | 24% | 2 |
| Thornhill | 22.8% | 1,5 |
| Millbrook | 22.8% | 6,7, 8, 9 |
| Weston | 22% | 3 |
| Maybush | 13.1% | 4 |

IMD = Index of Multiple Deprivation

LSOA = Lower Super Output Area; a geographical area designed for the collection and publication of small area statistics

*Townhill Park is currently the subject of an Estate Regeneration Framework

22. The city wide Estate Regeneration Framework is to concentrate interventions on the areas in the above table (Appendix 1) in order to make the most potential impact on economic growth in the city it is also proposed to include the Holyrood estate (Appendix 1). The City Centre Master Plan identifies many transformational projects (Very Important Projects or VIPs) many of which are close to the Holyrood estate, which provides an important residential community in the city centre. Developed in the 1950's and 1960's it consists mainly of four storey blocks with three nine storey point blocks towards its southern edge. Part of the estate faces the shopping parade at Queensway. The estate is well liked. Although there has been and continues to be investment in Holyrood, both in terms of the residential units and the neighbourhood, there is concern that in years to come it will not keep up with the high quality of surrounding city centre developments. It is therefore, considered prudent to take this opportunity to include it in the city wide Estate Regeneration Framework although, in view of the recent programme of investment and tenant participation, it is anticipated that any proposals for change would be long term. Work would build on the strong community involvement already established in the area.

Reform of the Housing Revenue Account System

23. Significant changes will be made to the Housing Revenue Account System from 1st April 2012 and the city wide Estate Regeneration Framework will have to factor this in. A devolved and localist system of financing for council housing is being established whereby councils like Southampton are able to manage their own stock using their own rents. This is achieved via a one-off debt settlement. The amount of debt allocated to each authority will be calculated on the basis of what the business is able to support since it will be based on assumptions about its income and expenditure needs over 30 years. Full details of the changes are set out in the HRA budget report that is being presented to Cabinet and Council on 6th February 2012.

24. A major feature of the new system is the requirement for long term business planning. Long term business planning (5 years and 30 years) is not only possible but is essential to the successful long term implementation of the new financial regime. The Council will retain responsibility for the management and financial viability of the HRA to ensure its homes can continue to be maintained for current and future tenants. The city wide Estate Regeneration Framework will inform and tie in with planning for the 30 year HRA Business Plan to ensure that there is always a viable HRA Business Plan.

Phasing

25. This is a long term plan and the city wide Estate Regeneration Framework will include a strategic phased approach to interventions, including the management of the decanting of tenants and the number of properties available for letting in each year.

Consultation – Estate Regeneration Programme

26. Consultation has been undertaken with a range of bodies in the development of the Estate Regeneration programme. Nationally, this includes the Homes and Communities Agency and Sub Regionally, the Partnership for Urban South Hampshire (PUSH). Locally, there has been consultation with tenants' representatives and trade union representatives. There has also been positive cross-party engagement

Consultation - city wide Estate Regeneration Framework

27. Prior to this Cabinet meeting a letter was sent to all Council tenants and leaseholders in the areas to be included in the framework, advising them of the proposal to prepare a city wide Estate Regeneration Framework. This was done successfully at Townhill Park.
28. Formal consultation with residents will commence once consultants have been appointed to deliver the Framework and initial consultations are likely to commence in the summer of 2012.
29. Next Steps
Should Cabinet approve the report recommendations, the next steps in delivering the city wide Estate Regeneration Framework will include:
- Notify tenants in identified areas
 - Tender and appoint consultants
 - Begin community consultation
 - Report back to Cabinet with the completed city wide Estate Regeneration Framework for approval to implement.

RESOURCE IMPLICATIONS

Capital/Revenue

30. Capital
The updated HRA capital programme was presented to Cabinet on 6 February 2012 and is being submitted to Council for approval on 15 February 2012 as part of the HRA budget report and business plan. This programme has £50,000 in 2011/12 and £450,000 in 2012/13 for city wide

master planning. The HRA business plan contains specific provision of some £20M to support the implementation of further estate wide regeneration initiatives. It has also been agreed that it would be appropriate to utilise some of the HRA borrowing “headroom” to cash flow estate regeneration schemes.

31. Revenue

The revenue costs of implementing the proposals in the city wide Estate Regeneration Framework will be assessed when firm proposals are prepared. Consultants will be tasked with producing a financial model and viable solutions. It will be essential to ensure that the HRA business plan remains viable over the full 30 years of the plan.

Property/Other

32. The city wide Estates Regeneration Framework will identify how Council assets are to be used to deliver the regeneration ambitions. The Council has significant assets on the estates which need to be utilised, both residential and non residential. Baseline information about the Council’s assets and their condition will be gathered. A thorough options appraisal process will then be undertaken to identify the optimum use for those assets in delivering the Estate Regeneration vision for the city and Best Value.

33. Other - Procurement The Council’s Contract Procedures Rules govern the Council’s procurement of goods, services and works.

34. It is intended to use the Homes and Communities Agency (HCA) procurement framework and their Property Panel for the procurement of consultants. Since the Panel is already set up, using it speeds up the procurement process. The Council has experience of using the panel, including using it to appoint the consultants for Townhill Park.

LEGAL IMPLICATIONS

Statutory power to undertake proposals in the report:

35. This report seeks approval to consult and engage with residents and stakeholders in relation to city-wide regeneration, and seeks to appoint appropriate consultants to develop a city-wide regeneration framework plan to reflect the Council’s intentions in this respect over the coming period.

36. The Council has powers under the Housing Acts to plan and implement regeneration of its housing stock and the well being powers contained within section 2 of the Local Government Act 2000 allow for projects that enhance the economic, social and environmental wellbeing of the area.

Other Legal Implications:

37. None.

POLICY FRAMEWORK IMPLICATIONS

38. The Housing Strategy 2011-15 and Housing Revenue Account Business Plan 2011-2041 confirm estate regeneration as a key priority for the Council. The proposals in this report will contribute towards the achievement of these objectives.

| | | | | |
|----------------|---------|------------------------------|------|----------------|
| AUTHOR: | Name: | Sue Jones | Tel: | 023 80 83 3929 |
| | E-mail: | Sue.jones@southampton.gov.uk | | |

KEY DECISION? Yes **WARDS/COMMUNITIES AFFECTED:** All Wards

SUPPORTING DOCUMENTATION

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

Appendices

| | |
|----|---|
| 1. | Map showing areas to be included in the city wide Estate Regeneration Framework |
|----|---|

Documents In Members' Rooms

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| 1. | None. |
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Integrated Impact Assessment

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|--|-----|
| Do the implications/subject of the report require an Integrated Impact Assessment (IIA) to be carried out. | Yes |
|--|-----|

Other Background Documents

Integrated Impact Assessment and Other Background documents available for inspection at:

| Title of Background Paper(s) | Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable) |
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| 1. | None | |
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|-------------------------------------|------------------------------------|
| DECISION-MAKER: | CABINET |
| SUBJECT: | HOUSING REVENUE ACCOUNT LAND SALES |
| DATE OF DECISION: | 13 FEBRUARY 2012 |
| REPORT OF: | CABINET MEMBER FOR HOUSING |
| STATEMENT OF CONFIDENTIALITY | |
| Not applicable. | |

BRIEF SUMMARY

The policy around disposal of small (typically garden sized) Housing Revenue Account (HRA) land was last reviewed in December 1996.

The outcome of that review was to adopt a default position that the sale by freehold or leasehold of HRA land would only be permitted in exceptional circumstances. Where use of HRA land has been permitted this has generally been facilitated through the grant of a lease rather than disposal of the land.

This paper deals with a proposal to change the default position. Subject to any impact on future development it is proposed that the authority will generally seek to sell such land rather than just granting a lease. The option to grant a lease or licence would still be available as an alternative where it is not in the authority's best interests to sell the land.

Land can be sold only to freeholders or leaseholders. Council Tenants can only hold licenses as they do not own land to which other land can be attached.

RECOMMENDATIONS:

- (i) Where requests to purchase HRA land are received the authority will seek, wherever possible and in its best interests, to sell the land rather than to grant a lease or licence.
- (ii) The existing mechanism of granting a lease or licence will be retained for situations where sale of the land would not be in the authority's best interests, for instance, where this might prejudice a subsequent development.

REASONS FOR REPORT RECOMMENDATIONS

1. The disposal of land to enable residents to improve their home or immediate environment and empowers local residents and will contribute to happy, sustainable communities.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

2. The Council could continue to adopt a position of leasing smaller packages of HRA land to applicants and not give the option of buying, except in exceptional circumstances as per existing policy. This approach is not preferred as it limits residents' ability to improve their home and immediate environment. There is also a loss of potential income to the HRA if this approach is adopted.

DETAIL (Including consultation carried out)

3. The Council has, for many years, allowed tenants, leaseholders and property owners on Council estates to acquire interests over infill pieces of Housing Revenue Account (HRA) land to:
 - Improve access to their property, both for pedestrians and motor vehicles;
 - Increase the security of their property
 - Extend their property boundaries.
4. Occupiers can currently negotiate short term (typically monthly to five year) licenses which can be renewed as required.
 - The chief advantage of this approach is that the authority retains control and ownership of the land giving it a greater range of options in relation to subsequent development.

The disadvantages are:

- It is unpopular with homeowners who are seeking ownership of the land which can be sold on with the property (garden extensions etc).
 - Because householders do not have permanent or long term rights under a license, the provision of off road parking or garden extensions may therefore be of lesser quality, as occupiers will be reluctant to invest in land over which they have only a license.
5. The Senior Manager Housing Services and Head of Valuation and Estate Management have delegated authority to dispose of such assets.
 6. When deciding whether to sell HRA land a range of considerations will apply. This will include the following :
 - Issues raised by existing usage or right-of-way.
 - Whether the land is a green space which is a landscaping feature of the local environment, or is designated public open space.
 - Whether sale of the land would incur any additional costs for the Council (for example, the re-siting of lamp posts or telephone cables) and whether the applicant is willing to finance the additional costs.
 - Instances where the land has been identified for future regeneration or development by the Council, or another development partner, or the disposal of the asset may prejudice future development by the Council.
 - Consultation with internal departments has revealed management or other issues that would cause inconvenience if the land was to be sold.
 7. The negotiation of licenses or the sale of HRA land, which will be lead by the council's business partner Capita under a service level agreement, requires consultation between several departments of the Council (and sometimes with external agencies and neighbours) which is time consuming and costly. In the majority of cases planning permission is also required for a change of land use.

8. Changes to policy would mean adapting existing administrative processes and all associated documentation currently undertaken by Capita. Any increasing costs associated with such changes would be passed onto applicants. All applicants pay an initial and non-refundable fee of £25 for the Council to process an application. An additional £175 to cover the Council's administration costs is charged to complete a license agreement. It is anticipated that the cost of purchasing land would require the same application fee with an additional administration cost of £250 to cover the more complex requirements of a sale and a further £350 to cover the councils' conveyancing costs. Actual costs will be determined if this policy is adopted. None of the costs include any planning application fees which are charged separately.
9. Consultation has been carried out with Capita, Housing Investment, Legal Services and Planning Services.

RESOURCE IMPLICATIONS

Capital/Revenue

10. The HRA receives an annual revenue income from some 300 licensees of about £6,000 annually.
11. Garden land sales typically generate a capital receipt to the HRA of between £1200 and £1500 per transaction. Revenue income from an average of 20 new licenses each year is about £850 per year.
12. It is anticipated that a change in emphasis from lease to sale would encourage a greater number of applications and a subsequent increase in capital receipts. However, any increase is likely to be limited due to the low level of applications.

Property/Other

13. The Housing Investment Team makes the final decision on whether HRA land is licensed or sold to an applicant.
14. The Council has a service level agreement with Capita to administer HRA land sales and changes to policy would be likely to incur additional costs in terms of processing a larger number of applications, changing current procedures and greater liaison with applicants.

LEGAL IMPLICATIONS

Statutory power to undertake proposals in the report:

15. The Council has the power to dispose of Council land under section 32 Housing Act 1985 and the General Housing Consents 2005.
16. The Council has no statutory obligation to dispose of assets, other than under the Right to Buy

Other Legal Implications:

17. Whether selling or leasing HRA land, planning permission is needed for any change in land use with the implementation of core strategy CS21 (Protecting & Enhancing Open Space).

POLICY FRAMEWORK IMPLICATIONS

18. These proposals are in accordance with the Housing Strategy (inc HRA Business Plan).

| | | | | |
|----------------|---------|----------------------------------|------|---------------|
| AUTHOR: | Name: | David Jones | Tel: | 023 8083 2042 |
| | E-mail: | david.a.jones@southampton.gov.uk | | |

KEY DECISION? No

| | |
|------------------------------------|-----|
| WARDS/COMMUNITIES AFFECTED: | All |
|------------------------------------|-----|

SUPPORTING DOCUMENTATION

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

Appendices

| | |
|----|------|
| 1. | None |
|----|------|

Documents In Members’ Rooms

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| 1. | RIGHTS OF ACCESS AND GARDEN LAND SALES |
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Integrated Impact Assessment

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| Do the implications/subject of the report require an Integrated Impact Assessment (IIA) to be carried out. | No |
|--|----|

Other Background Documents None

Integrated Impact Assessment and Other Background documents available for inspection at:

| | |
|------------------------------|--|
| Title of Background Paper(s) | Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable) |
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| 1. | None | |
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|--------------------------|---|
| DECISION-MAKER: | CABINET |
| SUBJECT: | GUILDHALL – CONTRACT EXTENSION |
| DATE OF DECISION: | 13 FEBRUARY 2012 |
| REPORT OF: | CABINET MEMBER FOR RESOURCES, LEISURE AND CULTURE |

STATEMENT OF CONFIDENTIALITY

Confidential Appendix 1 of this report is not for publication by virtue of categories 3 and 4 of paragraph 10.4 of the Council's Access to Information Procedure Rules as contained in the Council's Constitution. It is not considered to be in the public interest to disclose this information because this appendix contains confidential and commercially sensitive information which would, if made public, be in breach of the confidentiality clause in the current contract and may impact on the integrity of any commercial procurement process and the Council's ability to achieve 'best value' in line with its statutory duties.

BRIEF SUMMARY

Cabinet is asked to approve extending the current Southampton Guildhall Management Contract with Live Nation (Music) UK Limited for a further 10 years to February 2023 and an option to 2028.

RECOMMENDATIONS:

- (i) To approve an extension of the existing Southampton Guildhall management contract with Live Nation (Music) UK Limited for an immediate 5 years from February 2013 to February 2018 and a joint commitment to extend for a further 5 years from February 2018 to February 2023 subject to the building fabric being of sufficient standard to provide the contract areas as fit for purpose.
- (ii) To delegate authority to the Head of Legal, HR and Democratic Services to do anything necessary to give effect to this decision
- (iii) To delegate authority to the Head of Legal, HR and Democratic Services after consultation with the Director of Economic Development and the Cabinet Member for Resources, Leisure and Culture, to amend or vary the contract and, if necessary, extend the contract for the remaining 5 year term to the maximum term permitted in the contract of 25 years from February 2023 to February 2028.
- (iv) Subject to full Council agreement to add the proposed works to the Guildhall to the Leisure and Culture Capital Programme on 15th February 2012; to approve in accordance with Financial Procedure Rules, capital expenditure totalling £519,000, phased £110,000 in 2012/13, £170,000 in 2013/14 and £239,000 in 2014/15, from the Leisure and Culture Capital Programme to carry out works at the Guildhall as set out in paragraph 22.

REASONS FOR REPORT RECOMMENDATIONS

- 1 Southampton Guildhall is the iconic back drop to the new Guildhall Square which has already seen many successful large scale public events following its £4.5m refurbishment in 2010. With the £15m SeaCity Museum opening in April 2012 and the £21m new arts complex opening in 2015, the Guildhall should remain open to the public, contributing to the Cultural Quarter identity with a vibrant and inclusive programme of events.
- 2 On 15th March 2010, Cabinet approved extending the contract for a further 15 years to February 2028.
- 3 Following the Cabinet decision, external factors emerged that had a direct impact on extending the Guildhall contract as approved. These were the unprecedented reduction in local government funding; the economic downturn which affected forecasts for Southampton Guildhall profitability which prompted a review of the suitability and affordability of the contract extension by both parties.
- 4 The main issue for consideration is that extending the contract puts a contractual commitment on the Council to keep the building in a defined state of repair. The building condition definition of “Fit for Purpose” is that the Council will provide the Guildhall, Solent Suite and Lecture Theatre in a sufficient state of repair for Live Nation to safely open the building to staff and the public in order to provide the Service.
- 5 Options considered and rejected are summarised below and detailed in the attached Confidential Appendix 1.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

- 6 **Option 1** – Do nothing. Let the contract expire 10 February 2013. Repair issues will remain unsolved. Could deliver revenue budget savings for the Council, but would leave an empty, inactive Guildhall at the heart of the newly refurbished Guildhall Square and Cultural Quarter. Unascertained annual mothballing costs.
- 7 **Option 2** – 5 year + 5 year commitment as per recommendation (i) above. This option allows the contract to expire at the end of the initial 5 years at no cost to the Council, should the building condition survey work being undertaken before 2015 indicate significant unbudgeted capital expenditure in addition to the £519k urgent capital work identified in paragraph 22.
- 8 **Option 3** – 10-year extension. No option to break earlier if building fabric beyond economic repair except at normal 5-yearly break.
- 9 **Option 4** – 5-year extension, greater Council subsidy than option 2 or 5, no extension.
- 10 **Option 5** – 15-year extension approved by Cabinet in March 2010. No option to break earlier if building fabric beyond economic repair except at normal 5-yearly break.
- 11 **Option 6** – Let the contract expire 10 February 2012, take the service back in-house. Greater Council subsidy than options 2 or 5.

- 12 **Option 7** – Renegotiate existing contract and specification which expires on 10 February 2013. Not deliverable as this proposal suggests a significant renegotiation of the existing contract and that would be illegal.
- 13 **Option 8** – Public procurement for a new services provider to start when the current contract expires 10 February 2013. There is little hope of securing an alternative provider given the limited number of alternative venue operators and the Council’s aspirations to further reduce the service subsidy. Further, there may now be insufficient time available to carry out such a procurement process and leave adequate time for demobilisation and mobilisation issues. Based on consultation with contributors for the previous Cabinet report and 2010-11 experience with outsourcing services, the unbudgeted procurement costs are likely to be circa £90k.

DETAIL (Including consultation carried out)

- 14 On 25 November 2002, Cabinet approved formally entering into contract, agreed on behalf of the cross party working group, with Clear Channel Entertainment (Music) UK Ltd. Cabinet approved a management contract for an initial term of 10 years with an option to extend for any period up to 25 years in total. The contract commenced on 10 February 2003. Following company restructures in 2006 and again in December 2009, the contracting company is now called Live Nation (Music) UK Limited.
- 15 The contract areas managed by Live Nation are: Southampton Guildhall and all dressing rooms; the Solent Suite; North entrance Lecture Theatre, North entrance Advance Tickets Box Office and cash office behind.
- 16 Extending the contract for an immediate 5 years plus a conditional commitment to extend for a further 5 years allows both parties to assess the true condition of the fabric of the building with the option to end at year 5 if the building is unsustainable. The initial 5 year plus second 5 year commitment will deliver external capital investment in the Guildhall toilets, provide new opportunities for additional subsidy reductions through profit-share and deliver the same or better level of customer service. There are no service reductions.
- 17 The proposal has been subject to detailed discussion with the Live Nation Chief Operating Officer.

RESOURCE IMPLICATIONS

Revenue

- 18 The current contract has delivered the externalisation financial objective of reducing the Guildhall net subsidy from the in-house run service subsidy of £390,000 in 2001/02 to £228,000 in 2011-12.
- 19 Extending the contract will require the Council to increase the Guildhall contract revenue budgets by CPI each year to provide sufficient funds to meet the annual net subsidy.
- 20 It will not be appropriate for the Council to rely on receiving any profit-share payments to balance the budgets as these may not be triggered. Live Nation company Financial Year End is 31st December and final accounts take several months to produce. Qualification for a profit share payment to the Council will not be known until 15 months after the April in each year.

Capital

21 The Senior Manager - Property, Procurement and Contract Management has confirmed in Table A below, the highest likelihood of imminent building failure which will need to undertaken regardless of which option is adopted.

22

| Table A - Replacement | 2012/13 | 2013/14 | 2014/15 | Total |
|-----------------------------------|-----------------|-----------------|-----------------|-----------------|
| Heating system | £20,000 | £80,000 | £154,000 | £254,000 |
| Roof and stonework | £25,000 | £50,000 | £50,000 | £125,000 |
| Professional Fees (Capita) | £20,000 | £20,000 | £10,000 | £50,000 |
| Testing and thermographic imaging | £40,000 | | | £40,000 |
| Contingency | £5,000 | £20,000 | £25,000 | £50,000 |
| Total | £110,000 | £170,000 | £239,000 | £519,000 |

23 Table A costs are estimates and will need to be validated. Until the Council undertakes non-destructive testing and thermographic imaging it will not be possible to tell whether the heating system replacement costs can be reduced.

24 Full Council will be asked to approve the addition of £519,000 to the Leisure and Culture Capital Programme on 15th February, funded from Council resources. Prior to completing extended contract formalities, both sides need comfort that a fully funded capital scheme is in place to address the known high risk premises defects as set out in 22 above. Submitting a capital request later in the year risks the existing contract expiring before being completed and signed by both parties.

Property

25 Regardless of which option is adopted and capital expenditure as set out in paragraph 22, it will still remain the responsibility of the Council to inspect, service and maintain all the utility services, and fabric and facia of the Grade 2* Listed Building. Corporate property budgets through Civic Buildings currently meet the costs of statutory testing and inspection. There are currently no budget provisions within the Leisure and Culture Portfolio or to meet the costs of premises inspections, reactive repairs or planned maintenance.

26 Live Nation would be happy to accept the Council's remedial approach to maintaining the Guildhall heating and other repair and maintenance issues as set out in paragraph 22 for the next 5 years. This allows the Council sufficient time to establish realistic premises liability costs and if necessary set aside an additional Capital budget to undertake essential repairs to maintain the building fit for purpose.

- 27 There has been regular and persistent customer dissatisfaction with the Guildhall toilets which are prone to flooding and overflowing. Live Nation will fund and undertake a feasibility study within 24 months of contract extension to establish the indicative costs of toilet refurbishment and to explore options to remedy the insufficient waste water capacity within the Guildhall
- 28 In an attempt to address toilet overflows, the sand accumulation has been removed from the external waste water sumps, following which, there have been far fewer overflow problems reported within the past 3 months of operation even though there has been a large number of concerts and events. The problems may have been partially resolved provided regular waste pipe de-scaling and sump clearing is undertaken.
- 29 None of the contract areas or shared areas are included in the Civic Centre Accommodation Refurbishment Project (ASAP). Therefore no contract areas have been improved or upgraded, nor will be, as part of that project.
- 30 An additional future funding liability for the Council is the 1927 original Guildhall Compton Organ. Due to the uniqueness of the organ and English Heritage accreditation, this instrument was excluded from the current contract and will remain a Council responsibility. During 2008/09, the keyboards, consoles, power supply and blower underwent a £40k capital budget repair programme to keep the organ operational for a further 8-10 years.

LEGAL IMPLICATIONS

Statutory power to undertake proposals in the report:

- 31 The Council has the power to provide the Guildhall and Solent Suite facility under section 145 Local Government Act 1972. Power to provide the facility includes power to engage a contractor to provide it.

Other Legal Implications:

- 32 Cabinet approval is required on 13 February 2012 in order to provide both the Council and Live Nation reasonably sufficient time to undertake long term financial forecasting. The sooner that the position is resolved the more Live Nation will feel able to confirm Guildhall bookings for 2013 and beyond with sufficient certainty that the Council is committed to extending the partnership beyond February 2013.
- 33 Many months of detailed work will be needed to fully develop and finalise with sufficient detail and clarity all of the agreed terms of the proposals before they can be imported into the contract wording through a Deed of Variation.
- 34 The Deed of Variation will include revisions already agreed by both parties; new definitions, revised profit share terms, exterior use of Guildhall Square to service Guildhall events, Live Nation conditional capital expenditure commitments, trigger for not extending the contract after the first 5 years.

- 35 The current and extended contract provides break options at 5-yearly intervals of the anniversary with eighteen months written notice by either party.
- 36 With the exception of Option 2, the party invoking termination at the 5-yearly break option picks up all the associated costs including but not limited to; TUPE, booking cancellation, hire agreements, service contracts termination and service cessation.

POLICY FRAMEWORK IMPLICATIONS

- 37 This proposal is consistent with the Council priority to deliver low cost, efficient, customer centred services.

| | | | | |
|----------------|---------|--|------|---------------|
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KEY DECISION? Yes

| | |
|------------------------------------|------|
| WARDS/COMMUNITIES AFFECTED: | None |
|------------------------------------|------|

SUPPORTING DOCUMENTATION

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

Appendices

| | |
|----|--|
| 1. | Confidential Appendix 1 – Southampton Guildhall – Management Contract Extension |
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Documents In Members' Rooms

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| 1. | None |
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Integrated Impact Assessment

| | |
|--|----|
| Not required as business as usual. Extension of existing contract which does not change the service. | NO |
|--|----|

Other Background Documents

Integrated Impact Assessment and Other Background documents available for inspection at:

| | |
|------------------------------|--|
| Title of Background Paper(s) | Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable) |
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Document is Confidential

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